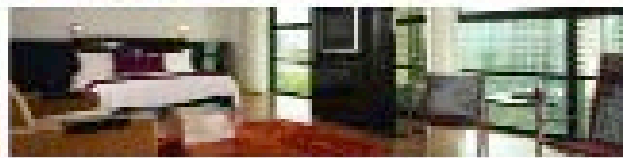
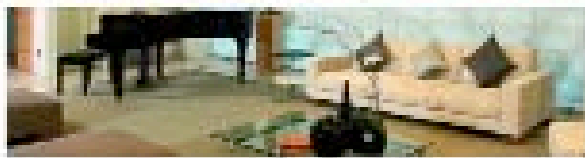
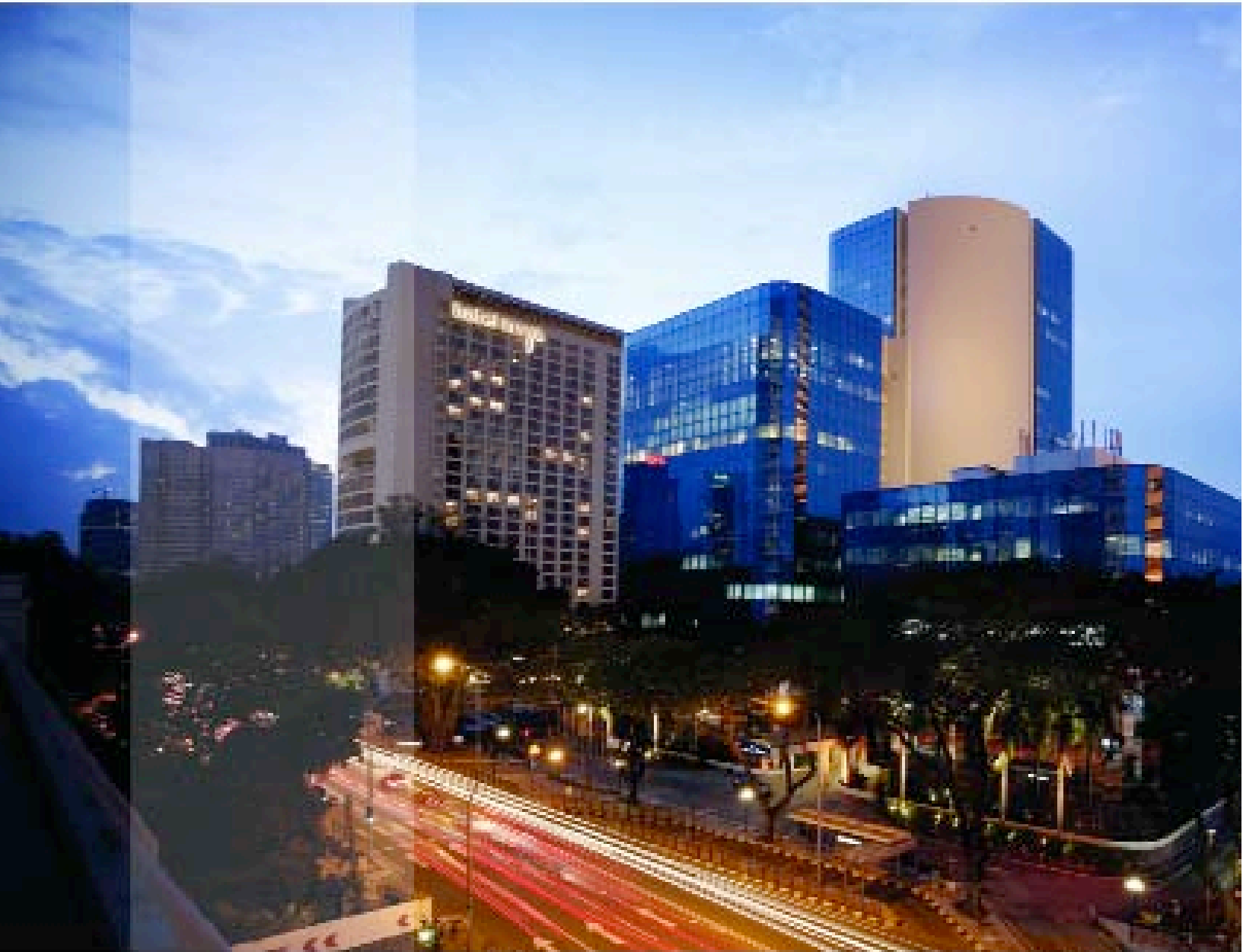
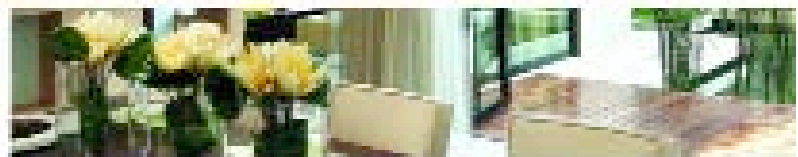


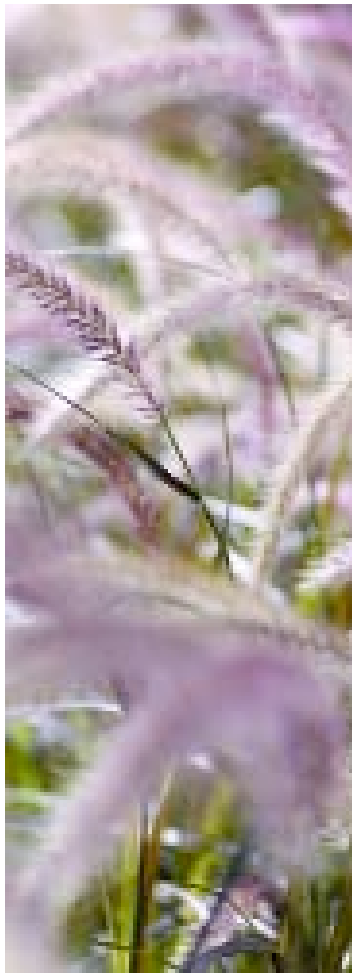


SDB Selangor Dredging Berhad (462940)



Annual Report 06





Our Brand Promise

“Driving Excellence, Building Lifelong Relationships”

Our Core Values

Passionate

Determination to strive for excellence and a total commitment towards lifelong learning

Innovative

Dynamic and forward-looking leaders of new products, services and constantly seeking ways to be more relevant to customers

Results Oriented

In line with good business practices, employees must work according to strategy and well-defined corporate and personal goals

Caring and Respectful

We seek to continuously build relationships by caring for our stakeholders and respecting people and the environment

contents

2	notice of annual general meeting
6	corporate information
7	corporate structure
8	profile of members of board of directors
12	chairman's statement
18	managing director's operations review
24	group financial highlights
26	statement on corporate governance
30	statement on internal control
32	statement of director's responsibilities
33	other corporate disclosure
34	audit committee report
38	financial statements
98	analysis of shareholdings
100	list of properties proxy form

notice
of annual general meeting

NOTICE IS HEREBY GIVEN that the FORTY-FIFTH ANNUAL GENERAL MEETING OF SELANGOR DREDGING BERHAD will be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 23 August 2006 at 9.00 am for the following purposes:

1. To receive and consider the Financial Statements for the year ended 31 March 2006 and the Directors' and Auditors' Reports thereon. *(Resolution 1)*
2. To approve the payment of a First and Final Dividend of 3% (2005 : 3%) less tax at 28% for the year ended 31 March 2006. *(Resolution 2)*
3. To approve the payment of Directors' Fees amounting to RM170,000 (2005 : RM167,500) for the year ended 31 March 2006. *(Resolution 3)*
4. To re-elect the following Directors who retire by rotation pursuant to Article 79 of the Company's Articles of Association:-
 - (a) Ms Teh Lip Kim *(Resolution 4)*
 - (b) Mr Tee Keng Hoon *(Resolution 5)*
5. To re-appoint Messrs Moores Rowland, the retiring Auditors and to authorise the Directors to fix their remuneration. *(Resolution 6)*

AS SPECIAL BUSINESS

6. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965

“THAT, subject always to the Companies Act, 1965 and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time at such price, upon such terms and to such person/persons or party/parties whomsoever the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being, and that such authority shall continue in force until the conclusion of the next Annual General Meeting.”

(Resolution 7)

7. To transact any other business which due notice shall have been given in accordance with the Companies Act, 1965.

By Order of the Board

YEOW POH CHING
SEOW FEI SAN
Secretaries

Kuala Lumpur
27 July 2006

notice of annual general meeting

NOTICE OF DIVIDEND PAYMENT

Subject to the approval of the shareholders at the Annual General Meeting, a First and Final Dividend of 3% less tax at 28% will be paid on 15 September 2006 to all shareholders whose names appear in the Record of Depositors and the Register of Members of the Company at the close of business on 1 September 2006.

A Depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account on or before 4.00 pm on 1 September 2006 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.

Notes:

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (ii) A member of the Company may appoint not more than two proxies to attend at the same meeting. Where the member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (iii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 can appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument appointing a proxy and the power of attorney or other authority, if any, which is signed or notarially certified copy of that power of authority, shall be deposited at the Registered Office of the Company, 18th Floor, West Block, Wisma Selangor Dredging, 142-C, Jalan Ampang, 50450 Kuala Lumpur, not less than forty-eight hours before the time appointed for holding the meeting or adjourned meeting.

Explanatory Notes to Special Business:

Resolution 7

The resolution 7, if passed, will renew the powers given to the Directors at the last Annual General Meeting authority to issue up to ten percentum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. The authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

Statement Accompanying The Notice Of Annual General Meeting

Forty-Fifth Annual General Meeting of Selangor Dredging Berhad

Date : Wednesday, 23 August 2006
Time : 9.00 am
Venue : Ballroom, Hotel Maya Kuala Lumpur
138, Jalan Ampang, 50450 Kuala Lumpur

DETAILS OF DIRECTORS WHO ARE STANDING FOR ELECTION OR RE-ELECTION

The Directors who are standing for re-election are Ms Teh Lip Kim and Mr Tee Keng Hoon. The details of Ms Teh Lip Kim and Mr Tee Keng Hoon are disclosed under the Profile of Members of Board of Directors on pages 8 to 9. The Directors' shareholdings in the Company and its subsidiaries are disclosed under the Analysis of Shareholdings on page 98.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS HELD DURING THE FINANCIAL YEAR ENDED 31 MARCH 2006

The details of attendance of Directors at Board meetings are disclosed under the Statement on Corporate Governance on page 26.

BOARD OF DIRECTORS

Chairman

Mr Eddy Chieng Ing Huong
BComm (UNSW), CA (Aust), CA (M'sia)
(Non-Independent Non-Executive)

Managing Director

Ms Teh Lip Kim
BSc (Hons), MSc
(Non-Independent Executive)

Directors

Dato' Mohd Ismail Bin Che Rus
(Senior Independent Non-Executive)

Ms Teh Lip Pink
HND (Business)
(Non-Independent Non-Executive)

Mr Tee Keng Hoon
(Independent Non-Executive)

SECRETARIES

Ms Yeow Poh Ching
(MAICSA 7013977)

Ms Seow Fei San
(MAICSA 7009732)

NOMINATION COMMITTEE

Chairman

Mr Eddy Chieng Ing Huong

Members

Ms Teh Lip Kim
Dato' Mohd Ismail Bin Che Rus
Ms Teh Lip Pink
Mr Tee Keng Hoon

REMUNERATION COMMITTEE

Chairman

Mr Eddy Chieng Ing Huong

Members

Dato' Mohd Ismail Bin Che Rus
Mr Tee Keng Hoon

INVESTMENT COMMITTEE

Chairman

Mr Eddy Chieng Ing Huong

Members

Ms Teh Lip Kim
Mr Tee Keng Hoon

REGISTERED OFFICE

18th Floor, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603 2161 3377
Fax : 603 2161 6651
Website: www.sdb.com.my

REGISTRARS

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7725 4888
Fax : 603 7722 2311

AUDITORS

Messrs Moores Rowland
7th Floor, South Block
Wisma Selangor Dredging
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : 603 2161 5222
Fax : 603 2161 3909

PRINCIPAL BANKERS

Public Bank Berhad
Bangkok Bank Berhad

STOCK EXCHANGE LISTING

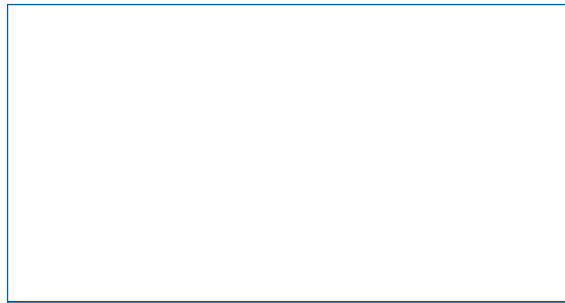
Main Board of Bursa Malaysia
Securities Berhad

LIST OF PRINCIPAL OFFICES

SDB Properties Sdn Bhd
Ground & Mezzanine Floor
South Block
Wisma Selangor Dredging
142-A, Jalan Ampang
50450 Kuala Lumpur
Tel : 603 2711 2288
Fax : 603 2711 2219

SDB Support Services Sdn Bhd
(formerly known as SDB
Development Sdn Bhd)
9th Floor, West Block
Wisma Selangor Dredging
142-C, Jalan Ampang
50450 Kuala Lumpur
Tel : 603 2171 2898
603 2166 2721
Fax : 603 2166 4868

Hotel Maya Kuala Lumpur
138, Jalan Ampang
50450 Kuala Lumpur
Tel : 603 2711 8866
Fax : 603 2711 9966
Website: www.hotelmaya.com.my



SELANGOR DREDGING BERHAD

100%

SDB Properties Sdn Bhd (190055-A)

100% SDB Damansara Sdn Bhd (245857-U)
(formerly known as Smart Billion (M) Sdn Bhd)

100% Prestij Permai Sdn Bhd (498568-P)

100% Hayat Abadi Sdn Bhd (498396-X)

100% SDB SS2 Development Sdn Bhd (723454-V)
(formerly known as Vision Map (M) Sdn Bhd)

72.1%

Oriental Metal (Malaysia) Sdn Bhd (9777-A)*

100%

Seldredge Industries Sdn Berhad (78890-A)

100%

SDB Support Services Sdn Bhd (78893-H)
(formerly known as SDB Development Sdn Bhd)

100%

SDB International Sdn Bhd (78891-P)
(formerly known as SDB Ventures Sdn Bhd)

100% SDB Hotels Pty Ltd (118 986 191)

33.29% Tourism, Hotels & Leisure Limited
(006 430 075)

100%

SDB Australia Pty Ltd (118 252 761)

* Under members' voluntary winding up

profile
of members of board of directors

MR EDDY CHIENG ING HUONG

Mr Eddy Chieng Ing Huong, aged 49, Malaysian Chinese, a Non-Independent and Non-Executive Director, was appointed as a Director on 30 July 1999. Mr Chieng is the Chairman of the Board, Investment, Nomination and Remuneration Committees and he is also a member of the Audit Committee.

Mr Chieng graduated in 1980 from the University of New South Wales, Australia with a Bachelor of Commerce degree with Merit in Accounting, Finance and Information Systems. He qualified in Sydney, Australia as a Chartered Accountant in 1981 and he is a member of the Institute of Chartered Accountants in Australia. He is also a Chartered Accountant registered with the Malaysian Institute of Accountants since 1983.

Mr Chieng has extensive senior management working experience both in Malaysia and Australia. Mr Chieng is also a Director of QL Resources Berhad and Esthetics International Group Berhad.

Mr Chieng does not have any family relationship with any director and/or major shareholder of the Company. Mr Chieng has no conflict of interest with the Company except as disclosed under Note 40 of the Financial Statements and he has no convictions for any offences within the past ten years.

MS TEH LIP KIM

Ms Teh Lip Kim, aged 39, Malaysian Chinese, is the Managing Director and a major shareholder of the Company. She was appointed to the Board as Executive Director on 1 August 1996 and was promoted to the position of Managing Director on 1 July 1998. She is a member of the Investment and Nomination Committees and she also holds directorships in other subsidiary companies of Selangor Dredging Berhad.

Ms Teh graduated with a Bachelor of Science (Honours) in Accounting and Economics from Southampton University in United Kingdom. Prior to her return to Malaysia, she completed her Masters in Shipping, Trade and Finance from the City University Business School in 1990. Upon graduation, she ventured into her own business and was also involved in the management of properties, plantations and hotels owned by her family. Ms Teh is currently a member of the Executive Committee of the Young Presidents' Organization, Malaysian Chapter.

Ms Teh is the sister of Ms Teh Lip Pink, a Non-Independent and Non-Executive Director and a major shareholder of the Company. Ms Teh has no conflict of interest with the Company except as disclosed under Note 40 of the Financial Statements and she has no convictions for any offences within the past ten years.

Dato' Mohd Ismail Bin Che Rus, aged 63, Malaysian Malay, was appointed as a Senior Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nomination and Remuneration Committees on 10 September 2002. Dato' Mohd Ismail studied Training Management at Royal Institute of Public Administration, London, United Kingdom and Post Graduate Senior Management at the University of Manchester, United Kingdom.

DATO' MOHD ISMAIL BIN CHE RUS

Dato' Mohd Ismail started his career with the Royal Malaysia Police as an Inspector in 1962 and was promoted to numerous positions before appointment as Chief Police Officer for three states in Malaysia and the Metropolitan Police of Kuala Lumpur. Prior to his retirement, he held the rank of Commissioner of Police with the appointment as Director of Criminal Investigation Department. Currently, he is a director of Ancom Berhad and Nylex (M) Berhad.

Dato' Mohd Ismail does not have any family relationship with any director and/or major shareholder of the Company. He has no conflict of interest with the Company and he has no convictions for any offences within the past ten years.

Ms Teh Lip Pink, aged 54, Malaysian Chinese, a Non-Independent and Non-Executive Director and a major shareholder, was appointed as a Director of the Company on 28 July 1994. She is also a member of the Nomination Committee. She graduated with a Higher National Diploma in Business Studies from United Kingdom. She is also a Director of other subsidiary companies of Selangor Dredging Berhad and other private companies.

MS TEH LIP PINK

Ms Teh is the sister of Ms Teh Lip Kim, the Managing Director and a major shareholder of the Company. Ms Teh has no conflict of interest with the Company except as disclosed under Note 40 of the Financial Statements and she has no convictions for any offences within the past ten years.

Mr Tee Keng Hoon, aged 56, Malaysian Chinese, an Independent Non-Executive Director, was appointed as a Director and a member of the Audit Committee on 30 April 2004. He is also a member of the Investment, Nomination and Remuneration Committees.

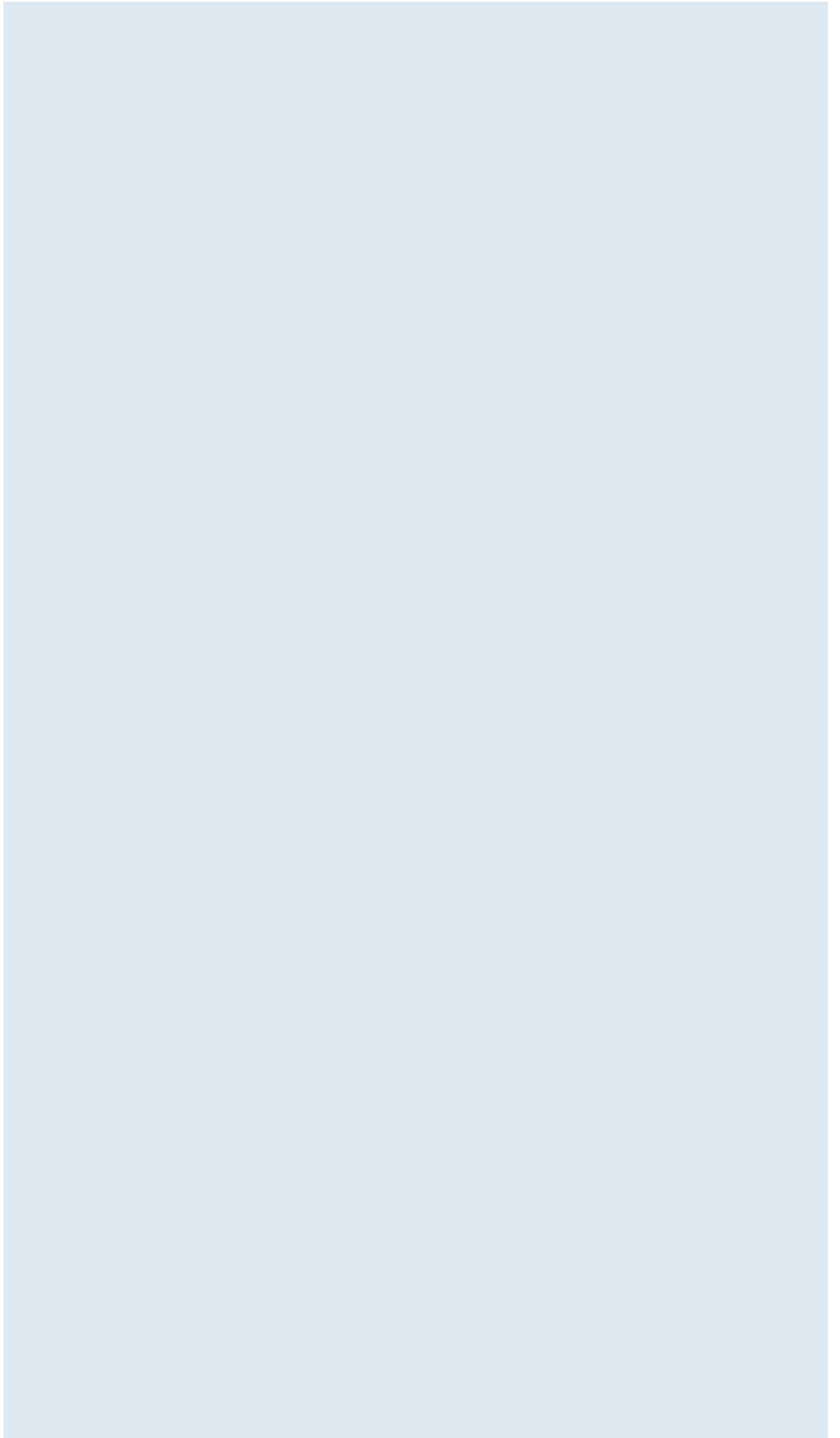
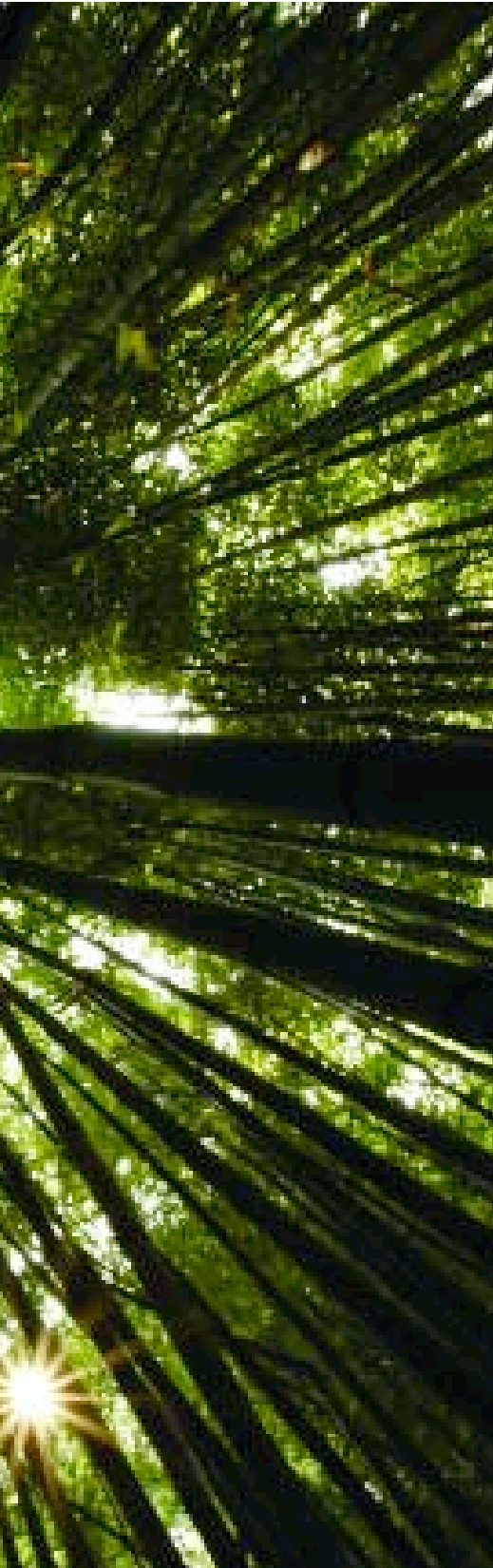
MR TEE KENG HOON

Mr Tee holds a Bachelor of Law (Honours) Degree from the University of Singapore. He has his own law firm in Kuala Lumpur and has been in practice for about 30 years. Currently, he is a director of Sunrise Berhad.

Mr Tee does not have any family relationship with any director and/or major shareholder of the Company. Mr Tee has no conflict of interest with the Company and he has not been convicted for any offences within the past ten years other than traffic offences.



driving
excellence





chairman's statement

ON BEHALF OF THE BOARD OF DIRECTORS, IT GIVES ME GREAT PLEASURE TO PRESENT THE ANNUAL REPORT AND THE ACCOUNTS OF SELANGOR DREDGING BERHAD GROUP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2006.

Financial Review

For the financial year ended 31 March 2006, your Group recorded an improvement in its performance. This year, the pre-tax profit is RM25.54 million compared to the previous year's profit of RM19.93 million. This marks a 28.1% increase compared to the previous year. We also generated a higher turnover of RM137.76 million compared to RM71.67 million last year.

The increase in profits was mainly due to performance of our property development activities. Our stable income earner, Wisma Selangor Dredging, also continued to perform well.

Corporate Developments

I am pleased to report that our property development activities have been faring well, and have contributed positively to the income of the Group. Our property projects AmanSari in Puchong and Park Seven in Persiaran KLCC have been well received. At the time of writing, most of the units in both developments have been sold to discerning purchasers who appreciate the concepts that we have developed. Construction is timely and progressing well. AmanSari will be handed over to purchasers by September this year, while Park Seven will be completed by early 2008.

At the same time, we will be launching our next development in Taman Melawati, Kuala Lumpur. This development will comprise a total of 201 courtyard homes and low rise apartments, and has a splendid view of the hills surrounding the established township of Melawati. It has a very unique development concept, and the homes are designed for residents to appreciate the lush greenery of the surrounding area. Located only 20 minutes from the city centre, it is well connected via the Middle Ring Road 2.

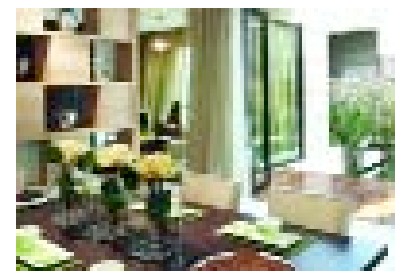
The Group has also been busy with the concept and product development for another luxury development in Damansara Heights. This development will consist of exclusive bungalows with swimming pools.

During the year, we also purchased a parcel of land for a condominium development, located in the established neighbourhood of SS2, Petaling Jaya. This parcel measuring 8.4 acres will be developed into high and low rise condominiums that will cater for the mid to high end market. We are also in the midst of finalising the concept and product for this development.

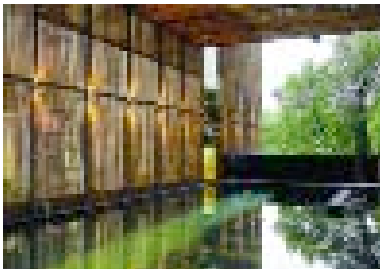
With regard to our hotel operations, Hotel Maya Kuala Lumpur has been receiving very good reviews in terms of design, ambiance and quality of food and beverages at its outlets. We will still need to improve the take up on rooms which have been improving since its opening. To do so, we are continuously improving on gaining awareness for the hotel.

With regard to corporate developments, the Group ventured overseas. Our associate company, SDB Hotels Pty Ltd made a general offer on the Australian Stock Exchange (ASX) to purchase shares in Tourism, Hotels & Leisure Limited (THL). THL is the fourth largest accommodation management company in Australia and manages 52 hotels under the Plaza and Pacific brands. It also holds a 30% stake in the Golden Tulip

Comfortable living spaces
of AmanSari (top)
and Park Seven (bottom)



chairman's statement



top:

Guests of Hotel Maya can relax and unwind at our hydrotherapy pool

bottom:

The Sky Lounge at Hotel Maya offers a breathtaking view of the Petronas Twin Towers

Group, a hotel management company which operates hotels in 37 countries. Collectively with Golden Tulip, THL manages a total of more than 52,000 rooms throughout the world. We are currently in the midst of streamlining operations and strengthening the management team. We also hope that this will serve as a platform for the Group to expand its businesses overseas.

Dividend

In recognition of the continued support and loyalty of our shareholders, the Board of Directors has recommended a first and final dividend of 3% less 28% tax amounting to RM4,602,179 (2005 : 3% : RM4,602,179) for the financial year ended 31 March 2006.

The recommended dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

Outlook

In 2005, the Malaysian economy registered a Gross Domestic Product (GDP) growth rate of 5.3% and is expected to remain within this range for this coming year.

On the whole, the market may soften due to various factors, including the increase in petrol prices, interest rates and inflation. It is anticipated that the construction sector may be adversely hit by this. However, tourism is expected to improve especially for business travel, since Kuala Lumpur is fast becoming a choice for conferences and conventions in this region.

With regard to the Group, we anticipate that our property development projects will still perform well. Our projects are located in strategic locations and our developments



The gleaming blue facade of Wisma Selangor Dredging, flanked by majestic raintrees

cater for the middle to higher end segment, where there is still a high demand for homes. We also take note that purchasers are becoming more discerning, hence a lot of groundwork is done at concept and product development. We also have a quality assessment system in place to ensure that the quality of homes we develop are up to mark.

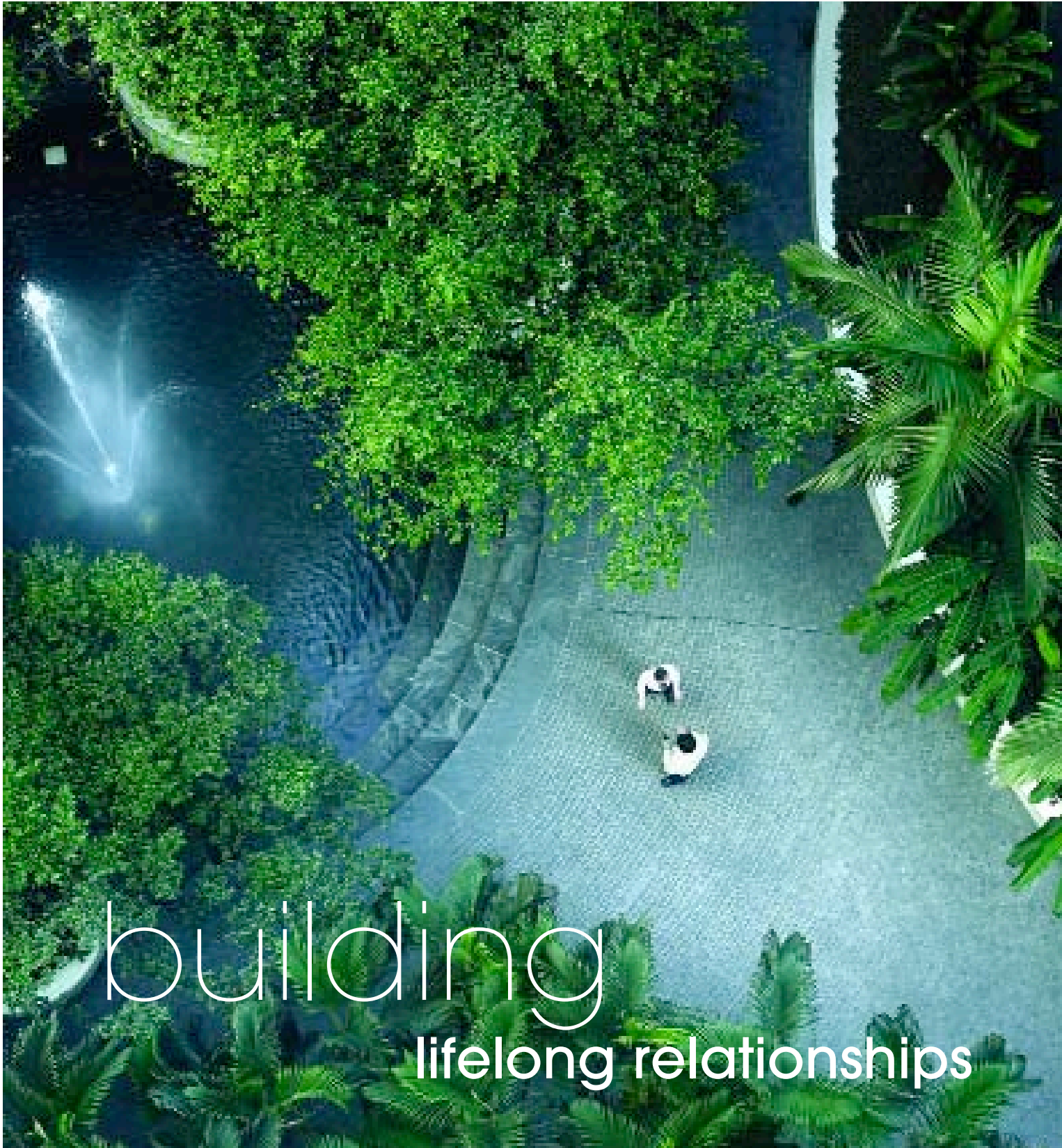
Hotel Maya Kuala Lumpur has been performing well in terms of its food outlets and banquet facilities. This year, we will continue focussing on providing good level of service to our customers, and on increasing room occupancy and food and beverage revenue.

I am confident that barring any unforeseen circumstance, your Group will perform well in the year ahead.

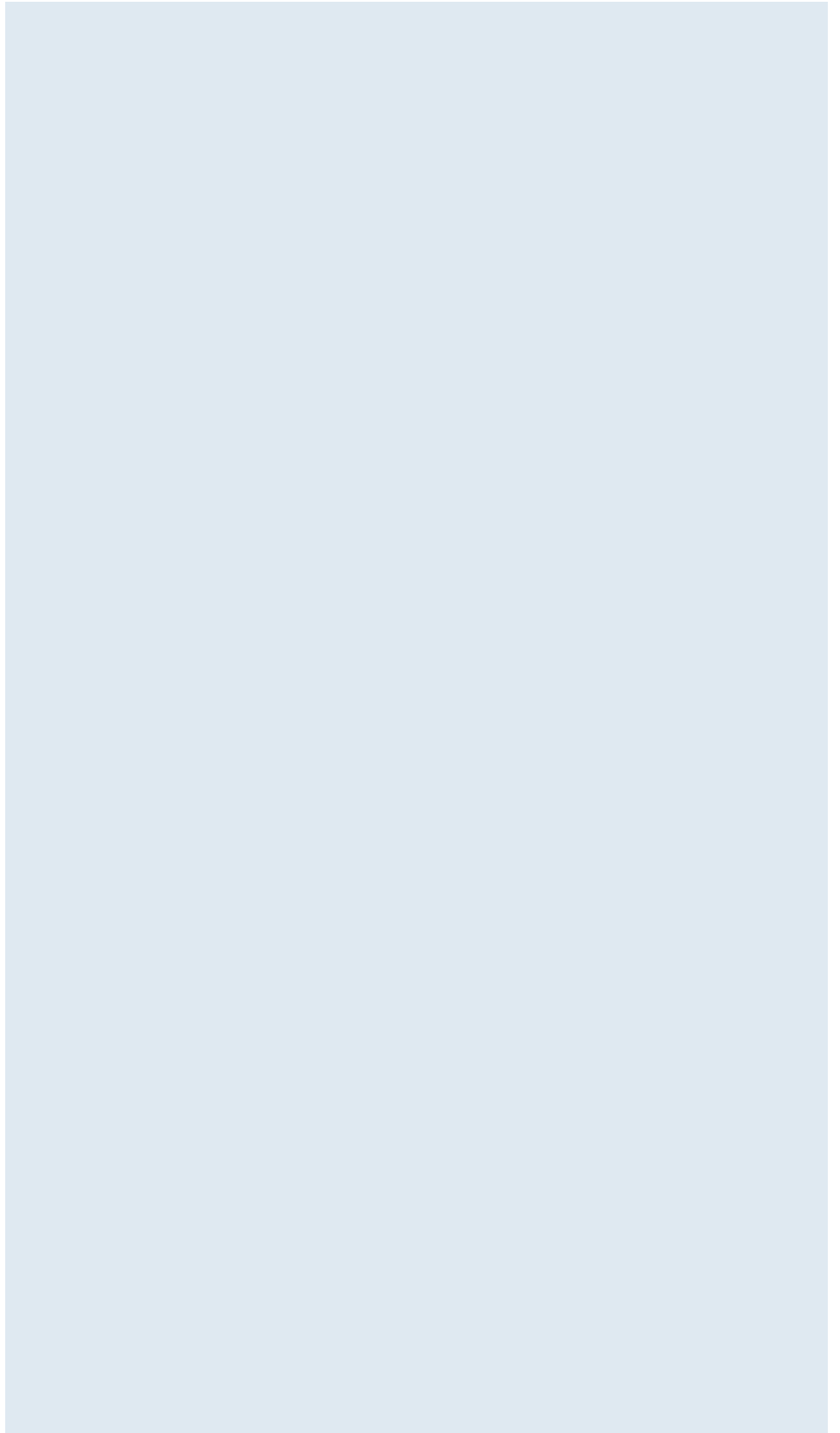
Acknowledgement

On behalf of the Board of Directors, I would like to extend my thanks to the management and staff of the Group for their efforts, hard work and commitment during the year. I would also like to thank all our customers, tenants, bankers and business associates for their continued support and confidence in the Group.

Eddy Chieng Ing Huong
Chairman



building
lifelong relationships

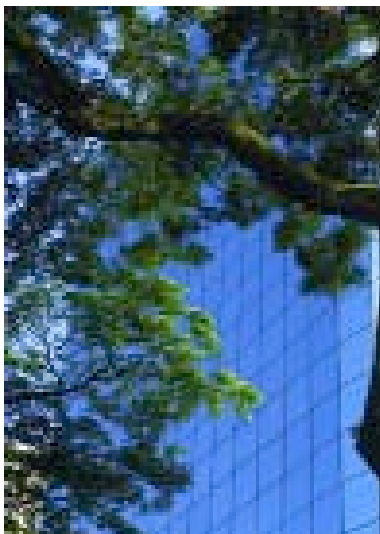
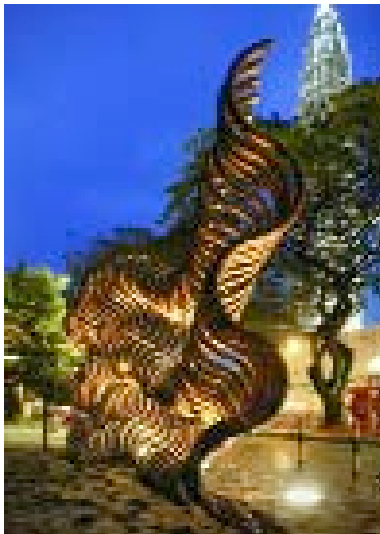




managing director's
operations review

I AM PLEASED TO PRESENT TO YOU THE GROUP'S REVIEW.

“The Wave” by Abdul Multhalib Musa
- our sculpture fronting
Wisma Selangor Dredging



RESULTS

For the financial year ended 31 March 2006, your Group recorded an improvement in its performance. This year, the pre-tax profit is RM25.54 million compared to the previous year's profit of RM19.93 million. This was based on a higher turnover of RM137.76 million compared to RM71.67 million last year. The increase in profits was mainly due to performance of property development.

Listed below are the details on the Group's subsidiaries.

Selangor Dredging Berhad (SDB)

During the year under review, the Company registered a pre-tax profit of RM6.06 million compared to last year's performance of RM7.09 million. The reduction in profits was mainly due to higher interest repayments on our existing loans.

Wisma Selangor Dredging

Several improvement works were carried out to our main leasing property, Wisma Selangor Dredging. This was done to enhance the building and to ensure that it remains one of the preferred choice for office spaces in the city. Extensive refurbishments had been carried out to the car parks where flooring had been upgraded, and additional lights had been installed to brighten the area. A new auto pay car park payment system was also introduced.

At the same time, we also improved and upgraded the directional signages throughout the building. In the interest of security and safety, more close circuit televisions (CCTV) were also added in all the blocks within the complex. To give the building a distinctive feel, we commissioned a sculpture entitled “The Wave” by one of Malaysia's leading artists, Abdul Mutthalib Musa. This sculpture is located at the entrance, and is now a main feature of the building.

I am pleased to report that like previous years, the occupancy of the building remained high. At the time of writing, the occupancy rate is at 97.42%. We are confident that these rates can be retained, not only due to the facilities offered and building's excellent location, but also due to our continuous efforts in upgrading the building.

managing director's operations review



SDB Properties Sdn Bhd (SDBP)

Our property development operations registered a pre-tax profit of RM 29.80 million based on a turnover of RM 117.11 million. The hotel operation recorded a turnover of RM4.86 million and a loss of RM10.26 million.

Like the previous year, this subsidiary was the most active within the Group.

Property Development

This year, the construction of our current property projects was in full swing.

Our maiden project, AmanSari in Puchong, which comprises of 142 units of 2 storey bungalows and 2 1/2 storey semi-detached homes, progressed as scheduled. I am proud to mention that during the year, our AmanSari show house was awarded the prestigious Malaysian Interior Design Award (MIDA) 2005 for Residential category. These homes will be handed over to purchasers by September this year.

Construction of our flagship development, Park Seven, also continued. This 105 unit luxury condominium development located in the heart of the city is just 700 metres away from Kuala Lumpur's world's famous landmark, the Petronas Twin Towers. Park Seven is expected to be completed by March 2008.

I am pleased to report that both AmanSari and Park Seven enjoyed very encouraging sales throughout the year under review. We achieved RM299.50 million out of a total of RM370 million in Gross Development Value (GDV). As at 31 March 2006, a total of RM153.60 million has been recognised.



SDB's flagship development
Park Seven, Persiaran KLCC



AmanSari¹⁸

AmanSari - winner of Malaysian Interior Design Award (MIDA) 2005, Residential Category

Hotel

Our hotel, Hotel Maya Kuala Lumpur had been extensively refurbished and is the first Malaysian owned boutique urban resort hotel in Malaysia. It officially opened its doors to the public in September 2005.

The hotel has received good reviews in terms of its concept, ambiance and services, as well as the quality of the food and beverage at its outlets. We are pleased to mention that upon its opening, the hotel was awarded the prestigious Malaysian Interior Design Award (MIDA) 2005 in the Hotel and Restaurant category.

As the hotel opened less than a year ago, we are still expecting room occupancy to pick-up within this year. Currently, most of the hotel guests have been discerning local and foreign visitors who enjoy the serene ambiance of the hotel, and also appreciate its closeness to Kuala Lumpur City Centre.

PROSPECTS

Property development

The Group will soon be launching a new project in Melawati, Kuala Lumpur. This gated and guarded development comprises a total of 201 units of spacious courtyard homes and low rise apartments which overlook a majestic view of hills surrounding Melawati. The homes are modern in design with functional and spacious layout, while the overall concept of the development is for residents to fully enjoy the outdoors. The development comes with a clubhouse, and has been specially landscaped to compliment the natural surroundings of the area. This unique development has a GDV of approximately RM170 million.

We are also in the midst of concept and product development for a very select luxury bungalow development in Damansara Heights. This gated and guarded development, measuring approximately 5.8 acres will comprise of homes with individual swimming pools.

managing director's operations review

hotel maya KUALA LUMPUR

During the year, the Group had purchased a parcel of land measuring 8.4 acres in SS2, Petaling Jaya which will be developed into a high and low rise condominium development. The first phase comprising of 290 units, will be launched by the first quarter of 2007. This development will cater for medium to higher end customers, and the first phase has an approximate GDV of RM100 million.

36 Months Defect Liability Period (DLP)

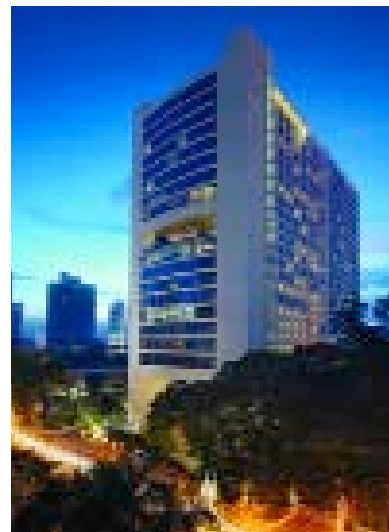
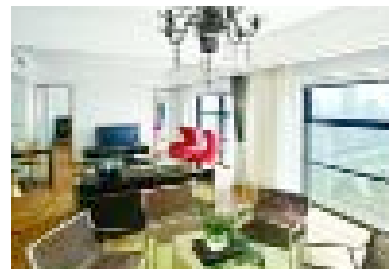
In line and guided by our brand promise of "Driving Excellence, Building Lifelong Relationships" we have gone the extra mile and announced in April 2006 that all homes developed by SDBP would enjoy an extended DLP of 36 months. This is an additional coverage of 18 months compared to period stipulated in the Sale and Purchase Agreement.

In driving and delivering our brand promise further, we also set up a subsidiary that would provide convenient services to home owners and tenants alike. SDB Support Services Sdn Bhd was established during the year to provide home support services such as renovation, home improvement works and general maintenance to our purchasers. At the same time, it provides renovation and interior design services for tenants' offices in our building. This division will also see to all the rectification work within the abovementioned extended DLP.

Hotel

Our hotel property, Hotel Maya Kuala Lumpur has created waves in the hotel industry since its opening in September 2005. Its urban boutique concept is a first in Malaysia and has impressed discerning local and foreign guests alike.

However, our occupancy rates still need to be improved. For the last 6 months, we have been creating awareness of the hotel and this has been challenging, as the concept of a boutique hotel is very new and unlike what most patrons are accustomed to. In this regard, we will continue with our efforts to increase awareness, and improving on room occupancy. I am pleased to note that to date, guests who have stayed at the hotel have enjoyed and given excellent reviews on their stay.



Hotel Maya - winner of Malaysian Interior Design Award (MIDA) 2005, Hotel and Restaurant Category

During the year, SDB, via its associate company SDB Hotels Pty Ltd acquired a 78.7% stake in an Australian public listed company, Tourism, Hotels & Leisure Limited (THL). THL is an accommodation management company which manages 52 hotels in Australia, under the brand name of Pacific and Plaza hotels. It also holds a 30% share in the Golden Tulip chain of hotels, which has approximately 534 hotels throughout the world. As this is a new acquisition, we are currently in the midst of streamlining operations.

I wish to take this opportunity to thank the staff of Selangor Dredging Berhad and its subsidiaries for the hard work put in during the year. It is with their dedication and effort that the Group has continued to grow and perform. I also wish to convey my thanks to the shareholders and our customers for their continuing support.

For the coming year, we will be launching our other developments and at the same time sourcing for more opportunities for other projects. We will also continue building up the SDB Brand and coming up with interesting development concepts and delivering quality homes for our customers.

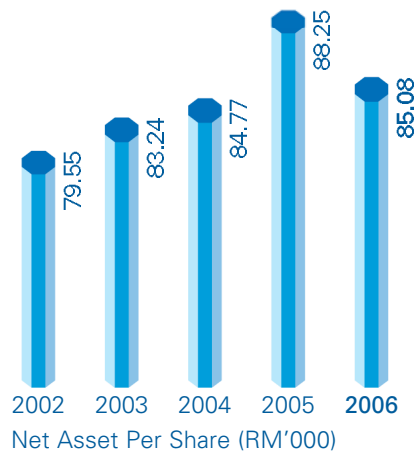
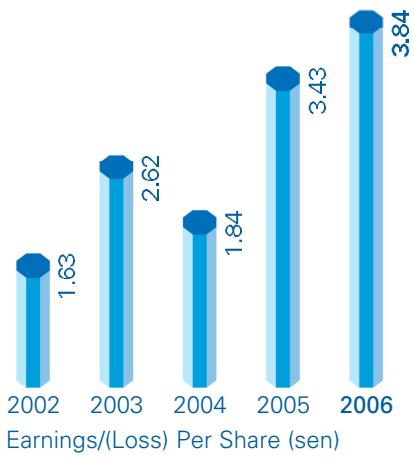
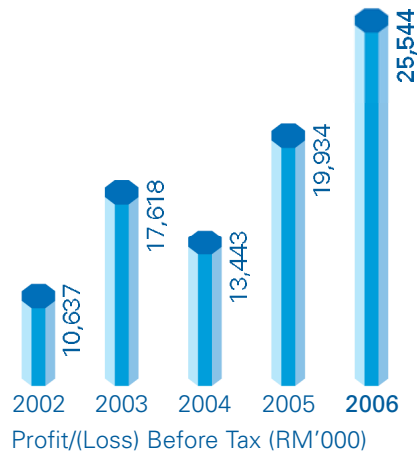
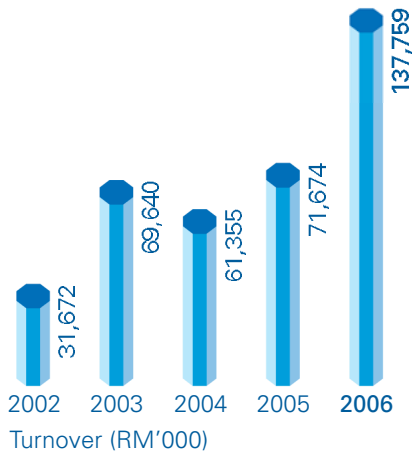
We anticipate that the year ahead may be somewhat challenging with the recent increase in petrol prices, interest rates and most recently electricity tariffs. However, the economic climate is expected to remain stable with a growth rate forecast of 5 to 6%. With prudent management practices already in place and barring any unforeseen circumstances, I am confident that we will continue to perform well in the coming year.

Teh Lip Kim
Managing Director



Hotel Maya offers a myriad of services and true Malaysian hospitality

group
financial highlights



group financial highlights

YEAR ENDED 31 MARCH	2006 Group RM'000	2005 Group RM'000	2004 Group RM'000	2003 Group RM'000	2002 Group RM'000
PROFITABILITY					
Turnover	137,759	71,674	61,355	69,640	31,672
Profit/(Loss) before taxation	25,544	19,934	13,443	17,618	10,637
Provision for taxation	(9,192)	(2,300)	(3,338)	(3,047)	(1,737)
Profit/(Loss) after taxation	16,352	17,634	10,105	14,571	8,900
Minority interests	0	(3,005)	(2,281)	(3,418)	(1,965)
Earnings/(Loss) for the year	16,352	14,629	7,824	11,153	6,935
Profit available for appropriation	76,700	64,950	46,509	41,753	33,668
Dividend net of tax	4,602	4,602	3,068	3,068	2,301
KEY BALANCE SHEET DATA					
Total assets	617,862	485,110	496,581	463,281	393,046
Issued share capital	213,064	213,064	213,064	213,064	213,064
Shareholders' funds	362,556	376,053	361,208	354,716	338,982
Total bank borrowings	193,550	61,750	31,250	19,263	0
No of ordinary shares in issue ('000)	426,128	426,128	426,128	426,128	426,128
SHARE INFORMATION					
Per 50 sen ordinary share					
Earnings/(Loss) after tax (sen)	3.84	3.43	1.84	2.62	1.63
Dividend after tax (sen)	1.08	1.08	0.72	0.72	0.54
Net asset backing (sen)	85.08	88.25	84.77	83.24	79.55

statement on corporate governance

During the year under review, the Board of Directors continues to ensure that the principles and best practices of corporate governance as set out in the Malaysian Code on Corporate Governance are complied with throughout the Group to enhance the financial performance and shareholders' value of the Group.

The Board is pleased to disclose below the manners in which it has applied the principles of good corporate governance and considered that it had complied with the best practices provisions except as stated otherwise.

A. BOARD OF DIRECTORS

The Board has the overall responsibility for corporate governance, strategic direction and overseeing the investments and operations of the Group.

Composition

The Board comprises one Executive and four Non-Executive Directors with various qualifications and experience, of whom two of the Board members are Independent Directors. The profile of the members of the Board is presented on pages 8 to 9 of the Annual Report. The presence of Independent Directors fulfils a pivotal role in corporate accountability. The role of the Independent Directors is particularly important as they provide unbiased and independent views, advice and judgement.

There is a clear division of responsibilities between the Chairman and Managing Director to ensure that there is a balance of power and authority.

Board Meetings

Board meetings are held at least four times a year, additional meeting would be convened when urgent and important decisions need to be taken between scheduled meetings. During the financial year, the Board held four meetings and the details of attendance of Directors at the Board meetings are as follows:

Name of Directors	Total Meetings Attended	Percentage of Attendance
Mr Eddy Chieng Ing Huong	Four meetings	100%
Ms Teh Lip Kim	Four meetings	100%
Dato' Mohd Ismail Bin Che Rus	Four meetings	100%
Ms Teh Lip Pink	Two meetings	50%
Mr Tee Keng Hoon	Four meetings	100%

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to fit the year's meeting into their own schedule. During the course of a meeting, the Board deliberated and considered on matters including the Group's financial performance, business review, operating performance to-date against the annual budget and the business strategies. The Audit Committee also reports the outcome of committee meetings to the Board and such reports are incorporated as part of the minutes of the Board meetings.

Where a potential conflict of interest may arise, it is mandatory practice for the Director concerned to declare his or her interest and abstain from the decision making process.

Supply of Information

The agenda and reports for each Board meeting are circulated to the members of the Board prior to the Board meetings. Senior management staff may be invited to attend the Board meetings to provide the Board with detailed explanations and clarifications on issues that are considered during the Board meetings.

The Directors are updated by the Company Secretary on new statutory as well as regulatory requirements. All members of the Board have ready and direct access to the advice and services of the Company Secretary and the Directors may seek external professional advice, if required.

Appointment to the Board

The Group has implemented procedures for the nomination and election of Directors via the Nomination Committee. The Nomination Committee is responsible for identifying and recommending to the Board suitable candidate for appointment to the Board and Board Committees, and also performance appraisal of the Directors.

The Nomination Committee was established on 30 May 2002. In view of the current composition of the Board which is small in number, the entire Board was co-opted into the Nomination Committee.

Re-election

In accordance with the Company's Articles of Association, all Directors shall retire from office at least once in each three years and the Directors to retire in each year shall be those who have been longest in office since their last election. A retiring Director is eligible for re-election and the election of each Director is voted on separately.

The Articles further provides that all newly appointed Directors shall retire from office but shall be eligible for re-election in the next Annual General Meeting subsequent to their appointment.

Directors' Training

With the abolition of Practice Note 15/2003 on Director's Continuing Education Programme with effect from 1 January 2005, the Board will be responsible to evaluate and determine the training needs of its members on a continuous basis.

The Company Secretary disseminates information on training and seminars to the Directors from time to time. The Board has empowered the Directors of the Company to determine their own training requirements as they consider necessary or deem fit expedient to enhance their knowledge in new rules and regulations as well as understanding of the Group's business and operations and to keep abreast with current developments in the market place.

B. DIRECTORS' REMUNERATION

The Remuneration Committee was established on 23 August 2001 and is entrusted with the role of reviewing and recommending the annual bonus and salary increment of the Executive Directors and members of the Senior Management of the Company. Executive Directors' remuneration is decided by the Board with the Directors concerned abstaining from deliberations and voting accordingly.

Non-Executive Directors' remuneration is based on a standard fixed fee, with the Chairman receiving a double amount in recognition of his additional responsibilities. An additional fee is also paid to Non-Executive Directors sitting on Board Committees.

statement on corporate governance

Fees payable to the Directors of the Company are subject to yearly approval by shareholders at the Annual General Meeting. The aggregate Director's remuneration paid or payable to the Directors of the Company is as follows:

	2006 (RM)	2005 (RM)
Executive Directors		
Salaries and other emoluments	1,021,028	991,012
Fees	29,000	34,000
Non-Executive Directors		
Fees	153,000	159,500

The number of Directors of the Company whose total remuneration falls within the following bands are:

	2006	2005
Executive Directors		
RM1,050,000 - RM1,100,000	1	-
RM1,000,000 - RM1,050,000	-	1
RM950,000 - RM1,000,000	-	-
Non-Executive Directors		
RM50,000 - RM100,000	1	1
Below RM50,000	3	3

C. BOARD COMMITTEES

The Board has set up four Board Committees, i.e. Investment, Audit, Nomination and Remuneration Committees, to delegate specific powers and responsibilities to support the role of the Board to provide assurance and accountability to its shareholders, all of which have their own terms of reference.

The Investment Committee was established on 23 August 2001 with the responsibilities of approving Group acquisition and disposal of investment up to RM15 million and manage risk of the Group in order to maximise return to the shareholders.

Further details on the other Board Committees are contained in the Statement on Corporate Governance and Audit Committee Report.

D. SHAREHOLDERS

The Board recognises the importance of an effective communications policy between the Group and its shareholders. The Annual General Meeting represents the principal communication channel and dialogue with the shareholders and the shareholders are encouraged to participate in a subsequent Question and Answer session. The external auditors attend Annual General Meetings upon invitation and to provide their professional and independent clarification on issues raised by the shareholders.

Notice of the Annual General Meeting and annual report are sent out to the shareholders at least twenty-one days before the date of the meeting. Items of special business included in the notice of the meeting will be accompanied by an explanatory statement to facilitate full understanding and evaluation of the issues involved.

statement on corporate governance

A press conference is normally held immediately after the meeting to facilitate media queries on the Group's financial performance and operations.

The outcome of all resolutions proposed at the general meeting is announced to Bursa Malaysia Securities Berhad at the end of the meeting day.

Quarterly results, press releases and other announcements are the other means of disseminating information on the Group's activities and financial performance to the shareholders and general public.

The Company also maintains a website (www.sdb.com.my) through which shareholders and the general public can obtain up-to-date information.

E. ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors ensure annual financial statements and quarterly financial results are drawn up in accordance with applicable approved accounting standards in Malaysia and provisions of Companies Act, 1965, in order to present a balanced and understandable assessment of the Group's performance and prospects. The Audit Committee assists the Board to review the information disclosed to ensure its accuracy and adequacy.

As part of the Company's continuing disclosure obligation under the Listing Requirements, the Board ensures that timely and accurate financial results relating to the Company's and Group's are announced to Bursa Malaysia Securities Berhad.

The Statement of Directors' Responsibility is also enclosed in page 32 of this Annual Report.

Internal Controls

The Board has undertaken the responsibility of identifying and reviewing the adequacy integrity of the Group's internal control systems for compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Internal Control is presented on page 30 and the Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit Committee.

Relationship with Auditors

The Company has established a formal and transparent arrangement for maintaining appropriate relationships with the Group's auditors, both external and internal. The external and internal auditors attended all scheduled meetings of the Audit Committee during the financial year.

statement on internal control

Introduction

The Board recognises the importance of a sound system of internal control to safeguard shareholders' investment and the Group's assets.

The Statement on Internal Control outlines the nature and scope of internal control of the Group during the year.

Board Responsibility

The Board of Directors is committed to maintaining a system of internal control in financial, operational and compliance as well as risk management to achieve the following objectives:

- Safeguard assets of the Group and shareholders' interest;
- Identify and manage risks affecting the Group;
- Ensure compliance with regulatory requirements; and
- Ensure operational results are closely monitored and substantial variances are promptly explained.

The Board also acknowledges its responsibility for reviewing adequacy and integrity of system of internal control. In view of the limitations that are inherent in any system of internal control, this system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss. It should be further noted that the cost of the system should not outweigh the benefits.

Key Internal Control Process

The Group's system of internal controls comprises the following key elements:

- **Term of Reference**

Clear definition of the terms of reference, i.e. functions, authorities and responsibilities of the various committees of the Board of Directors has been established.

- **Management Styles**

The Board relies on the experienced Managing Director and qualified Group General Manager with relevant industry experience to run and manage the operations and business of the Group in an effective and efficient manner.

The Managing Director and management practise a "hands on" style in managing the businesses of the Group. This close-to-operations management style enables timely identification and reporting of any significant matters.

- **Control procedures**

Operating Procedures Manuals that set out the policies, procedures and practices to be adopted by all companies in the Group to ensure clear accountabilities and control procedures are in place for all business units.

- **Organisational structure and accountability levels**

The Group has a well defined organisational structure with clear lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- **Reporting and review**

The Group's management teams carry out monthly monitoring and review of financial results and forecasts for all businesses within the Group. Performance measurements are implemented to ensure information is collected for further evaluation. Actual results are then compared with targeted results. Any significant matter is brought forward for the Board's consideration and decision.

- **Human resource policy**

There are proper guidelines within the Group for recruitment and selection, compensation and benefits, performance management, training and development, employee communication and human resource administration.

During the year of review, the Group has revamped its Employment Handbook and performance management system to incorporate relevant policies and procedures in line with its brand promise and core values.

- **Internal audit**

Independent internal audit function provides assurance to the Audit Committee through the execution of internal audit visits based on an approved risk-based internal audit plan. Findings arising from these visits are presented, together with Management's response and proposed action plans, to the Audit Committee for its review. Further details of the activities of the internal audit functions are provided in the Audit Committee's Report.

In assessing the adequacy and effectiveness of the system of internal controls and accounting control procedures of the Group, the Audit Committee reports to the Board of Directors its activities, significant results, findings and the necessary recommendations or changes.

- **Risk Management**

Risk exposures are identified from the scoped internal audit reviews carried out by the internal audit team and are managed by the management via the formulation and implementation of internal controls to address the risks identified. These internal controls are appropriate and effectively implemented by the management to achieve acceptable risk exposures. In addition, the Group performs analyses on financial risks. These are performed via the identification of financial variances reported from the comparison of the Group's financial budgets to the Group's actual financial performance.

- **Centralisation**

Key business functions of the Group are centralised. These include Human Resource, Corporate Secretarial, Legal and Communication and Corporate Affairs. The presence of these functions in the corporate office allow for strenuous monitoring and quick impartment of risk management strategies.

- **Board Commitment**

The Board recognizes that the Group operates in a dynamic business environment in which the system of internal control must be responsive in order to be able to continuously support its business objective.

The Board is of the view that the system of internal control is satisfactory and has not resulted in any material losses, contingencies or uncertainties for the financial year under review. The Group will continue to take the necessary measures to strengthen its internal controls.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Internal Control for the inclusion in the annual report for the year ended 31 March 2006 in compliance with Paragraph 15.24 of Bursa Malaysia Securities Berhad Listing Requirements and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

statement on directors' responsibilities in relation to the financial statements

The Board is responsible for ensuring that the financial statements for each financial year give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows of the Group and of the Company for that period.

In preparation of the financial statements, the Board has ensured that:

1. Suitable accounting policies have been adopted and applied consistently.
2. Judgements and statements made are reasonable and prudent.
3. Suitable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements.

The Board confirms that the financial statements have been prepared on a going concern basis.

The Board is responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the provisions of the Companies Act, 1965 and the applicable approved accounting standards in Malaysia. The Board has overall responsibilities for taking steps as are reasonably available to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

1. Utilisation of Proceeds

No proceeds were raised by the Company for any corporate exercise during the financial year.

2. Share Buybacks, Options, Warrants or Convertible Securities

No Options, Warrants or Convertible Securities were exercised by the Company during the financial year.

3. American Depository Receipt (ADR) Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programmes during the financial year.

4. Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or management by the relevant regulatory bodies.

5. Non-Audit Fees

There was no non-audit fee paid to the external auditors for the financial year.

6. Profit Estimate, Forecast, Projection or Unaudited Results

There was no profit forecast issued by Company and its subsidiary companies during the financial year.

7. Profit Guarantee

During the financial year, there was no profit guarantee given by the Company.

8. Material Contracts

During the financial year, there was no material contract entered into by the Company or its subsidiary involving interest of Directors and major shareholders of the Company that have not been reflected in the financial statement.

9. Revaluation Policy on Landed Properties

The revaluation policy on landed properties is as disclosed in the financial statement for the year ended 31 March 2006.

10. Recurrent Related Party Transaction of a Revenue or Trading Nature

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which requires shareholders' mandate.

audit
committee report

(A) MEMBERSHIP AND MEETINGS

The Audit Committee met on four occasions during the financial year and the attendance of each member of the Audit Committee is as follows:

	Composition of the Audit Committee	Attendance at the Audit Committee Meetings
<i>Chairman</i>	Dato' Mohd Ismail Bin Che Rus (Senior Independent Non-Executive Director)	All four meetings
<i>Members</i>	Mr Eddy Chieng Ing Huong (Non-Independent Non-Executive Director)	All four meetings
	Mr Tee Keng Hoon (Independent Non-Executive Director)	All four meetings

(B) SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the following activities were carried out by the Audit Committee in discharging its duties and functions:

- Reviewed the quarterly reports and announcements of the Company and the Group prior to submission to the Board for approval and subsequent release to the Bursa Malaysia Securities Berhad.
- Reviewed the reports and the audited financial statements of the Company and of the Group prior to tabling to the Board for approval.
- Reviewed the external auditors' scope of work and audit plan for the financial year and made recommendation to the Board on their appointment and remuneration.
- Reviewed and discussed external auditors' audit report and areas of concern highlighted in the management letter, including management's response to the concerns raised by the external auditors.
- Discussed on significant accounting and auditing issues, impact of new or proposed changes in accounting standards and regulatory requirements.
- Reviewed the audit plans for the financial year for the Company and Group as prepared by the Internal Auditors.
- Reviewed the internal audit reports, audit recommendations made and management's response to these recommendations for the Company and Group as prepared by the Internal Auditors.
- Reviewed the performance of the existing outsourced internal auditors and recommend to the Board on the renewal of internal audit services.
- Reviewed the Audit Committee Report, Statement on Internal Control and Statement on Corporate Governance and recommended to the Board for approval prior to their inclusion in the Company's Annual Report.
- Tabled the Minutes of each Committee Meeting to the Board for notation, and for further direction by the Board, where necessary.

(C) INTERNAL AUDIT FUNCTION

The Company does not have an Internal Audit Department but has outsourced its internal audit function to Deloitte Enterprise Risk Services Sdn Bhd.

The Internal Auditors is independent of the activities or operation of its auditees and reports functionally to the Audit Committee of the Board.

The activities of the Internal Auditors during the financial year ended 31 March 2006 were as follows:

- Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the Internal Audit Plan for the Group;
- Developed and proposed an Internal Audit Plan for the year which was discussed and accepted by the Audit Committee and Board;
- Conducted periodic audits on internal controls relating to operating system and standard operating procedures to monitor compliance and assess the adequacy and effectiveness of controls implemented by various companies within the Group;
- Attended and reported to the Audit Committee at all Audit Committee meetings held during the financial year ended 31 March 2006; and
- Highlighted areas of concern to the Audit Committee and ensuring that recommendations provided by the Internal Auditors are duly attended to and adhered by management within stipulated time frame. In the Internal Audit Progress Reports, the Internal Auditors had reported their findings in their subsequent follow-up reviews to the Audit Committee.

(D) Terms of Reference for Audit Committee

1.0 Constitution

1.1 The Board hereby resolves to establish a Committee of the Board to be known as the Audit Committee.

2.0 Membership

2.1 The Committee shall be appointed by the Board from amongst the Directors of the Company and consist of not fewer than three members, a majority of whom should be Independent Directors.

2.2 At least one member of the Audit Committee:

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) if he is not a member of Malaysian Institute of Accountants, he must have at least three years working experience and:
 - (i) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act, 1967; or
 - (ii) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967.

audit committee report

- 2.3 The Board must ensure that no alternate director is appointed as a member of the Audit Committee.
- 2.4 The members of the Committee shall elect a Chairman from amongst their number who shall be an Independent Director.
- 2.5 In the event of any vacancy in the Committee resulting in the number of members being reduced to below three, the Board of Directors must fill the vacancy within three months.
- 2.6 The term of office and performance of each committee member shall be reviewed by the Board at least once every three years.

3.0 Authority

- 3.1 The Committee shall in accordance with a procedure to be determined:
- (a) have authority to investigate any matter within its terms of reference;
 - (b) have the resources which are required to perform its duties;
 - (c) have full and unrestricted access to any information pertaining to the Company;
 - (d) have direct communication channels with the external auditors and person(s) carrying the internal audit function or activity;
 - (e) be able to obtain independent professional or other advice; and
 - (f) be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

4.0 Functions

- 4.1 The duties of the Committee include:
- 4.1.1 to review the following and report the same to the Board of Directors of the Company:
- (a) with the external auditors, the audit plan, including the scope of work to ascertain that will meet the needs of the Board, the shareholders and regulatory authorities;
 - (b) with the external auditors, the evaluation of the system of internal accounting controls;
 - (c) with the external auditors, the audit report, including the management's response, to discuss problems and observations arising from the interim and final audits and any matters the external auditors may wish to discuss (in the absence of management where necessary);
 - (d) the assistance given by the employees of the Company to the external auditors;
 - (e) the adequacy of the scope, functions and resources of the Internal Audit Department and that it has the necessary authority to carry out its work;

- (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken the recommendations of the Internal Audit Department and urgent response to the major findings of internal investigations;
- (g) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes and practices;
 - (ii) significant and unusual events;
 - (iii) compliance with accounting standards and other legal requirements and the going concern assumptions; and
 - (iv) significant adjustments arising from the audit;
- (h) any related party transaction and conflict of interest situation that may arise with the Company or Group including any transaction, procedure or course of conduct that raises questions management integrity;
- (i) any letter of resignation from external auditors of the Company; and
- (j) whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment.

4.12 to consider the appointment or termination of a person or persons as external auditors and their remuneration.

4.13 to consider the appointment or termination of a person or persons as internal auditors and their remuneration.

4.14 to promptly report to Bursa Malaysia Securities Berhad any matter reported by the Committee to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

4.15 to carry out any other functions as may be agreed to by the Committee and the Board.

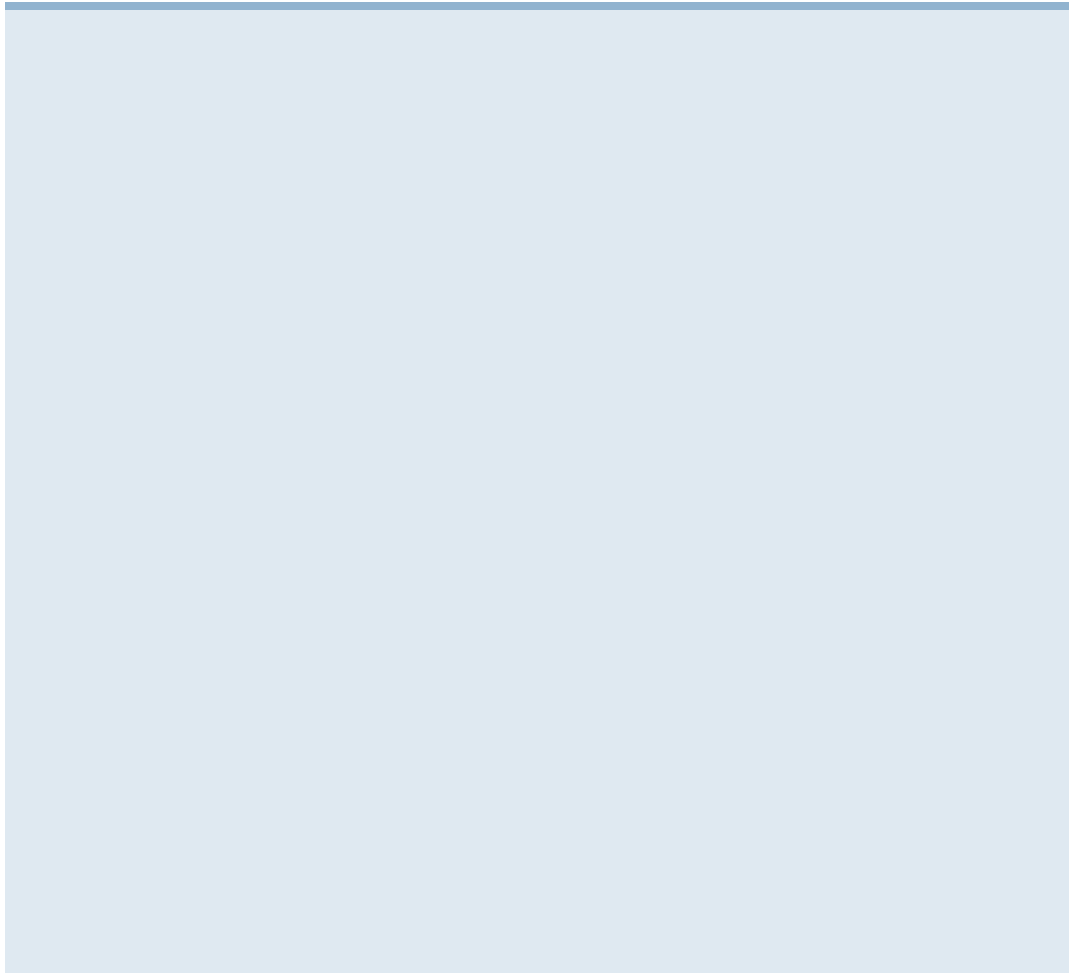
5.0 Meetings

5.1 Meetings shall be held not less than four times a year and shall normally be attended by the Head of Finance and Internal Auditors. The presence of the external auditors will be requested, if required. Other Board members and employees attend only at the Committee's invitation.

5.2 At least once a year, the Committee shall meet with the external auditors without the executive Board members present.

5.3 The quorum for each meeting shall be two. The majority of members present to form a quorum must be Independent Directors.

5.4 The Company Secretary shall be the Secretary of the Committee. The Secretary shall circulate the minutes of meetings of the Committee to all members of the Board.



financial statements

40	directors' report
44	auditors' report
45	consolidated balance sheet
47	consolidated income statement
48	consolidated statement of changes in equity
49	consolidated cash flow statement
51	balance sheet
53	income statement
54	statement of changes in equity
55	cash flow statement
57	accounting policies and explanatory notes
97	statement by directors
97	statutory declaration

directors' report

for the year ended 31 March 2006

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property leasing, investment holding and provision of management services. The principal activities of the subsidiary companies are set out in explanatory note 6 to the financial statements.

There were no significant changes in the nature of these activities during the financial year except for the commencement of business for provision of property support services by a subsidiary company, SDB Support Services Sdn Bhd (*formerly known as SDB Development Sdn Bhd*).

RESULTS

	Group RM'000	Company RM'000
Net profit for the year	16,352	4,022
Unappropriated profit brought forward	64,950	82,488
Profit available for appropriation	81,302	86,510
Dividend	(4,602)	(4,602)
Unappropriated profit carried forward	76,700	81,908

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 3% less tax at 28%, amounting to RM4,602,179 in respect of the financial year ended 31 March 2005, as proposed in the Directors' report of that year.

The Directors now propose a first and final dividend of 3% less tax at 28%, amounting to RM4,602,179 in respect of the financial year under review.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year under review.

DIRECTORS

The Directors in office since the date of the last report are:

Mr Eddy Chieng Ing Huong
Ms Teh Lip Kim
Ms Teh Lip Pink
Dato' Mohd Ismail Bin Che Rus
Mr Tee Keng Hoon

Dato' Mohd Ismail Bin Che Rus, Mr Eddy Chieng Ing Huong and Mr Tee Keng Hoon are members of the Audit Committee of the Board.

In accordance with the Article 79 of the Company's Articles of Association, Ms Teh Lip Kim and Mr Tee Keng Hoon retire by rotation at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' INTEREST IN SHARES

According to the register required to be kept pursuant to Section 134 of the Companies Act, 1965, the following Directors had interests in shares in the Company and its related corporations as follows:

	Ordinary shares of 50 sen each			At 31.3.2006
	At 1.4.2005	Bought	Sold	
Ms Teh Lip Kim				
- direct	32,114,029	9,668,467	-	41,782,496
- indirect	165,419,423	10,913,733	16,113,400	160,219,756
Ms Teh Lip Pink				
- direct	25,000	-	-	25,000
- indirect	55,716,245	9,913,733	-	65,629,978

By virtue of their interests in shares in the Company, Ms Teh Lip Kim and Ms Teh Lip Pink were also deemed to be interested in the Company's shareholdings in all its direct subsidiary companies.

directors' report

for the year ended 31 March 2006

DIRECTORS' INTEREST IN SHARES (cont'd)

The Company's shareholdings in its direct subsidiary companies during the financial year were as follows:

	Ordinary shares of RM1 each			
	At 1.4.2005	Bought	Sold	At 31.3.2006
SDB Properties Sdn Bhd	10,000,000	-	-	10,000,000
Seldredge Industries Sdn Berhad	10,000,000	-	-	10,000,000
SDB International Sdn Bhd (formerly known as SDB Ventures Sdn Bhd)	1,000,000	-	-	1,000,000
SDB Support Services Sdn Bhd (formerly known as SDB Development Sdn Bhd)	1,000,000	-	-	1,000,000

	Ordinary shares of AUD1 each			
	At 1.4.2005	Bought	Sold	At 31.3.2006
SDB Australia Pty Ltd	-	10,000	-	10,000

	Redeemable cumulative preference shares of RM1 each			
	At 1.4.2005	Bought	Sold	At 31.3.2006
SDB Properties Sdn Bhd	38,000,000	-	-	38,000,000

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial statements or the fixed salary of a full time employee of the Company) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those benefits which may be deemed to have arisen by virtue of those contracts and transactions entered into in the ordinary course of business by the Company and its subsidiary companies with companies in which the Directors are deemed to have substantial financial interests, as disclosed in explanatory note 40 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to amounts which they might be expected so to realise.

OTHER STATUTORY INFORMATION *(cont'd)*

- (b) At the date of this report, the Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or
 - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
 - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the Directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
 - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Moores Rowland, have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a Directors' resolution dated 24 May 2006.

EDDY CHIENG ING HUONG
Director

TEH LIP KIM
Director

report
of the auditors to the members
for the year ended 31 March 2006

We have audited the financial statements of the Group and of the Company set out on pages 45 to 96.

These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Directors as well as evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 March 2006 and of their results and cash flows for the year ended on that date; and
 - (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and by the subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification, and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under section 174(3) of the Act.

MOORES ROWLAND
No. AF: 0539
Chartered Accountants

TANG KIN KHEONG
No. 1501/9/07 (J/PH)
Partner

consolidated
balance sheet
31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	162,639	140,764
Investment properties	4	166,847	166,800
Land held for property development	5	94,681	39,574
Investment in associated company	7	17,165	-
Other investments	8	5,126	5,364
CURRENT ASSETS			
Property development costs	10	40,616	58,419
Inventories	11	1,246	2,137
Trade receivables	12	9,143	4,098
Gross amount due from customers	13	13	-
Accrued billings		38,599	12,725
Other receivables, deposits and prepayments	14	14,278	12,692
Current tax assets		295	160
Short term investments	15	22,012	-
Fixed deposits	16	19,106	35,019
Cash and bank balances	17	26,096	7,358
		171,404	132,608
Less:			
CURRENT LIABILITIES			
Trade payables	18	17,359	9,218
Other payables and accruals	19	10,627	8,780
Unpaid land acquisition costs	20	7,830	5,220
Hire purchase liability	21	110	-
Amount owing to associated company	22	9,912	-
Bank borrowings	23	20,000	18,000
Current tax liabilities		1,699	860
		67,537	42,078
NET CURRENT ASSETS		103,867	90,530
		550,325	443,032

consolidated balance sheet

31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
Financed by:			
SHARE CAPITAL	24	213,064	213,064
SHARE PREMIUM (Non-distributable)		477	477
REVALUATION RESERVE (Non-distributable)		59,852	85,099
OTHER RESERVE (Distributable)	25	7,861	7,861
UNAPPROPRIATED PROFIT		76,700	64,950
DIVIDEND		4,602	4,602
SHAREHOLDERS' EQUITY		<u>362,556</u>	<u>376,053</u>
NON-CURRENT LIABILITIES			
Unpaid land acquisition costs	20	7,830	15,660
Hire purchase liability	21	137	-
Bank borrowings	23	173,550	43,750
Deferred tax liabilities	26	6,252	7,569
		<u>550,325</u>	<u>443,032</u>

consolidated
income statement
for the year ended 31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
Revenue	27	137,759	71,674
Cost of sales	28	(95,827)	(49,121)
Gross profit		41,932	22,553
Other operating income		1,375	1,264
Selling and distribution costs		(1,918)	(1,764)
Administrative and general expenses		(8,738)	(7,563)
Other operating expenses		(3,346)	(3,510)
Profit from operations	29	29,305	10,980
Net profit from investing activities	30	1,541	10,923
Finance costs	31	(5,302)	(1,969)
Profit before taxation		25,544	19,934
Taxation	32	(9,192)	(2,300)
Profit after taxation		16,352	17,634
Minority interests		-	(3,005)
Net profit for the year		16,352	14,629
Basic earnings per share (sen)	33	3.84	3.43
Dividend per share (net of tax) (sen)		1.08	1.08

consolidated
statement of change in equity
for the year ended 31 March 2006

	Note	Share capital RM'000	Share premium RM'000	Revaluation reserve RM'000	Other reserve RM'000	Unappropriated profit RM'000	Dividend RM'000	Total RM'000
Balance at 1 April 2004		213,064	477	90,229	7,861	46,509	3,068	361,208
Deferred tax on revaluation surplus written back upon disposal of subsidiary companies		-	-	3,284	-	-	-	3,284
Net gain not recognised in income statement		-	-	3,284	-	-	-	3,284
Revaluation surplus realised on disposal of subsidiary companies		-	-	(8,414)	-	8,414	-	-
Net profit for the year		-	-	-	-	14,629	-	14,629
Dividend paid		-	-	-	-	-	(3,068)	(3,068)
Dividend proposed	35	-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2005		213,064	477	85,099	7,861	64,950	4,602	376,053
Deficit on revaluation of freehold hotel property, net of tax		-	-	(25,247)	-	-	-	(25,247)
Net loss not recognised in income statement		-	-	(25,247)	-	-	-	(25,247)
Net profit for the year		-	-	-	-	16,352	-	16,352
Dividend paid		-	-	-	-	-	(4,602)	(4,602)
Dividend proposed	35	-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2006		213,064	477	59,852	7,861	76,700	4,602	362,556

consolidated
cash flow statement
for the year ended 31 March 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	25,544	19,934
Adjustments for:		
Depreciation	1,787	3,610
Profit on disposal of property, plant and equipment	(81)	(7)
Property, plant and equipment written off	8	392
Bad and doubtful debts	96	106
Allowance for doubtful debt written back	(35)	-
Diminution in value of other investments (net of write-backs)	90	(8)
Loss on disposal of investments	21	102
Surplus from liquidation of a subsidiary company	(333)	-
Profit on disposal of a subsidiary company	-	(9,461)
Interest expense	5,302	1,969
Interest income	(1,354)	(1,410)
Dividend income	(275)	(183)
Investments written off	-	56
Operating profit before working capital changes	30,770	15,100
Changes in inventories	891	(1,650)
Changes in receivables	(32,278)	(18,721)
Changes in payables	7,496	11,996
Changes in property development costs	17,803	(9,304)
Changes in gross amount due from customers	(13)	-
Cash generated from/(used in) operations	24,669	(2,579)
Income tax paid	(8,407)	(3,345)
Net cash generated from/(used in) operating activities	16,262	(5,924)

consolidated cash flow statement
for the year ended 31 March 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Land and development expenditure paid	(60,327)	(24,754)
Purchase of property, plant and equipment (see note 36)	(47,789)	(9,174)
Proceeds from disposal of property, plant and equipment	115	472
Purchase of investments	(72,069)	(3,130)
Placement of fixed deposits	(40)	(30)
Proceeds from disposal of investments	50,220	-
Capital repayment from investments	23	-
Net cash outflow from liquidation of a subsidiary company	-	(10,245)
Interest received	1,398	1,783
Dividends received	148	119
Subscription of shares in an associated company	(8,186)	-
Addition to investment properties	(47)	-
Net cash generated from disposal of subsidiary companies (see note 38)	-	16,518
	<hr/>	<hr/>
Net cash used in investing activities	(136,554)	(28,441)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from bank borrowings	131,800	30,500
Repayment of hire purchase liability	(86)	-
Dividend paid to shareholders of the Company	(4,602)	(3,068)
Dividend paid to minority shareholders of subsidiary companies	-	(5,326)
Interest paid	(4,968)	(1,977)
Advances from an associated company	933	-
	<hr/>	<hr/>
Net cash generated from financing activities	123,077	20,129
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,785	(14,236)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	41,637	55,873
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	44,422	41,637
	<hr/>	<hr/>
Represented by:		
Fixed deposits	19,106	35,019
Cash and bank balances	26,096	7,358
	<hr/>	<hr/>
	45,202	42,377
Less: Fixed deposits pledged (see note 16)	(780)	(740)
	<hr/>	<hr/>
	44,422	41,637
	<hr/>	<hr/>

balance
sheet
31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
NON-CURRENT ASSETS			
Property, plant and equipment	3	30,957	27,059
Investment properties	4	162,547	162,500
Investment in subsidiary companies	6	60,212	60,184
Other investments	8	5,126	5,364
Amounts owing by subsidiary companies	9	161,896	-
CURRENT ASSETS			
Inventories	11	747	751
Trade receivables	12	355	775
Other receivables, deposits and prepayments	14	12,827	8,246
Amounts owing by subsidiary companies	9	-	121,747
Short term investments	15	15,000	-
Fixed deposits	16	15,240	29,200
Cash and bank balances	17	6,626	492
		50,795	161,211
Less:			
CURRENT LIABILITIES			
Other payables and accruals	19	5,524	4,455
Bank borrowings	23	5,000	5,000
Current tax liabilities		3	92
-		10,527	9,547
NET CURRENT ASSETS		40,268	151,664
		461,006	406,771

balance sheet

31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
Financed by:			
SHARE CAPITAL	24	213,064	213,064
SHARE PREMIUM <i>(Non-distributable)</i>		477	477
REVALUATION RESERVE <i>(Non-distributable)</i>		68,343	68,343
OTHER RESERVE <i>(Distributable)</i>	25	7,861	7,861
UNAPPROPRIATED PROFIT		81,908	82,488
DIVIDEND		4,602	4,602
SHAREHOLDERS' EQUITY		<u>376,255</u>	<u>376,835</u>
NON-CURRENT LIABILITIES			
Bank borrowings	23	78,550	23,750
Deferred tax liabilities	26	6,201	6,186
		<u>461,006</u>	<u>406,771</u>

income
statement
for the year ended 31 March 2006

	<i>Note</i>	2006 RM'000	2005 RM'000
Revenue	27	15,251	15,002
Cost of sales	28	(8,919)	(7,942)
Gross profit		6,332	7,060
Other operating income		649	422
Administrative and general expenses		(1,512)	(1,403)
Profit from operations	29	5,469	6,079
Net profit from investing activities	30	2,667	32,330
Finance costs	31	(2,072)	(1,234)
Profit before taxation		6,064	37,175
Taxation	32	(2,042)	(3,900)
Net profit for the year		4,022	33,275
Dividend per share (net of tax) (sen)		1.08	1.08

statement
of changes in equity
for the year ended 31 March 2006

	Note	Share capital RM'000	Share premium RM'000	Re- valuation reserve RM'000	Other reserve RM'000	Unappro- priated profit RM'000	Dividend RM'000	Total RM'000
Balance at 1 April 2004		213,064	477	68,343	7,861	53,815	3,068	346,628
Net profit for the year		-	-	-	-	33,275	-	33,275
Dividend paid		-	-	-	-	-	(3,068)	(3,068)
Dividend proposed	35	-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2005		213,064	477	68,343	7,861	82,488	4,602	376,835
Net profit for the year		-	-	-	-	4,022	-	4,022
Dividend paid		-	-	-	-	-	(4,602)	(4,602)
Dividend proposed	35	-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2006		213,064	477	68,343	7,861	81,908	4,602	376,255

cash
flow statement
for the year ended 31 March 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	6,064	37,175
Adjustments for:		
Depreciation	719	523
Allowance for doubtful debts written back	(35)	-
Profit on disposal of property, plant and equipment	(66)	(30)
Property, plant and equipment written off	8	4
Bad and doubtful debts	50	56
Diminution in value of investments (net of write-backs)	90	(8)
Loss on disposal of investments	27	102
Investments written off	-	56
Interest expense	2,072	1,234
Interest income	(2,199)	(1,806)
Dividend income	(252)	(15,845)
Surplus arising from liquidation of a subsidiary company	(333)	(14,829)
Operating profit before working capital changes	6,145	6,632
Changes in inventories	4	35
Changes in receivables	(3,861)	(448)
Changes in payables	879	(59)
Cash generated from operations	3,167	6,160
Income tax paid	(2,048)	(1,903)
Net cash generated from operating activities	1,119	4,257
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,625)	(522)
Proceeds from disposal of property, plant and equipment	66	30
Addition to investment properties	(47)	-
Purchase of investments	(62,000)	(18)
Proceeds from disposal of investments	47,190	-
Capital repayment from investments	23	-
Capital repayment from liquidation of a subsidiary company	-	25,254
Advances to subsidiary companies	(38,656)	(17,128)
Interest received	690	524
Dividends received	126	13,896
Subscription of shares in a new subsidiary company	(28)	-
Net cash (used in)/generated from investing activities	(57,261)	22,036

cash flow statement
for the year ended 31 March 2006

	2006 RM'000	2005 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from/(Repayment of) bank borrowings	54,800	(2,500)
Dividend paid	(4,602)	(3,068)
Interest paid	(1,882)	(1,242)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	48,316	(6,810)
	<hr/>	<hr/>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(7,826)	19,483
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	29,302	9,819
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	21,476	29,302
	<hr/>	<hr/>
 Represented by:		
Fixed deposits	15,240	29,200
Cash and bank balances	6,626	492
	<hr/>	<hr/>
	21,866	29,692
Less: Fixed deposits pledged (see note 16)	(390)	(390)
	<hr/>	<hr/>
	21,476	29,302
	<hr/>	<hr/>

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved accounting standards issued by the Malaysian Accounting Standards Board ("MASB") and with the provisions of the Companies Act, 1965.

The measurement bases applied in the preparation of the financial statements include cost, recoverable value, realisable value and revalued amount. Estimates are used in measuring these values.

(b) Subsidiary companies

A subsidiary company is a company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The Company's interests in subsidiary companies are stated at cost less impairment losses, if any. Impairment losses are charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary company disposed of is taken to the income statement.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiary companies made up to the end of the financial year. All inter-company transactions, balances and unrealised gains on transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. All subsidiary companies are consolidated using the acquisition method of accounting.

Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

The difference, if any, between the acquisition cost and these fair values is reflected as goodwill or discount on acquisition as appropriate.

Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the financial statements. The carrying amount is reviewed annually, and goodwill is written down when its value is impaired or when it ceases to have a useful life. The policy for the recognition and measurement of impairment loss is in accordance with explanatory note 1(o).

Discount on acquisition is credited to the income statement as they arise.

Minority interests represent the interests of outside members in the operating results and net assets of subsidiary companies.

(d) Associated companies

Associated companies are defined as those companies in which the Group holds a long term equity interest, has representation on the Board of Directors and is in a position to exercise significant influence, but not control, over financial and operating policies.

Investments in associated companies are stated at cost less impairment loss. The impairment loss is charged to the income statement.

accounting policies and explanatory notes
for the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(d) Associated companies *(cont'd)*

On disposal, the difference between net disposal proceeds and the carrying amount of the associated company disposed of is taken to the income statement.

The Group's share of results and reserves of associated companies is accounted for in the consolidated income statement using the equity method of accounting.

The post-acquisition results and reserves of the associated companies are accounted for based on latest audited or management financial statements made up to the end of the financial year.

(e) Property, plant and equipment

(i) *Measurement basis*

Hotel properties

Hotel properties comprise land, hotel buildings thereon and related fixed plant and are stated at valuation. No depreciation is provided on freehold hotel properties. The Directors are of the opinion that it is more appropriate not to depreciate freehold hotel properties since it is the Group's practice to maintain all its freehold hotel properties to a high standard and condition in order to maintain residual values at least equal to their respective book values such that depreciation would be insignificant. The related maintenance expenditure is dealt with in the income statement.

In order to establish whether freehold hotel properties have maintained residual values at least equal to their respective book values, all freehold hotel properties are appraised by independent professional valuers on the open market value basis at least once in every five years or at shorter intervals whenever their fair values are expected to differ materially from their carrying values. Revaluation surpluses are incorporated in the financial statements through the Revaluation Reserve Account. Any reduction in the values of hotel properties below their respective original costs is charged to the income statement.

Other property, plant and equipment

All the Group's land and buildings other than freehold hotel properties included under property, plant and equipment are stated at revalued amounts less accumulated depreciation and any impairment losses. Revaluations are carried out every five years, or at shorter intervals whenever fair values are expected to differ materially from carrying values. Revaluation surpluses are incorporated in the financial statements through the Revaluation Reserve account. Any reduction in the values of land and buildings below their respective original costs is charged to the income statement. Additions between revaluation dates are stated at cost less accumulated depreciation and any impairment losses.

Plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Assets retired from active use

Assets retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, plant and equipment (cont'd)

(ii) Depreciation

Freehold hotel properties and freehold land are not depreciated. Depreciation is calculated to write off the cost or valuation of other property, plant and equipment on the straight line basis over their estimated useful lives. The principal annual rates used for this purpose are:

Freehold buildings	2%
Plant and machinery	7% - 20%
Motor vehicles	20%
Office renovation	5% - 20%
Furniture, fittings and equipment	10% - 20%

(f) Investment properties

Investment properties are properties held for their investment potential and rental income.

Investment properties are stated at Directors' valuations based on independent professional valuation on the open market value basis. Additions subsequent to the date of the last valuation are stated at cost. Investment properties are appraised at least once in every five years or at shorter intervals whenever their fair values are expected to differ significantly from their carrying values. Revaluation surpluses are incorporated in the financial statements through the Revaluation Reserve Account. Any reduction in the values of investment properties below their respective original costs is charged against operating profit in the income statement.

(g) Development properties

Development properties are classified under two categories i.e. land held for property development and property development costs.

Land held for property development is defined as land on which development is not expected to be completed within the normal operating cycle. Usually, no significant development work would have been undertaken on the land. Accordingly, land held for development is classified under non-current assets on the balance sheet and is stated at cost plus incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs under current assets. Property development costs comprise all costs that are directly attributable to the development activities or that can be allocated on a reasonable basis to such activities.

Where the outcome of a development can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion of costs incurred to date bears to estimated total costs. In applying this method of determining the stage of completion, only those costs that reflect actual development work performed are included as costs.

Where the outcome of a development cannot be reasonably estimated, development revenue is recognised to the extent of development costs incurred that is probable will be recoverable.

When it is probable that total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether development work has commenced or not, or of the stage of completion of development activity, or of the amounts of profits expected to arise on other unrelated development projects.

The excess of revenue recognised in the income statement over the billings to purchasers of properties is recognised as accrued billings under current assets.

The excess of billings to purchasers of properties over revenue recognised in the income statement is recognised as progress billings under current liabilities.

accounting policies and explanatory notes
for the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(h) Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases are stated at amounts equal to the lower of fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and any impairment losses.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is determinable; if not, the Group's incremental borrowing rate is used.

All other leases are treated as operating leases. Operating lease rentals are charged to the income statement on a straight line basis over the period of the lease.

(i) Other investments

Other investments are stated at cost less an allowance for diminution in value if the Directors are of the opinion that there is a decline in the value of such investments which is other than temporary. The diminution in value is charged to the income statement.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed of is taken to the income statement.

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of materials being the cost of purchase, is determined either on the first-in-first-out basis or the weighted average basis in respect of consumables, food and beverages.

(k) Receivables

Receivables are stated at cost less allowance for doubtful debts. Known bad debts are written off and an allowance is made for any receivables considered to be doubtful of collection.

(l) Payables

Payables are stated at cost.

(m) Share capital

Ordinary shares are recorded at the nominal value and proceeds received in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are deducted from equity in the period in which they are paid.

(n) Income recognition

- (i) Rental income is recognised on a straight line basis over the specific tenures of the respective leases.
- (ii) Revenue from services rendered in respect of sale of hotel rooms, food and beverages and other ancillary services is recognised in the income statement as and when services are rendered.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(n) Income recognition (cont'd)**

- (iii) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when significant risks and rewards of ownership have been transferred to the buyer.
- (iv) Interest income is recognised on a time proportion basis.
- (v) Dividend income is recognised when the right to receive payment has been established.
- (vi) Revenue from sale of development properties and renovation contracts is recognised on percentage of completion method, when the outcome of the projects can be reliably estimated.

(o) Impairment of assets

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are charged to the income statement.

Property, plant and equipment, investment properties, investment in subsidiary and land held for property development are assessed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's estimated net selling price and its discounted future cash flows expected to be generated from the use of the asset. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

(p) Foreign currencies*(i) Transactions in foreign currencies*

Transactions in foreign currencies are translated to Ringgit Malaysia at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities which are carried in terms of historical cost denominated in foreign currencies are translated to Ringgit Malaysia at the foreign exchange rates ruling at the date of the transaction.

(ii) Closing rate used

The closing rate used in translation was as follows:

	2006	2005
One Australia Dollar ("AUD")	2.64	n/a

n/a - not applicable

(q) Borrowing costs

All borrowing costs are charged to the income statement in the year in which they are incurred.

accounting policies and explanatory notes
for the year ended 31 March 2006

1. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(r) Employee benefits

(i) Short term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as expenses in the period in which the associated services are rendered by employees other than those that are attributable to property development activities in which case such expenses are recognised in the property development costs.

(ii) Post-employment benefits

The Group pays monthly contributions to the Employees Provident Fund Board ("EPF") which is a defined contribution plan.

The Group's legal or constructive obligation is limited to the amount that they agree to contribute to the EPF. The Group's contributions to the EPF are charged to the income statement in the period to which they relate.

(s) Taxation

The tax expense in the income statement represents the aggregate amount of current tax and deferred tax included in the determination of net profit or loss for the year.

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised. No deferred tax is recognised for temporary differences arising from:

(i) goodwill, or

(ii) the initial recognition of an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the balance sheet date that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to equity if the tax relates to items that are credited or charged, whether in the same or a different period, directly to equity.

(t) Cash equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the cash flow statement, cash and cash equivalents are presented net of fixed deposits which are pledged to secure banking facilities.

(u) Rounding of amounts

Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand. The currency used is Ringgit Malaysia ("RM").

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(v) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

(i) *Financial instruments recognised in the balance sheet*

The Group's financial instruments which are recognised in the balance sheet comprise cash and cash equivalents, trade and other receivables, investments, trade and other payables, bank borrowings and ordinary shares. These financial instruments are recognised when a contractual relationship has been established. The accounting policies and methods adopted, including the basis of measurement applied, are disclosed above. The information about the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes below, where applicable.

(ii) *Financial instruments not recognised in the balance sheet*

The Company has provided corporate guarantees to banks for credit facilities granted to a subsidiary company which represents present obligations existing at the balance sheet date. The corporate guarantees are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

(w) Disclosure of fair value

Cash and cash equivalents, current receivables and current payables

The carrying amounts of these instruments approximate fair values because of their short maturities.

Long term investments

The fair value of quoted investments is estimated based on quoted market price. For unquoted investments, a reasonable estimate of fair value is not practical as it would involve incurring excessive costs. Therefore, such investments are valued at cost subject to review for diminution in value.

Non-current debt

The fair value of the Group's unpaid land acquisition costs and hire purchase liabilities are estimated using discounted cash flow analyses, based on current market interest rates available to the Group for similar types of lending or borrowing arrangements.

The carrying amounts of floating rate borrowings are assumed to approximate fair values.

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The objective of the Group's financial risk management policies is to ensure that adequate financial resources are available for the normal operations and development of the Group's businesses whilst managing its interest rate, market, credit, liquidity and cash flow risks. The Group's management closely monitors its financial position with the aim of minimising potential adverse effects on the financial performance of the Group. Towards this end, the Group operates within clearly defined guidelines, reviews and agrees policies for managing risks approved by the Board of Directors, which are set out as follows:-

(a) *Interest Rate Risk*

Financial Assets

Surplus funds are placed in fixed deposits with licensed banks and finance companies to earn interest income based on prevailing market rates. The Group manages its interest rate risks by placing such funds on short tenures of 12 months or less.

accounting policies and explanatory notes
for the year ended 31 March 2006

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(a) Interest Rate Risk (cont'd)

Financial Liabilities

The Group's policy is to borrow principally on a floating rate basis but to retain a proportion of fixed rate borrowings. The objective of a mix of fixed and floating rate borrowings is to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall. The mix between fixed and floating rate borrowings are monitored so as to ensure that the Group's financing cost is kept at the lowest possible. The Group does not generally hedge interest rate risks. Hedging of risk through the use of financial instruments may be adopted should its use result in significant cost savings. The Group has a policy to ensure that interest rates obtained are competitive.

It is the Group's policy not to trade in interest rate swap agreements.

(b) Market Rate Risk

The Group's principal exposure to market risk arises from changes in value caused by movements in market price of its equity investments. The risk of loss is minimised via thorough analyses before investing and continuous monitoring of the performance of the investment. The Group optimises returns by disposing of investments after thorough analyses.

Common to all businesses, the overall performance of the Group's investments is also driven externally by global and domestic economics that are largely unpredictable and uncontrollable.

(c) Credit Risk

Credit risk arises from the possibility that a counter party may be unable to meet the terms of a contract in which the Group has a gain position.

In the case of property development activities, the Group's credit risk is primarily attributable to progress billings receivable from house buyers. The Group mitigates the risk of default by maintaining its name as the registered owner of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration and upon undertaking of end-financing by the purchaser's end-financier.

For other activities, the Group minimises and monitors its credit risk by dealing with credit worthy counterparties, setting credit limits on exposures, applying credit approval controls and obtaining collateral or security deposits where appropriate. Trade and financial receivables are monitored on an ongoing basis via group-wide management reporting procedures.

With regard to surplus cash, the Group seeks to invest its cash assets safely by depositing them with licensed financial institutions.

(d) Liquidity and Cash Flow Risk

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Besides maintaining an adequate current ratio, each business unit is required to submit cash flow projections to the Group management on a monthly basis. Each unit must seek to ensure that projected cash inflows from operating and non-operating activities adequately cover funding requirements of operating and non-operating outflows. At a minimum, all projected net borrowings should be covered. Also, debt maturities are closely monitored to ensure that the Group is able to meet its obligations as they fall due.

Daily bank balances are prepared and any excess funds are invested in fixed deposits with licensed financial institutions at the most competitive interest rates obtainable.

accounting policies and explanatory notes
for the year ended 31 March 2006

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold hotel property RM'000	Long leasehold land and factory buildings RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation, furniture, equipment RM'000	Total RM'000
Cost/Valuation							
At 1.4.2005							
- cost	-	-	-	20,882	1,144	9,518	31,544
- 2003 valuation	108,000	-	25,070	-	-	-	133,070
	108,000	-	25,070	20,882	1,144	9,518	164,614
Additions	41,333	-	-	451	505	7,991	50,280
Reclassification	2,243	-	-	-	-	(2,243)	-
Deficit on revaluation	(26,576)	-	-	-	-	-	(26,576)
Disposals	-	-	-	-	(190)	(126)	(316)
Write-offs	-	-	-	-	-	(114)	(114)
At 31.3.2006							
- cost	-	-	-	21,333	1,459	15,026	37,818
- 2006 valuation	125,000	-	-	-	-	-	125,000
- 2003 valuation	-	-	25,070	-	-	-	25,070
	125,000	-	25,070	21,333	1,459	15,026	187,888
Accumulated depreciation							
At 1.4.2005							
Charge for the year	-	-	6	19,870	505	3,469	23,850
Disposals	-	-	-	-	(157)	(125)	(282)
Write-offs	-	-	-	-	-	(106)	(106)
At 31.3.2006							
	-	-	9	20,106	666	4,468	25,249

accounting policies and explanatory notes
for the year ended 31 March 2006

3. PROPERTY, PLANT AND EQUIPMENT (*cont'd*)

Group	Freehold hotel property RM'000	Long leasehold land and factory buildings RM'000	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation, furniture, fittings and equipment RM'000	Total RM'000
Net book value At 31.3.2006							
- cost	-	-	-	1,227	793	10,558	12,578
- 2006 valuation	125,000	-	-	-	-	-	125,000
- 2003 valuation	-	-	25,061	-	-	-	25,061
	125,000	-	25,061	1,227	793	10,558	162,639
Net book value At 31.3.2005							
- cost	-	-	-	1,012	638	6,050	7,700
- 2003 valuation	108,000	-	25,064	-	-	-	133,064
	108,000	-	25,064	1,012	638	6,050	140,764
Depreciation charge for the year ended 31.3.2005	-	160	3	2,095	274	1,078	3,610
<i>Net book value of revalued assets stated under the historical cost convention At 31.3.2006</i>	81,403	-	1,597	-	-	-	83,000
<i>At 31.3.2005</i>	81,403	-	1,598	-	-	-	83,001

accounting policies and explanatory notes
for the year ended 31 March 2006

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation, furniture, fittings and equipment RM'000	Total RM'000
Cost/Valuation					
At 1.4.2005					
- cost	-	18,584	626	1,639	20,849
- 2003 valuation	25,070	-	-	-	25,070
	25,070	18,584	626	1,639	45,919
Additions	-	451	349	3,825	4,625
Disposals	-	-	(142)	-	(142)
Write-offs	-	-	-	(112)	(112)
At 31.3.2006					
- cost	-	19,035	833	5,352	25,220
- 2003 valuation	25,070	-	-	-	25,070
	25,070	19,035	833	5,352	50,290
Accumulated depreciation					
At 1.4.2005	6	18,032	343	479	18,860
Charge for the year	3	236	205	275	719
Disposals	-	-	(142)	-	(142)
Write-offs	-	-	-	(104)	(104)
At 31.3.2006	9	18,268	406	650	19,333
Net book value					
At 31.3.2006					
- cost	-	766	427	4,703	5,896
- 2003 valuation	25,061	-	-	-	25,061
	25,061	766	427	4,703	30,957
Net book value					
At 31.3.2005					
- cost	-	522	283	1,160	1,995
- 2003 valuation	25,064	-	-	-	25,064
	25,064	522	283	1,160	27,059
Depreciation charge for the year ended 31.3.2005					
	3	253	138	129	523

accounting policies and explanatory notes
for the year ended 31 March 2006

3. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation, furniture, fittings and equipment RM'000	Total RM'000
<i>Net book value of revaluation assets stated under the historical cost convention</i>					
<i>At 31.3.2006</i>	1,597	-	-	-	1,597
<i>At 31.3.2005</i>	1,598	-	-	-	1,598

The freehold hotel property underwent a major refurbishment during the year under review. As the refurbishment was likely to affect the existing carrying value of the hotel property, which was based on a previous professional valuation carried out in 2003, the Directors commissioned a new independent professional valuation shortly after the completion of the major refurbishment.

The new independent professional valuation of the freehold hotel property was carried out by Mr. Abdul Khalid Bin Abdul Rahman MIS (M), MIEA, APEPS, registered valuer, of Colliers Jordan Lee & Jaafar (JH) Sdn Bhd on 27 February 2006.

The freehold land and buildings of the Group and of the Company were revalued by the Directors during the year ended 31 March 2003 based on independent professional valuations on the open market value basis.

The independent professional valuations of the freehold land and buildings were carried out by Mr. Chin Kim Choy MIS (M), registered valuer, of Colliers Jordan Lee & Jaafar (JH) Sdn Bhd and Haruniza Mahmud, registered valuer, of Rahim & Co Chartered Surveyors Sdn Bhd on 15 March 2003.

The freehold hotel property has been pledged as security for the bank borrowings referred to in note 23.

accounting policies and explanatory notes
for the year ended 31 March 2006

4. INVESTMENT PROPERTIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Freehold land and building known as <i>Wisma Selangor Dredging</i> - at 2003 valuation	160,000	160,000	160,000	160,000
Office space in 24-storey office building known as <i>Plaza 138</i> - at 2003 valuation	6,800	6,800	2,500	2,500
- at cost	47	-	47	-
	6,847	6,800	2,547	2,500
	166,847	166,800	162,547	162,500

All the investment properties were revalued by the Directors during the financial year ended 31 March 2003 based on independent professional valuations on the open market value basis. The independent professional valuations were carried out by Mr. Chin Kim Choy MIS (M), registered valuer, of Colliers Jordan Lee & Jaafar (JH) Sdn Bhd on 15 March 2003.

5. LAND HELD FOR PROPERTY DEVELOPMENT

	2006 RM'000	2005 RM'000
At 1 April		
- Land at cost	37,738	23,369
- Development costs	1,836	683
	39,574	24,052
Add:		
Cost incurred during the year		
- Land	51,556	14,369
- Development costs	3,551	1,153
At 31 March	94,681	39,574

accounting policies and explanatory notes
for the year ended 31 March 2006

6. INVESTMENT IN SUBSIDIARY COMPANIES

	2006 RM'000	2005 RM'000
Unquoted shares, at cost		
- ordinary shares	23,596	23,568
- redeemable cumulative preference shares	38,000	38,000
	61,596	61,568
Impairment loss	(1,384)	(1,384)
	60,212	60,184

The subsidiary companies are:

	Principal activities	Equity interest			
		Direct		Indirect	
		2006 %	2005 %	2006 %	2005 %
SDB Properties Sdn Bhd ("SDBP")	Property development and investment and the operation of a boutique urban resort known as Hotel Maya Kuala Lumpur	100.0	100.0	-	-
Prestij Permai Sdn Bhd ("PP")	Property developer	-	-	100.0	100.0
Hayat Abadi Sdn Bhd ("HA")	Property developer	-	-	100.0	100.0
SDB Damansara Sdn Bhd ("SDBD") (formerly known as Smart Billion (M) Sdn Bhd)	Property developer	-	-	100.0	100.0
SDB SS2 Development Sdn Bhd (formerly known as Vision Map (M) Sdn Bhd)	Property developer	-	-	100.0	-
SDB International Sdn Bhd ("SDBI") (formerly known as SDB Ventures Sdn Bhd)	Investment holding	100.0	100.0	-	-
Seldredge Industries Sdn Bhd ("SDI")	Investment holding	100.0	100.0	-	-
SDB Support Services Sdn Bhd ("SDBSS") (formerly known as SDB Development Sdn Bhd)	Commenced business in 2006 for provision of property support services	100.0	100.0	-	-
SDB Australia Pty Ltd ("SDBA")	Investment holding	100.0	-	-	-

All the subsidiary companies are incorporated in Malaysia except for SDBA which is incorporated in Australia.

accounting policies and explanatory notes
for the year ended 31 March 2006

7. INVESTMENT IN ASSOCIATED COMPANY

	2006 RM'000	2005 RM'000
Unquoted ordinary shares at cost	*	-
Unquoted preference share at cost	17,165	-
	<hr/> 17,165	<hr/> -
Represented by:		
Share of net assets	<hr/> 17,165	<hr/> -

* Represents RM129

The associated company, SDB Hotel Pty Ltd is a company incorporated in Australia in which the Group holds a 49% equity interest which it subscribed for on 27 March 2006. The principal activity of the associated company is that of investment holding.

8. OTHER INVESTMENTS

(a) Investments directly held by the Company

	2006 RM'000	2005 RM'000
At cost		
Shares quoted in Malaysia	2,568	2,813
Diminution in value	(798)	(798)
	<hr/> 1,770	<hr/> 2,015
<i>Market value</i>		
<i>Shares quoted in Malaysia</i>	<hr/> 2,423	<hr/> 2,595

accounting policies and explanatory notes
for the year ended 31 March 2006

8. OTHER INVESTMENTS (cont'd)

- (b) Discretionary fund managed by external investment management company

The discretionary fund has a principal sum of RM3,000,000 (2005 : RM3,000,000) which is managed in accordance with the terms of an investment management agreement.

	2006 RM'000	2005 RM'000
<i>At market value</i>		
Quoted investments	611	1,493
<i>At cost</i>		
Quoted investments *	722	627
Unit trust *	1,000	1,000
Receivables	8	4
Deposits with a licensed bank	970	179
Bank balance	50	51
	<hr/> 3,361	<hr/> 3,354
Less:		
Fees payable	(5)	(5)
	<hr/> 3,356	<hr/> 3,349
 <i>* Market value</i>		
<i>Quoted investments</i>	<i>858</i>	<i>653</i>
<i>Unit trust</i>	<i>1,185</i>	<i>1,190</i>
	<hr/> 5,126	<hr/> 5,364
Total carrying amount of other investments	<hr/> 5,126	<hr/> 5,364

9. AMOUNTS OWING BY SUBSIDIARY COMPANIES

The amounts owing by the subsidiary companies included under non-current assets represent unsecured advances which will not be recalled within the next 12 months. Interest is charged at cost.

The amounts owing by subsidiary companies included in current assets represent unsecured advances payable on demand. Interest is charged at cost.

accounting policies and explanatory notes
for the year ended 31 March 2006

10. PROPERTY DEVELOPMENT COSTS

	2006 RM'000	2005 RM'000
At 1 April		
- Land, at cost	44,548	44,330
- Development costs	39,736	4,785
Cost recognised as an expense in income statement in previous year	(25,865)	-
	<hr/> 58,419	<hr/> 49,115
Add:		
Costs incurred during the year		
- Land	-	218
- Development costs	62,240	34,951
Less:		
Cost recognised as an expense in income statement in current year	(80,043)	(25,865)
At 31 March	<hr/> 40,616	<hr/> 58,419

11. INVENTORIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Consumable stores at cost	1,246	2,137	747	751

12. TRADE RECEIVABLES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Progress billings receivables	7,985	2,175	-	-
Other trade receivables	1,343	2,189	540	995
Allowance for doubtful debts	(185)	(266)	(185)	(220)
	<hr/> 9,143	<hr/> 4,098	<hr/> 355	<hr/> 775

Progress billings to house-buyers are due within 21 days as stipulated in sale and purchase agreements.

Monthly rentals from tenants are due at the beginning of the month.

Normal credit terms granted to other customers is 30 days. For major established customers, the credit terms may be extended to 60 days based on the discretion of the management.

accounting policies and explanatory notes
for the year ended 31 March 2006

13. GROSS AMOUNT DUE FROM CUSTOMERS

	2006 RM'000	2005 RM'000
Aggregate contract costs incurred to date	12	-
Attributable profit recognised to date	1	-
	13	-

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Gross other receivables	451	596	35	214
Allowance for doubtful debts	-	(96)	-	(96)
	451	500	35	118
Surplus assets and capital receivable upon liquidation of a subsidiary company	7,946	7,597	7,946	7,597
Deposits				
- court deposit [see note 42(a)]	4,061	-	4,061	-
- others	869	3,639	125	67
Prepayments	951	956	660	464
	14,278	12,692	12,827	8,246

Included in other receivables, deposits and prepayments are rental deposits held by the following parties:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Ms Teh Lip Ling, a close family member of Ms Teh Lip Kim and Ms Teh Lip Pink	6	6	-	-
Dr Teh Lip Bin, a close family member of Ms Teh Lip Kim and Ms Teh Lip Pink	6	6	-	-
Teh Kien Toh Sdn Bhd, a company in which Ms Teh Lip Kim and Ms Teh Lip Pink have interests	6	6	-	-

accounting policies and explanatory notes
for the year ended 31 March 2006

15. SHORT TERM INVESTMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unit trust, at cost	22,012	-	15,000	-
<i>Market value</i>	22,158	-	15,136	-

16. FIXED DEPOSITS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
With licensed banks	16,666	13,569	15,040	11,990
With licensed finance companies	2,440	21,450	200	17,210
	19,106	35,019	15,240	29,200

Fixed deposits include the following amounts which have been pledged to secure:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Stamp duty payable on a facility agreement	390	390	390	390
A bank guarantee facility granted to a subsidiary company	390	350	-	-
	780	740	390	390

At the balance sheet date, the effective interest rates range from 2.65% to 3.7% (2005 : 2.6% to 3.7%). All the deposits have maturities of 12 months or less.

accounting policies and explanatory notes
for the year ended 31 March 2006

17. CASH AND BANK BALANCES

The currency exposure profile of cash and bank balances is as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
- RM	25,147	7,358	6,626	492
- AUD	959	-	-	-
	26,096	7,358	6,626	492

Cash and bank balances of the Group include monies in Housing Development Accounts amounting to RM13,472,752 (2005 : RM5,348,082).

Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

Funds maintained in the Housing Development Accounts earn interest at 2.0% (2005 : 2.0%).

18. TRADE PAYABLES

The credit period extended normally range from 30 to 60 days.

19. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Sundry payables, deposits and accruals	4,102	2,909	1,157	731
Tenants' deposits	4,084	3,638	4,084	3,638
Cost of hotel refurbishment payable	2,158	-	-	-
Rental received in advance	283	63	283	63
Cost of operating equipment payable	-	2,147	-	-
Unclaimed dividends	-	23	-	23
	10,627	8,780	5,524	4,455

accounting policies and explanatory notes
for the year ended 31 March 2006

20. UNPAID LAND ACQUISITION COSTS

	2006 RM'000	2005 RM'000
Payable in the year ended 31 March		
2006	-	5,220
2007	7,830	7,830
2008	7,830	7,830
	<hr/> 15,660	<hr/> 20,880
Amount payable within 12 months included in current liabilities	(7,830)	(5,220)
	<hr/>	<hr/>
Amount payable later than one year but not later than five years included in non-current liabilities	7,830	15,660
	<hr/>	<hr/>

21. HIRE PURCHASE LIABILITY

	2006 RM'000	2005 RM'000
Total future instalments payable	264	-
Unexpired term charges	(17)	-
	<hr/> 247	<hr/> -
Future instalments payable		
- not later than one year	122	-
- later than one year but not later than five years	142	-
	<hr/> 264	<hr/> -
Outstanding principal		
- not later than one year <i>(included in current liabilities)</i>	110	-
- later than one year but not later than five years <i>(included in non-current liabilities)</i>	137	-
	<hr/> 247	<hr/> -
Total outstanding principal	<hr/> 247	<hr/> -

The effective interest rate of the hire purchase liability is 6.23%.

accounting policies and explanatory notes
for the year ended 31 March 2006

22. AMOUNT OWING TO ASSOCIATED COMPANY

The currency exposure profile of the amount owing to the associated company is as follows:

	2006 RM'000	2005 RM'000
- RM	8,979	-
- AUD	933	-
	<hr/> 9,912	<hr/> -

RM8,979,000 of the amount owing to the associated company represents unpaid cost of share subscription which is payable on demand. The balance of the amount owing to the associated company represents unsecured interest-free advances payable on demand.

23. BANK BORROWINGS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Unsecured				
Bank term loan I bearing effective interest rate at 4.3%	30,000	-	30,000	-
Bank term loan II bearing effective interest rate at 4.1%	29,800	-	29,800	-
Secured				
Bank term loan III bearing effective interest rate at 4.3%	30,000	-	-	-
Revolving credits	103,750	61,750	23,750	28,750
	<hr/> 193,550	<hr/> 61,750	<hr/> 83,550	<hr/> 28,750

23. BANK BORROWINGS (cont'd)

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Repayments due				
- not later than one year	20,000	18,000	5,000	5,000
- later than one year but not later than two years	25,417	5,000	5,000	5,000
- later than two years but not later than five years	148,133	35,000	73,550	15,000
- later than five years	-	3,750	-	3,750
	193,550	61,750	83,550	28,750
Repayments due within 12 months (included in current liabilities)	(20,000)	(18,000)	(5,000)	(5,000)
Repayment due after 12 months (included in non-current liabilities)	173,550	43,750	78,550	23,750

Bank term loan I and II are repayable in full at the end of 3 years from the date of the first drawdown with an option to convert RM25 million of each term loan into revolving credits at the end of the terms.

Bank term loan III is repayable in full at the end of 3 years from the date of the first drawdown with an option to convert the total amount into a revolving credit at the end of the term.

The secured bank borrowings are secured by the following:

- (i) negative pledge over the entire assets of the Company;
- (ii) legal assignment of the rental proceeds from Wisma Selangor Dredging; and
- (iii) pledge over the hotel property of the Group.

At 31 March 2006, the effective interest rates of the bank borrowings range from 4.1% to 4.47% (2005 : 3.85% to 4.35%) for the Group and from 4.1% to 4.46% (2005 : 4.1% to 4.2%) for the Company.

accounting policies and explanatory notes
for the year ended 31 March 2006

24. SHARE CAPITAL

	2006 RM'000	2005 RM'000
Authorised:		
600,000,000 ordinary shares of 50 sen each	300,000	300,000
Issued and fully paid:		
426,127,662 ordinary shares of 50 sen each	213,064	213,064

25. OTHER RESERVE (Distributable)

The other reserve represents realised capital gains transferred from unappropriated profit.

26. DEFERRED TAX LIABILITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
At 1 April	7,569	16,795	6,186	6,287
Reversal upon disposal of subsidiary companies	-	(2,580)	-	-
Transfer from/(to)				
- income statement	12	(2,094)	15	(101)
- revaluation reserve	(1,329)	(4,552)	-	-
At 31 March	6,252	7,569	6,201	6,186

accounting policies and explanatory notes
for the year ended 31 March 2006

26. DEFERRED TAX LIABILITIES (cont'd)

The deferred tax liabilities/(assets) recognised in the financial statements were as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Tax effects of				
- surplus on revaluation of:				
- investment properties	5,069	5,069	5,020	5,020
- hotel property	-	1,330	-	-
- land and buildings held as property, plant and equipment	1,173	1,173	1,173	1,173
- excess of accumulated depreciation over capital allowances on property, plant and equipment	-	(7)	-	(7)
- excess of capital allowances claimed over accumulated depreciation on property, plant and equipment	14	6	8	-
- other deductible temporary differences	(4)	(2)	-	-
	6,252	7,569	6,201	6,186

Further, the following taxable temporary differences and unabsorbed tax losses and capital allowances of the Group exist as at 31 March for which deferred tax assets have not been recognised in the financial statements:

	2006 RM'000	2005 RM'000
Unabsorbed tax losses	26,043	26,487
Unabsorbed capital allowances	11,780	10,693
Excess of capital allowances claimed on property, plant and equipment over accumulated depreciation	(2,149)	(1,810)
	35,674	35,370

accounting policies and explanatory notes
for the year ended 31 March 2006

27. REVENUE

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Property development revenue	117,105	36,584	-	-
Gross rental income	15,703	15,991	15,251	15,002
Sale of goods	-	7,884	-	-
Sale of hotel rooms, food and beverages and other ancillary services	4,859	11,215	-	-
Renovation income	92	-	-	-
	137,759	71,674	15,251	15,002

28. COST OF SALES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Cost of property development	80,043	25,865	-	-
Cost of letting of properties	9,286	9,979	8,919	7,942
Cost of goods sold	-	6,893	-	-
Cost of hotel services rendered	6,297	6,330	-	-
Cost of renovation	74	-	-	-
Others	127	54	-	-
	95,827	49,121	8,919	7,942

accounting policies and explanatory notes
for the year ended 31 March 2006

30. NET PROFIT FROM INVESTING ACTIVITIES

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Gross dividends from				
- a subsidiary company	-	-	-	15,685
- other investments quoted in Malaysia	275	183	252	160
Interest income	1,044	1,377	2,199	1,806
Surplus arising from liquidation of a subsidiary company (see note 34)	333	-	333	14,829
(Loss)/Profit on disposal of				
- subsidiary companies (see note 38)	-	9,461	-	-
- other investments	(21)	(102)	(27)	(102)
Overprovision of real property gain tax in prior year	-	52	-	-
Diminution in value of other investments (net of write-backs)	(90)	(8)	(90)	8
Other investments written off	-	(56)	-	(56)
	1,541	10,923	2,667	32,330

31. FINANCE COSTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Interest paid and payable on :				
Revolving credits	3,871	1,963	1,088	1,234
Term loans	1,415	-	984	-
Bank overdraft	-	2	-	-
Hire purchase liability	16	-	-	-
Others	-	4	-	-
	5,302	1,969	2,072	1,234

accounting policies and explanatory notes
for the year ended 31 March 2006

32. TAXATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Malaysian taxation based on the results for the year				
- current	9,189	4,280	1,950	3,900
- deferred	6	(21)	6	(10)
	9,195	4,259	1,956	3,890
(Over)/Underprovisions in prior years				
- current	(9)	114	77	101
- deferred	6	(2,073)	9	(91)
	9,192	2,300	2,042	3,900

The provision for taxation differs from the amount of taxation determined by applying the applicable statutory tax rates to the profit before tax as a result of the following differences:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Accounting profit	25,544	19,934	6,064	37,175
Taxation at applicable tax rates	8,238	12,571	1,698	10,409
Tax effects arising from:				
- non-taxable income	(144)	(9,661)	(118)	(7,011)
- non-deductible expenses	1,016	1,122	375	492
Deferred tax assets not recognised during the year	85	227	-	-
(Over)/Underprovision in prior years	(3)	(1,959)	86	10
Tax at the effective tax rate	9,192	2,300	2,042	3,900

Subject to agreement with the Inland Revenue Board, based on estimated tax credits available and the prevailing tax rate applicable to dividends, the entire unappropriated profit and distributable other reserve of the Company are available for distribution by way of dividends without incurring additional tax liability.

Subject to agreement with the Inland Revenue Board, the Group has unutilised investment tax allowances amounting to approximately RM45 million.

accounting policies and explanatory notes
for the year ended 31 March 2006

33. BASIC EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the Group's net profit for the year of RM16,352,000 (2005 : RM14,629,000) by the weighted average number of shares in issue during the financial year of 426,127,662 (2005 : 426,127,662).

34. SURPLUS FROM LIQUIDATION OF A SUBSIDIARY COMPANY

The subsidiary company put under members' voluntary liquidation during the previous year under review was Oriental Metal (M) Sdn Bhd ("OMM"). The analyses of the liquidations are as follows:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Estimated value of surplus assets to be distributed by the liquidator	33,184	32,851	33,184	32,851
Less:				
Cost of investment in subsidiary	(18,022)	(18,022)	(18,022)	(18,022)
Post-acquisition reserves	(14,829)	(14,829)	(14,829)	-
Surplus arising from liquidation	333	-	333	14,829

35. DIVIDEND

	2006 RM'000	2005 RM'000
First and final dividend of 3.0% (2005 : 3.0%) less tax at 28%	4,602	4,602

36. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2006 RM'000	2005 RM'000
Aggregate cost of property, plant and equipment acquired	50,280	9,174
Acquired by way of hire purchase	(333)	-
Unpaid balance included under other payables and accruals (see note 19)	(2,158)	-
Cash paid to third parties	47,789	9,174

37. ACQUISITION OF SUBSIDIARY COMPANIES

During the current financial year, the Group acquired a subsidiary company, SDB SS2 Development Sdn Bhd (*formerly known as Vision Map (M) Sdn Bhd*), a dormant company, for a cash consideration of RM2.

The effects of the acquisition on the financial results for the year under review and on the financial position as at the end of the financial year of the Group are not material.

38. DISPOSAL OF SUBSIDIARY COMPANIES

There were no disposal of subsidiary companies during the current financial year. The Group disposed of two subsidiary companies, Oriental Metal Industries (M) Sdn Bhd, ("OMI") and Oriental Extrusions Sdn Bhd ("OE"), for a total consideration of RM47,646,926 during the previous financial year.

The effects of the disposals on the results of the Group for the financial year from 1 March 2004 to the date of disposal were as follows:

	From 1 March 2004 to date of disposal RM'000
Sales	7,884
Operating costs	(7,738)
	<hr/>
Profit from operations	146
Profit from disposal of subsidiaries	9,461
Net profit from other investing activities	193
Interest expenses	(2)
	<hr/>
Net profit before taxation	9,798
Taxation	(154)
	<hr/>
Minority interests	9,644 (83)
	<hr/>
Net profit for the period	<u>9,561</u>

accounting policies and explanatory notes
for the year ended 31 March 2006

38. DISPOSAL OF SUBSIDIARY COMPANIES (cont'd)

The effects of the disposals on the financial position of the Group were as follows:

	At date of disposal RM'000
Property, plant and equipment	36,309
Inventories	6,566
Receivables, deposits and prepayments	3,790
Cash and bank balances	31,129
Payables	(7,856)
Minority interests	(31,752)
	<hr/>
Net assets disposed	38,186
Disposal proceeds	(47,647)
	<hr/>
Profit on disposal	9,461
	<hr/>
Disposal proceeds	47,647
Cash and bank balances of subsidiaries disposed of	(31,129)
	<hr/>
Net cash inflow on disposal	16,518
	<hr/>

39. EMPLOYEE INFORMATION

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Staff costs (include Executive Directors' emoluments)	12,184	11,412	3,754	3,152
	<hr/>			

Included in the staff costs are Employees Provident Fund contributions amounting to RM1,163,038 (2005 : RM1,058,723) for the Group and RM337,055 (2005 : RM294,572) for the Company.

The number of employees (including Executive Directors) as at 31 March 2006 was 340 (2005 : 249) for the Group and 66 (2005 : 56) for the Company.

accounting policies and explanatory notes
for the year ended 31 March 2006

40. RELATED PARTIES TRANSACTIONS

Significant related party transactions during the financial year were as follows:

Transaction with subsidiary companies

	Company	
	2006 RM'000	2005 RM'000
Interest receivable from SDBP	1,493	1,234
Purchase of motor vehicles from OMM and OMI	-	388
Rental receivable from SDBP	571	251
Rental receivable from SDBSS	11	-
Security management fee received/receivable from PP	81	-

Transactions with Directors, close members of their families and companies in which they and/or close members of their families have interests:

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Purchase of leasehold vacant land from Teh Wan Sang & Sons Housing Development Sdn Bhd, a company in which certain Directors, namely Ms Teh Lip Kim and Ms Teh Lip Pink, have interests	-	238	-	-
Rental paid to Dr Teh Lip Bin, a close family member of Ms Teh Lip Kim and Ms Teh Lip Pink	29	29	-	-
Rental paid to Ms Teh Lip Ling, a close family member of Ms Teh Lip Kim and Ms Teh Lip Pink	29	29	-	-
Rental paid to Teh Kien Toh Sdn Bhd, a company in which Ms Teh Lip Kim and Ms Teh Lip Pink have interests	29	29	-	-
Medical fees paid to Kelinik Ian Ong, a clinic belonging to a close family member of Ms Teh Lip Kim	48	47	23	14
Consultancy fee paid to Providence Capital Sdn Bhd, a company in which Mr Eddy Chieng Ing Huong has interest	144	144	144	144

The above transactions were entered into in the normal course of business and were established under negotiated terms.

Non-trade balances with the related parties at balance sheet date are disclosed in explanatory note 14.

accounting policies and explanatory notes
for the year ended 31 March 2006

41. COMMITMENTS

	Group		Company	
	2006 RM'000	2005 RM'000	2006 RM'000	2005 RM'000
Authorised acquisition of property, plant and equipment not provided for in the financial statements				
- contracted	-	29,742	-	-
- not contracted	35,000	423	-	-

42. CONTINGENT LIABILITIES (Unsecured)

(a) Mutiara Metropolis Matter

On 13 June 1996, a writ of summons was filed against the Company by a former tenant, Mutiara Metropolis Sdn Bhd ("MMSB"), seeking damages totalling RM10 million plus costs for alleged wrongful eviction and termination of tenancy pursuant to a writ of distress and writ of possession taken out by the Company against MMSB. On 17 July 1996, the Company filed a defence and counterclaim for unpaid rentals and other charges relating to the tenancy in the sum of RM161,158.82 together with interest at an agreed contractual rate of 13% from 1 April 1996 until date of full settlement and solicitor clients' costs as assessed by the High Court.

On 28 July 2004, the High Court granted MMSB the following declarations: (i) MMSB was wrongly evicted under the writ of distress taken out by the Company; and (ii) MMSB was wrongly dispossessed of the premises under the writ of possession taken out by the Company. The learned judge did clarify that the declaration was not to the effect that the Company should pay MMSB any sum of money by way of damages. It would be up to MMSB to assess its damages, if any, and for the Company to proceed with the trial of its counterclaim against MMSB.

On advice of its solicitors, the Company has, on 3 August 2004, filed an appeal to the Court of Appeal against the decision of the High Court. To date, both the Company's appeal and counterclaim have not been heard.

Meanwhile, MMSB took out proceedings to assess damages pursuant to the judgement of the High Court dated 28 July 2004. On 6 October 2005, the Registrar made an order for the Company to pay MMSB a total sum of RM2,315,002 together with interest at the rate of 8% from 8 June 1996 until date of full and final settlement and costs of the assessment proceedings. The Company was advised by its solicitors to apply for a stay of execution of the Registrar's decision and to appeal against the Registrar's decision to the High Court judge.

On 21 October 2005, the Company obtained an order to stay the execution of the Order of the Registrar dated 6 October 2005 conditional upon the Company depositing the sum of RM2,315,002 (together with interest) into a fixed deposit account held in the joint names of the solicitors of the Company and MMSB. On 9 November 2005, the Company in compliance with the order to stay the execution did place a sum of RM4,060,957.48 in fixed deposit account.

The Company's appeal against the Order of the Registrar dated 6 October 2005 has been fixed for hearing on 26 May 2006 before the High Court judge. The Company's solicitors are of the view the Company's appeal is meritorious.

accounting policies and explanatory notes
for the year ended 31 March 2006

42. CONTINGENT LIABILITIES (Unsecured) (cont'd)

(b) Radisson Hotel Matter

On 18 October 1999, a subsidiary company, SDBP, filed a writ of summons in the Kuala Lumpur High Court against Radisson Hotels (M) Sdn Bhd ("RHMSB") and Radisson Hotels Pty Ltd ("RHPL"), the operators of SDBP's business class hotel when it was known as the *Radisson Plaza Hotel Kuala Lumpur* for operational losses incurred during the period between July 1997 to June 1999 amounting to RM10,757,298 plus general damages for breach of contract, breach of undertaking and misrepresentation.

On 14 January 2000, RHMSB filed a defence and counterclaim against SDBP for damages for loss of fees under the Hotel Management Agreement for the period between July 1999 to March 2007 and general damages for breach of contract. On 15 February 2000, SDBP filed a reply and defence to counterclaim. SDBP has been advised by its solicitors that the counterclaim can be successfully defended.

RHPL has entered an appearance on 17 May 2001.

The suit against both RHMSB and RHPL was initially fixed for trial from 3 to 6 October 2005 and from 10 to 13 October 2005. However, the trial dates were eventually vacated since both parties agree to refer the matter to mediation. The parties are now in the process of appointing a mediator and the matter is now fixed for mention on 21 June 2006.

(c)

	Company	
	2006	2005
	RM'000	RM'000
Corporate guarantees given to a bank for credit facility granted to a subsidiary company	50,000	33,000

43. FINANCIAL INSTRUMENTS

(a) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Fair value

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except as follows:

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
<i>Other investments</i>				
Shares quoted in Malaysia				
- At 31 March 2006	3,103	3,892	3,103	3,892
- At 31 March 2005	4,135	4,741	4,135	4,741

accounting policies and explanatory notes
for the year ended 31 March 2006

43. FINANCIAL INSTRUMENTS (cont'd)

(b) Fair value (cont'd)

The carrying amounts of the financial assets and liabilities of the Group and of the Company at the balance sheet date approximate their fair values except as follows:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Unit trust				
- At 31 March 2006	1,000	1,185	1,000	1,185
- At 31 March 2005	1,000	1,190	1,000	1,190
Short term investments				
- At 31 March 2006	22,012	22,158	15,000	15,136
- At 31 March 2005	-	-	-	-
Unpaid land acquisition cost payable (included in non-current liabilities)				
- At 31 March 2006	7,830	7,199	-	-
- At 31 March 2005	15,660	14,747	-	-

accounting policies and explanatory notes
for the year ended 31 March 2006

44. SEGMENTAL ANALYSIS (cont'd)

2006	Property investment RM'000	Hotel operations RM'000	Manufacturing RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Consolidated RM'000
OTHER INFORMATION							
Segment assets	211,245	132,878	-	-	196,429	311	540,833
Investing assets	-	-	-	70,034	-	-	70,034
Current tax assets	-	-	-	-	-	295	295
Other unallocated corporate assets	-	-	-	-	-	6,650	6,650
Consolidated total assets							617,862
Segment liabilities	(5,747)	(4,231)	-	(9,913)	(32,456)	(1)	(52,348)
Current and deferred tax liabilities	-	-	-	-	-	(7,951)	(7,951)
Other unallocated corporate liabilities	-	-	-	-	-	(195,007)	(195,007)
Consolidated total liabilities							255,306
Capital expenditure	5,150	44,380	-	-	-	750	
Depreciation	260	818	-	-	2	707	
Other non-cash (income)/expenses	(40)	14	-	44	282	14	

accounting policies and explanatory notes
for the year ended 31 March 2006

44. SEGMENTAL ANALYSIS (cont'd)

2005	Property investment RM'000	Hotel operations RM'000	Manufacturing RM'000	Investment holding RM'000	Property development RM'000	Consolidated RM'000
OTHER INFORMATION						
Segment assets	207,997	116,060	-	-	120,130	444,187
Investing assets	-	-	-	40,638	-	40,638
Current tax assets	-	-	-	-	-	160
Other unallocated corporate assets	-	-	-	-	-	125
Consolidated total assets						<u>485,110</u>
Segment liabilities	17,474	5,590	-	-	48,771	71,835
Current and deferred tax liabilities	-	-	-	-	-	8,429
Other unallocated corporate liabilities	-	-	-	-	-	28,793
Consolidated total liabilities						<u>109,057</u>
Capital expenditure	1,490	4,123	3,558	-	3	
Depreciation	759	485	2,364	-	2	
Other non-cash (income)/expenses	89	407	(5)	(9,311)	-	

(a) Primary reporting format - business segment

All the operations of the Group are organised in Malaysia into six main business segments:

- (i) Property investments - letting of commercial properties
- (ii) Hotel operation - operation of hotel and related services
- (iii) Manufacturing - manufacturing and sales of steel wheel rim for motor vehicle (business discontinued following disposal of OMI in previous financial year)
- (iv) Investment holding - investment holding
- (v) Property development - property development
- (vi) Others - provision of management and property support services

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

(b) Secondary reporting format - geographical segment

The operations of the Group are entirely carried out in Malaysia.

45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 24 May 2006 by the Board of Directors.

statement
by directors

In the opinion of the Directors, the financial statements set out on pages 45 to 96 are drawn up:

- (a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 March 2006 and of their results and cash flows for the year ended on that date;
- (b) in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965.

Signed on behalf of the Directors in accordance with a Directors' resolution dated 24 May 2006.

EDDY CHIENG ING HUONG
Director

TEH LIP KIM
Director

statutory
declaration

I, Loong Ching Hong, being the person primarily responsible for the financial management of Selangor Dredging Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 45 to 96 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at)
Kuala Lumpur in the Federal Territory)
this 24 May 2006)

Before me:) **LOONG CHING HONG**

ROBERT LIM HOCK KEE
Commissioner for Oaths

Kuala Lumpur
24 May 2006

analysis
of shareholdings
as at 30 June 2006

Financial year ended : 31 March 2006
Class of stock : RM0.50 ordinary share
Voting rights : 1 vote per share

ANALYSIS OF SHAREHOLDINGS AS AT 30 JUNE 2006

Number of Holders	Holdings	Total Holdings	%
116	less than 100	2,668	0.00
3,073	100 - 1,000	2,926,670	0.69
9,931	1,001 - 10,000	44,939,934	10.55
2,267	10,001 - 100,000	61,848,271	14.51
189	100,001 to less than 5% of issued shares	139,438,996	32.72
5	5% and above of issued shares	176,971,123	41.53
Total		426,127,662	100.00

DIRECTORS' SHAREHOLDINGS AS AT 30 JUNE 2006

Name of Directors	No. of Shares			
	Direct Holding	Percentage %	Indirect Holding	Percentage %
1. Mr Eddy Chieng Ing Huong	-	-	-	-
2. Ms Teh Lip Kim	43,329,896	10.17	160,219,756	37.60
3. Dato' Mohd Ismail Bin Che Rus	-	-	-	-
4. Ms Teh Lip Pink	25,000	0.01	65,629,978	15.40
5. Mr Tee Keng Hoon	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 30 JUNE 2006

Name of Shareholders	No. of Shares			
	Direct Shareholding	Percentage %	Deemed Interest	Percentage %
1. Teh Wan Sang & Sons Sdn Bhd	88,722,478	20.82	-	-
2. Teh Kien Toh Sdn Bhd	65,629,978	15.40	-	-
3. Ms Teh Lip Kim	43,329,896	10.17	160,219,756	37.60
4. Dr Teh Lip Bin	1,800,000	0.42	154,352,456	36.22
5. Ms Teh Lip Pink	25,000	0.01	65,629,978	15.40

analysis of shareholdings
as at 30 June 2006

LIST OF 30 LARGEST SHAREHOLDERS AS AT 30 JUNE 2006

Name of shareholders	Shares held	%
1. Teh Wan Sang & Sons Sdn Bhd	51,504,527	12.09
2. Teh Kien Toh Sdn Bhd	37,900,748	8.89
3. Teh Wan Sang & Sons Sdn Berhad	37,217,951	8.73
4. Teh Kien Toh Sdn Berhad	27,729,230	6.51
5. Teh Lip Kim	22,618,667	5.31
6. Teh Lip Kim	17,581,300	4.13
7. Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Pacific Investment Fund	16,133,600	3.79
8. Citigroup Nominees (Asing) Sdn Bhd UBS AG Singapore for Lombard International PCC Limited	8,844,400	2.08
9. Chan Keong Hon Sdn Bhd	6,660,580	1.56
10. Teh Wan Sang & Sons Housing Development Sdn Bhd	5,867,300	1.38
11. Cimsec Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	5,704,517	1.34
12. ABB Nominee (Tempatan) Sdn Bhd Pledged Securities Account for KOP Mantap Sdn Bhd (1103040001)	4,331,200	1.02
13. JF Apex Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Siew Lai (Margin)	3,999,800	0.94
14. Ng Chin Siu & Sons Rubber Estates Sdn Bhd	3,836,800	0.90
15. Daya Sehati Sdn Bhd	3,254,400	0.76
16. Teh Lip Kim	2,930,729	0.69
17. Permodalan Negeri Selangor Berhad	2,896,000	0.68
18. Permodalan Nasional Berhad	2,327,000	0.55
19. Chan Chim Mooi Sdn Bhd	2,000,000	0.47
20. Pyrmont Holdings Sdn Bhd	1,865,600	0.44
21. Teh Lip Bin	1,800,000	0.42
22. Teo Kwee Hock	1,793,979	0.42
23. Hauw Soei Foan	1,774,100	0.42
24. Chan Shook Yuen @ Janett Chan	1,604,800	0.38
25. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Keong Hon Sdn Bhd (01-00600-000)	1,500,000	0.35
26. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ulysses Sdn Bhd (KLC)	1,282,779	0.30
27. Menteri Kewangan Malaysia Section 29 (SICDA)	1,201,256	0.28
28. HSBC Nominees (Asing) Sdn Bhd Wu, Yu-Lan	1,050,000	0.25
29. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Surinder Singh A/L Wassan Singh (E-IMO)	1,020,000	0.24
30. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Dr Mohamadon Bin Abdullah (01-00034-001)	1,000,000	0.24
	279,231,263	65.53

list
of properties

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2006 (RM'000)	Date of last revaluation (Date of acquisition)
Company						
Wisma Selangor Dredging 142-A, 142-B, 142-C, 142-D Jalan Ampang 50450 Kuala Lumpur	4 blocks of office complex (Lettable area: 363,127 sq ft)	103,886	Freehold (N/A)	21	160,000	15 March 2003
Unit 6.01 - 6.04, 6.06 - 6.09 Level 6, Plaza 138 138, Jalan Ampang 50450 Kuala Lumpur	8 units of service office (Lettable area: 5,990 sq ft)	(5,990)	Freehold (N/A)	9	2,547	15 March 2003
CT No 4716, Lot 1177 Mukim of Pasir Panjang District of Port Dickson (Coast) Negeri Sembilan Darul Khusus	Residential land with holiday bungalow	35,774	Freehold (N/A)	36	891	15 March 2003
Lot 11486 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Industrial land with 1,489,752 sq ft of land still planted with oil palm	2,571,155	Freehold (N/A)	-	20,600	15 March 2003
Lot 3536, 3539, 3540, 4902, 4903 Mukim of Kajang District of Ulu Langat Selangor Darul Ehsan	Agricultural land for future development	891,619	Freehold (N/A)	-	3,570	15 March 2003

list of properties

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2006 (RM'000)	Date of last revaluation (Date of acquisition)
Subsidiaries						
Hotel Maya Kuala Lumpur 138, Jalan Ampang 50450 Kuala Lumpur	Boutique urban resort hotel with 207 rooms and 447 parking bays	(419,696)	Freehold (N/A)	9	125,000	27 February 2006
Unit 3A.01 - 3A.04, 8.06, 10.03, 10.04, 12.04, 13A.02, 13A.03, 13A.04, 17.06, 19.05, 20.06, Plaza 138 138, Jalan Ampang 50450 Kuala Lumpur	14 units of service office (Lettable area: 10,780 sq ft)	(10,780)	Freehold (N/A)	9	4,300	15 March 2003
GM257 Lot 501, GM223 Lot 502, GM224 Lot 503, Mukim Ulu Kelang, Daerah Gombak	Development Land -Melawati Project	334,867 334,867 332,144	Freehold (N/A)	-	21,743	(07 July 2003)
GM 20, Lot 564, Mukim Ulu Klang, Daerah Gombak	Development Land -Melawati Project	239,583	Freehold (N/A)	-	4,608	(24 September 2004)
GM 272, Lot 565, Mukim Ulu Klang, Daerah Gombak	Development Land -Melawati Project	228,690	Freehold (N/A)	-	9,849	(24 September 2004)
Lot PT Nos 4366 to 4369, 4390 to 4393, 10538 to 10541 and 20424 to 20430, Mukim Petaling, Daerah Petaling, Negeri Selangor	Development Land	77,582	Leasehold (99 years)	-	942	(11 December 1999)
Geran 43950 to 43953, Lot 52309 to 52312, Mukim Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan KL	Development Land	250,347	Freehold (N/A)	-	50,074	(24 August 2005)

This page has been left blank intentionally.

No of shares held

CDS Account No.											
				-					-		

I/We _____ (full name as per NRIC/company name in block capitals)
 NRIC/Company No. _____ (new and old NRIC Nos)
 of _____ (full address)
 being a member/members of SELANGOR DREDGING BERHAD hereby appoint *the Chairman of the meeting or
 _____ NRIC No. _____ (new and old NRIC Nos)
 of _____ (full address)
 or failing him _____ NRIC No. _____ (new and old NRIC Nos)
 of _____ (full address)

as *my/our proxy/proxies to attend and vote for *me/us and on *my/our behalf at the Forty-Fifth Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Wednesday, 23 August 2006 at 9.00 am and at any adjournment thereof, and to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	Consideration of the Financial Statements for the year ended 31 March 2006		
2	Payment of First and Final Dividend		
3	Payment of Directors' Fees		
4	Re-election of Ms Teh Lip Kim as Director		
5	Re-election of Mr Tee Keng Hoon as Director		
6	Re-appointment of Messrs Moores Rowland as Auditors		
7	Authority pursuant to Section 132D of the Companies Act, 1965		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion)

The proportions of *my/our shareholding to be represented by *my/our proxy/proxies are as follows:

First named Proxy _____ %
 Second named Proxy _____ %
 _____ %

In case of a vote taken by a show of hands, the First Proxy shall vote on *my/our behalf.

Dated this _____ day of _____ 2006.

 Signature or Common Seal of Member(s)

 Telephone no./Handphone no.

* Delete whichever is not applicable

Notes:

Proxy

- (i) A member of the Company entitled to attend and vote at this meeting is entitled to appoint a proxy or proxies to attend and vote instead of him. A proxy need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- (ii) A member of the Company may appoint not more than two proxies to attend at the same meeting. Where the member of the Company appoints two proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
- (iii) A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 can appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (iv) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing or, if the appointer is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- (v) The instrument appointing a proxy and the power of attorney or other authority, if any which it is signed or notarially certified copy of that power of authority shall be deposited at the Registered Office of the Company, 18th Floor, West Block, Wisma Selangor Dredging, 142-C, Jalan Ampang, 50450 Kuala Lumpur, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.
- (vi) Where a member of the Company wishes to submit the instrument appointing a proxy by fax, please fax the proxy form to the Registered Office at Fax No.: 603 2161 6651. Please ensure that the original proxy form is deposited at the Registered Office of the Company not less than 48 hours before the time appointed for holding the meeting or adjourned meeting.

General Meeting Record of Depositors

For purpose of determining who shall be entitled to attend this meeting in accordance with Articles 54(b) and 54(c) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to issue a General Meeting Record of Depositors as at 15 August 2006 and only Depositors whose name appears on such Record of Depositors shall be entitled to attend the said meeting.

Registration

- (i) Registration will start at 8.00 am at the Ballroom Hotel Maya Kuala Lumpur and will end when the meeting starts. Latecomers will not be entertained.
- (ii) Please produce your original Identity Card at the registration counter for verification purpose.

Parking

Parking is complimentary and you are advised to park your vehicle at Hotel Maya Kuala Lumpur car park.

Enquiry

For enquiries prior to the meeting, please contact the following persons during office hours:

- (i) Name : Ms Jennifer Yeow/Ms Won See Yee
Organisation : Selangor Dredging Berhad
Telephone number : 603 2161 3377
- (ii) Name : Ms Karen Tan
Organisation : PFA Registration Services Sdn Bhd
Telephone number : 603 7725 4888

Stamp

The Company Secretary
Selangor Dredging Berhad

18th Floor, West Block
Wisma Selangor Dredging
142 - C, Jalan Ampang
50450 Kuala Lumpur

