SDB Selangor Dredging Berhad (4624-U)

ANNUAL REPORT 2007

OUR BRAND PROMISE

Driving Excellence,
Building Lifelong Relationships.

OUR CORE VALUES

Passionate

Determination to strive for excellence and a total commitment towards life long learning

Results Oriented

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

Innovative

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

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
10 Chairman's Statement
14 Managing Director's Operations Review
20 Group Financial Highlights
22 Statement on Corporate Governance
26 Statement on Internal Control
28 Statement on Director's Responsibilities
29 Other Corporate Disclosure
30 Audit Committee Report
35 Financial Statements
96 Analysis of Shareholdings
98 List Of Properties
100 Appendix I
Proxy Form

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN *that the* FORTY-SIXTH ANNUAL GENERAL MEETING OF SELANGOR DREDGING BERHAD will be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Friday, 24 August 2007 at 9.00 am for the following purposes:

1. To receive and consider the Financial Statements for the year ended 31 March 2007 and the Directors' and Auditors' Reports thereon. (Resolution 1)

2. To approve the payment of a First and Final Dividend of 3% (2006 : 3%) less tax at 27% for the year ended 31 March 2007. (Resolution 2)

3. To approve the payment of Directors' Fees amounting to RM170,000 (2006 : RM170,000) for the year ended 31 March 2007. (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 Pink (Resolution 4)
   (b) Mr Eddy Chieng Ing Huong (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 with or without modifications:

   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 consider and if thought fit, to pass the following resolution as a Special Resolution with or without modifications:

   PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

   "THAT the deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as contained in Appendix I attached to the Annual Report 2007 be and are hereby approved." (Resolution 8)

8. 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 2007

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 27% will be paid on 17 September 2007 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 3 September 2007.

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 3 September 2007 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 Share Registrars, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, 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.

Resolution 8
The Proposed Amendments to the Articles of Association, if passed, will amend the Articles of Association of the Company as in Appendix I of the Annual Report 2007.

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

The Directors who are standing for re-election are Ms Teh Lip Pink and Mr Eddy Chieng Ing Huong. The details of Ms Teh Lip Pink and Mr Eddy Chieng Ing Huong 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 96.


hotelmaya

Corporate Information

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 7718 6000
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
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

Corporate Structure

SDB Selangor Dredging Berhad (4624-U)

100% **SDB Properties Sdn Bhd** (190055-A)

- 100% SDB Damansara Sdn Bhd (245857-U)
- 100% Prestij Permai Sdn Bhd (498568-P)
- 100% Hayat Abadi Sdn Bhd (498396-X)
- 100% SDB SS2 Development Sdn Bhd (723454-V)

100% **SDB International Sdn Bhd** (78891-P)

- 100% SDB Hotels Pty Ltd (118 986 191)
- 100% ACPAC Development Pte Ltd (200618870N)
- 50% Chedstone Investment Holdings Pte Ltd (200707403H)
- 50% Champsworth Development Pte Ltd (200711535D)

100% **SDB Support Services Sdn Bhd** (78893-H)

100% **Seldredge Industries Sdn Berhad** (78890-A)

72.1% **Oriental Metal (Malaysia) Sdn Bhd** (9777-A)*

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 50, 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 of any offences within the past ten years.

MS TEH LIP KIM

Ms Teh Lip Kim, aged 40, 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 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 of any offences within the past ten years.

DATO' MOHD ISMAIL BIN CHE RUS

Dato' Mohd Ismail Bin Che Rus, aged 64, 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 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 of any offences within the past ten years.

MS TEH LIP PINK

Ms Teh Lip Pink, aged 55, 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 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 of any offences within the past ten years.

MR TEE KENG HOON

Mr Tee Keng Hoon, aged 57, 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 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 of any offences within the past ten years other than traffic offences.

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Accounts of Selangor Dredging Berhad Group for the Financial Year ended 31 March 2007.

FINANCIAL REVIEW

For the financial year ended 31 March 2007, your Group recorded an improvement in its performance. This year the net profit is RM23.08 million compared to the previous year's profit of RM16.35 million. This marks a 41.16% increase compared to the previous year, and was based on a turnover of RM107.49 million compared to RM137.76 million last year.

The increase in profits was mainly due to improved value of our investment properties, as well as gains from disposal of our shares in Australian based Tourism, Hotels and Leisure Limited (THL).

CORPORATE DEVELOPMENTS

During the year under review, we completed and handed over our maiden project to home purchasers. AmanSari homes were handed over to purchasers in August 2006. As to our development Park Seven in Persiaran KLCC, the construction of the seven towers of luxury condominium is progressing well. We expect to hand over this condominium development by March 2008.

Our development in Melawati, Kuala Lumpur, which was to have been launched last year, had to be delayed due to revision of requirements by the authorities on hill slope development. Due to this unexpected delay, we were unable to launch any new projects in 2006. This unique 23 acre development comprising of landed homes and low rise apartments will be gated and guarded. Also, it will have a clubhouse for residents to interact and enjoy. This niche development will now be launched by end of August 2007.

Last year, the Group purchased a parcel of land measuring 8.4 acres in the heart of SS2, Petaling Jaya. I am very pleased to report that we were able to launch the first phase of this development, a condominium project called Ameera, in January 2007. Comprising of both low and high rise buildings, the development was welcomed as an exciting addition to this sought after residential area, and was very well received.

We are currently working on product development for a luxury bungalow development in Damansara Heights. This prestigious development, located on our parcel of land on Jalan Setiabistari, will comprise of only 21 luxury bungalows with individual swimming pools. This unique and exclusive development will be launched in the first half of 2008.

At the same time, concept and products are also being developed for the second phase of our land in SS2 Petaling Jaya. We hope to launch this by the end of 2008.

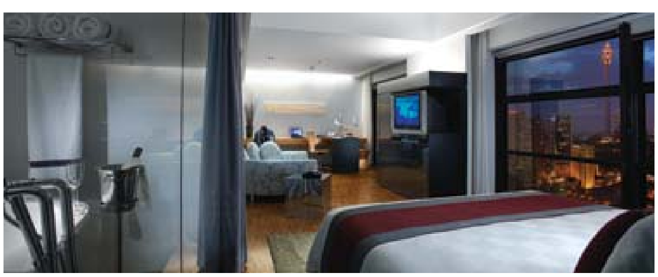
Another exciting development within the Group is our venture into property development within the region. In December 2006, we purchased a parcel of land measuring approximately 17,000 square feet in Wilkie Road, Mount Sophia. It is located in an established area, just off Orchard Road, and will be developed into a low rise condominium. We are in the final design development stages and will be launching this project by the end of 2007.

Subsequently, in May 2007 we purchased another parcel of land in Singapore. This larger parcel measuring approximately 35,510 square feet, is located in the vicinity of Newton Circus, just off Scotts Road. We hope to launch this development in the middle of 2008.

FAR LEFT Residents of 20trees will enjoy a breathtaking panoramic view of the magnificent Melawati quartz ridge.

BOTTOM Working in synergy with nature, homes at 20trees follow the natural contours of the land in the form of cascading terraces.

Chairman's Statement



TOP Under a striking arch of bamboo, guests of Hotel Maya will find a haven of relaxation at our Hydrotherapy Pool.

BOTTOM LEFT The private driveway of Hotel Maya leads to the hotel lobby.

BOTTOM RIGHT Rooms at Hotel Maya are contemporary with clean lines. Our Junior Suites have breathtaking views of the KL Tower.

With regard to our hotel operations, Hotel Maya continues to receive good reviews from guests and is steadily picking up in terms of room occupancy. During the year under review, banquet and dining outlets performed well. We are continuously working on getting better results from the hotel, and ensuring that the standards of services meet and exceed the expectations of our guests.

In the last report, I had mentioned that we had invested in Tourism, Hotels and Leisure Limited (THL), an Australian company. We had reviewed the viability of this investment and decided to divest our shares in this company. This has contributed to about RM7 million to the Group's results this year.

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 27% tax amounting to RM4,666,098 (2006 : 3% : RM4,602,179) for the financial year ended 31 March 2007.

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

OUTLOOK

During the year, the government has introduced several improvements and incentives to spur both local and foreign investment into the country. Several initiatives were specifically to boost the property sector, and this includes abolishing the Real Property Gains Tax (RPGT). This incentive alone has spurred many foreign investors to purchase high end properties in Malaysia. These incentives by the government have resulted in an inflow of foreign investment into the country. I am sure that this will enable us to reach or exceed the expected 6% Gross Domestic Product (GDP) growth for 2007.

With regard to the Group, we have various interesting and innovative products to launch this year. We have positioned ourselves to be a niche developer who provides quality homes with practical layouts, within a distinctive environment. We also have a subsidiary that provides a host of home support services for the convenience of our purchasers. Coupled with the government's initiative to spur the economy, I am confident that our property development business will continue to perform well. In addition, Singapore's property sector is also flourishing, and I am sure our developments across the causeway will also be well received.

For our hotel operations, we are continuously getting good feedback on the quality of both product and services. At the time of writing, we are already seeing positive results, and by maintaining good standards of services, the hotel should perform even better in the year ahead.

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

ACKNOWLEDGEMENT

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

Eddy Chieng Ing Huong
Chairman

Managing Director's Operations Review

I am pleased to present to you the Group's review.

RESULTS

For the financial year ended 31 March 2007, the Group's turnover was RM107.49 million compared to RM137.76 million last year. The net profit is RM23.08 million compared to the previous year's profit of RM16.35 million. Improvement in the performance was mainly due to improved value of our investment properties and an extraordinary gain resulting from disposal of shares in our overseas venture.

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

SELANGOR DREDGING BERHAD

During the year under review, the Company registered improved net profit of RM11.98 million compared to last year's results of RM4.02 million. This improved result was due to several factors, including improved fair value for Wisma Selangor Dredging (WSD), better returns on quoted investments, higher occupancy and better rental rates for WSD.

WISMA SELANGOR DREDGING (WSD)

Our main leasing property continued to perform well during the year under review. Like previous years, the occupancy rates remained high. At the time of writing, occupancy is approximately 98%.

I am proud to say that the building is one of the most sought after office spaces in the city, due to its convenient location and proximity to Kuala Lumpur City Centre (KLCC). Apart from that, the central courtyard area and the alfresco dining outlets provide a pleasant respite for both tenants and visitors alike.

We also continually strive to ensure that our property management services, such as security and maintenance meet and exceed our tenants' expectations. These factors have allowed us to retain and attract good key tenants throughout the years.

SDB PROPERTIES SDN BHD (SDBP) GROUP

SDBP Group (property development and hotel) registered a net profit of RM8.73 million based on a turnover of RM74.91 million.

While our hotel operation improved from last year, we have yet to see any profits. There was a delay in obtaining approvals from the authorities, hence no property development projects were launched in 2006.

TOP Park Seven's Kitchen area is fully equipped with designer kitchen cabinets and quality appliances.

FAR RIGHT The Living area of Park Seven is spacious with its column-free flat slab ceiling.

Managing Director's Operations Review

PROPERTY DEVELOPMENT

Our maiden project, AmanSari in Puchong, comprising 142 units of 2-storey bungalows and 2 1/2-storey semi-detached homes, was officially handed over to purchasers in August 2006. To mark the handing over of the project, SDBP held a successful get-together function for the residents of AmanSari to get to know and enhance relationships with their neighbours.

Construction of Park Seven, our 105-unit luxury condominium development in the heart of Kuala Lumpur City Centre, has progressed as planned. At the time of writing, the development is approximately 60% completed and is expected to be handed over to Purchasers by March 2008.

AmanSari and Park Seven have collectively achieved sales amounting to RM377.5 million out of a total Gross Development Value (GDV) of RM380.5 million. As at 31 March 2007, a total of RM229.31 million has been recognised.

In my last report, I had conveyed that the Group purchased a parcel of land measuring 8.4 acres in SS2 Petaling Jaya. In January this year, we unveiled Ameera, the first phase of the development on 3 acres of the land. The development comprises of 290 units of condominiums in a low-rise and high-rise block, complete with gym, swimming pool and children's pool, a multi-function hall and a play area.

I am pleased to report that Ameera received very good response from the public, and the low rise block was taken up within the first two weeks of launch. At the time of writing, the development has been more than 55% sold, and we have achieved sales of RM76.6 million out of a total of approximately RM135 million GDV. The earnings from this development will contribute substantially to the Group's earnings in the next financial year.

I am also pleased to inform that our property development activities have now extended to Singapore. In December 2006, we purchased a parcel of land measuring just over 17,000 square feet in Wilkie Road, Mount Sophia, Singapore. The parcel of land was an en bloc purchase, and the current building will be demolished to make way for a luxury low-rise development.

This exciting foray into the regional property scene was followed by another purchase of land in May 2007. The second parcel of land is located in Gilstead Road, in the vicinity of Newton Circus. Also an en bloc acquisition, this parcel measures 35,510 square feet.

HOTEL

Our hotel property, Hotel Maya Kuala Lumpur is the first Malaysian owned and managed boutique urban resort. During the year under review, it continued to be recognised for excellence in design. In the second half of 2006, it was awarded the prestigious Singapore Institute of Architects (SIA) award for Interior Architecture. Later in the year, it was awarded the Pertubuhan Akitek Malaysia (PAM) award for Interior Design.

The hotel continued to enjoy patronage from discerning customers. Both business and leisure travellers have given positive feedback on services and ambiance of the hotel. During the year, we expanded the size of our bar and added in a lounge area on Level 1 for guests to unwind. Our restaurants and banquet facilities have performed well during the year and occupancy rates have also increased.

I am pleased to note that at the time of writing, the performance of the hotel has picked up. It has shown positive results for the past quarter and it is now cash flow positive.

In my previous report, I had mentioned that the Group had acquired a stake in Tourism, Hotels & Leisure Ltd (THL) in Australia. After re-evaluating the viability and business systems, we decided to sell our stake in THL. In late 2006, we disposed of our shares and made a gain of approximately RM7 million.

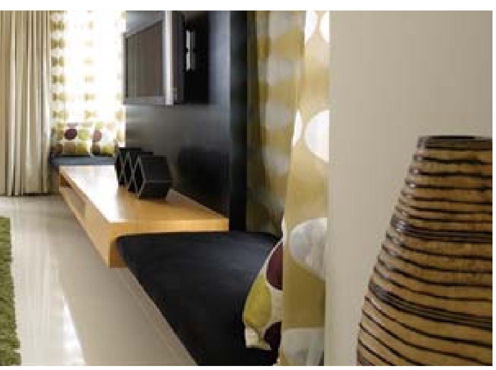
PROSPECTS

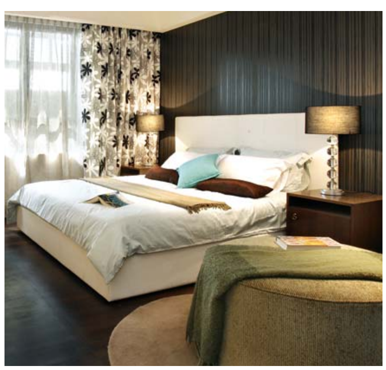
Property development

The Group will be launching its latest project, 20trees in Melawati, Kuala Lumpur. This development was originally planned to be launched last year. However, planning approval was delayed due to authorities' amendments on guidelines and procedures regulating hill side developments. All approvals have now been obtained, and 20trees will be launched by end August 2007.

This gated and guarded development will comprise 201 spacious homes and low-rise apartments within 23 acres. These spacious homes have been designed to bring in maximum light and fresh air into the home. All the homes have been oriented to maximise views of Melawati's famous ridge, which is the world's oldest quartz ridge. The development's environment will also be exceptional, with eighteen thematically planted environments for residents to enjoy. The Gross Development Value (GDV) of the development is approximately RM230 million.

At the same time, we are in the final stages of planning for our luxury bungalow development in the exclusive neighbourhood of Damansara Heights. This development will comprise of only 21 spacious homes, all with individual swimming pools fronting the living rooms. It will feature airy outdoor family and dining areas so its residents can enjoy quality private time with the family. The luxury homes have also been aligned to enjoy unobstructed views of the city skyline. This development is expected to be launched in the first half of 2008, and the GDV for this development is approximately RM210 million.





TOP Ameera is the first expression of an extraordinary residential development, occupying over 8 acres of freehold land in the heart of SS2, Petaling Jaya.

BOTTOM LEFT Ameera offers spacious living area which opens into a lanai, fitted with aluminium framed adjustable louvered windows.

BOTTOM RIGHT A view of Ameera's master bedroom, with larger windows for good lighting and ventilation.

Managing Director's Operations Review

We are also preparing for the next phase of our development in SS2, which is expected to be launched at the end of 2008. This second phase will also mark an exciting addition to the established neighbourhood. We are currently in concept development stage, and have incorporated large landscaped green areas and functional rooms for residents to use. A separate building will house the multi-function hall, a sports hall with badminton courts and a gym.

Product development work for our first development in Singapore is also under way. This development on Mount Sophia, is located just outside the boundaries of the Istana, the official residence of the Republic's President, and thus has a height constraint of seven storeys. Like developments in the Klang Valley, SDB will introduce something interesting into Singapore. This modern and select 22-unit development will be a fresh addition to this area. We are preparing to launch this development in the second quarter of 2007, and the projected GDV for this development is approximately RM120 million.

Equally new and innovative concepts are being planned for our upcoming developments in Gilstead Road, Singapore, and in the second phase of Melawati. We are targeting to launch the Gilstead Road development by mid 2008.

The Group's property development activity is focussed on mid to higher end developments. We appreciate that for many, purchasing a home is a lifetime investment. Hence, we want to provide quality functional homes, complete with an environment that residents can enjoy with their loved ones. At the same time, we provide 36 months Defect Liability Period (DLP) for all homes, and SDB Support Services Sdn Bhd, our home support subsidiary ensures that purchasers get complete services to make their stay in an SDB development hassle free.

During the year also, the Government announced several measures which will auger well for the property development industry as a whole. First, Real Property Gains Tax (RPGT) was abolished. Subsequently, improved procedures on planning and building approvals and issuance of certificate of occupation were introduced. New incentives were also set to encourage developers to build homes and sell the completed homes. We look forward to seeing the results of these measures which will undoubtedly spur growth in this sector.

Hotel

Our hotel continued to earn good reviews from both local and foreign guests. Being a stand alone local hotel, we have put in a lot of effort in creating awareness for this boutique urban resort.

We are continually striving to increase occupancy, and are maintaining the room rates to be comparable to other 5 star hotels in the city. At the time of writing, the hotel operations have shown improvement, and we are continuously working to further improve the performance of our hotel property.

TOP LEFT & RIGHT Homes at 20trees in Taman Melawati, Kuala Lumpur – redefines luxury and merges the indoors with the outdoors.

BOTTOM LEFT The spacious open-plan living area opens directly into the courtyard.

We also recognise that apart from providing a selection of quality products, meeting and exceeding customers' expectations in service plays a vital role in building the company's brand. Hence, in line with the Group's Brand Promise of "Driving Excellence, Building Lifelong Relationships", efforts to ensure that all staff provide professional customer service in both property development and hotel activities will be a Group wide priority.

I wish to take this opportunity to convey my thanks to all the staff of Selangor Dredging Group for the hard work put in during the year under review. It is with their dedication and effort that the Group has performed well during the year. My thanks also go out to the shareholders and our customers for continuing to support us.

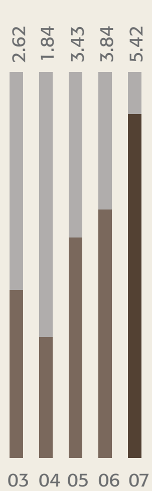
For the year ahead, we will continue with our property related activities, and look for further opportunities to expand both locally and in the region. I am optimistic that the property sector will perform well in the coming year. This is in line with the projected Gross Domestic Product (GDP) of 6% for the year, as well as the initiatives set by the government to boost the property sector and the economy as a whole. I am also confident of property development activities in Singapore, which is on the up swing and gaining prominence in the regional property market. Barring any unforeseen circumstances, I am certain we will continue to perform well in the coming year.

Teh Lip Kim
Managing Director

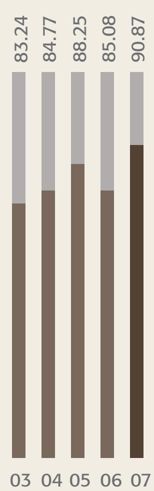
Group Financial Highlights

Turnover
RM'000

Profit/(Loss)
Before tax
RM'000



Earnings/
(Loss)
Per Share
RM'000



Net Asset
Per Share
RM'000

YEAR ENDED 31 MARCH	**2007 GROUP RM'000**	**2006 GROUP RM'000**	**2005 GROUP RM'000**	**2004 GROUP RM'000**	**2003 GROUP RM'000**
PROFITABILITY					
Turnover	**107,495**	137,759	71,674	61,355	69,640
Profit/(Loss) before taxation	**21,958**	25,544	19,934	13,443	17,618
Provision for taxation	**(1,124)**	(9,192)	(2,300)	(3,338)	(3,047)
Profit/(Loss) after taxation	**23,082**	16,352	17,634	10,105	14,571
Minority interests	**0**	0	(3,005)	(2,281)	(3,418)
Earnings/(Loss) for the year	**23,082**	16,352	14,629	7,824	11,153
Profit available for appropriation	**165,044**	76,700	64,950	46,509	41,753
Dividend net of tax	**4,666**	4,602	4,602	3,068	3,068
KEY BALANCE SHEET DATA					
Total assets	**695,371**	617,862	485,110	496,581	463,281
Issued share capital	**213,064**	213,064	213,064	213,064	213,064
Shareholders' funds	**387,243**	362,556	376,053	361,208	354,716
Total bank borrowings	**249,800**	193,550	61,750	31,250	19,263
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)	**5.42**	3.84	3.43	1.84	2.62
Dividend after tax (sen)	**1.09**	1.08	1.08	0.72	0.72
Net asset backing (sen)	**90.87**	85.08	88.25	84.77	83.24

Statement on Corporate Governance

The Board is supportive of the adoption of principles and best practices as enshrined in the Malaysian Code on Corporate Governance throughout the Group, for the protection and enhancement of stakeholders' value and the performance 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	Four meetings	100%
Mr Tee Keng Hoon	Four meetings	100%

Board meetings are scheduled in advance at the beginning of each calendar year to enable Directors to plan and adjust their schedule to ensure good attendance and the expected degree of attention given to the Board agenda.

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, thus allowing sufficient time for detailed review and consideration.

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.

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 a retiring Director is eligible for re-election and the election of each Director is voted on separately. This re-election process provides an opportunity for the shareholders to renew their mandates. In order to assist the shareholders in their decision, sufficient information such as personal profiles, meeting attendance and their shareholdings in the Company for each Director is furnished in this Annual Report.

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

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.

The Board is also regularly updated by the Company Secretary on the latest updates on the Bursa Securities Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

In addition, members of the Board are informed of various development programmes and encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory updates in furtherance of their duties.

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

B. DIRECTORS' REMUNERATION (cont'd)

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:

	2007 (RM)	2006 (RM)
Executive Directors		
Salaries and other emoluments	1,021,028	1,021,028
Fees	29,000	29,000
Non-Executive Directors		
Fees	153,000	153,000

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

	2007	2006
Executive Directors		
RM1,050,000 - RM1,100,000	1	1
RM1,000,000 - RM1,050,000	-	-
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 disposals of investment up to RM15 million and manage risk of the Group in order to maximise return to the shareholders.

D. SHAREHOLDERS

Communication

The Group is fully aware of the importance of effective and timely communication with shareholders and investors and the Board endeavors to make timely release of annual reports, press releases, quarterly reports and any announcements on material corporate exercises which are the primary mode of disseminating information on Group's business activities and financial performance.

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.

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

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

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Briefing to Analysts

As part of the Company's continuous investors relation and communication, the Company held dialogues and briefed various research and investment analysts on the Group's strategies, performance and major developments. The Company believes that this will give investors and interested parties on one hand, a better appreciation and understanding of the Group's performance and on the other, awareness of the expectations and concerns of investors and such interested parties.

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, 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.

The Statement on Directors' Responsibility is also enclosed in page 28 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 26 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. Furthermore, consideration is given to the cost of implementation as compared to the expected benefits to be derived from the implementation of the internal control system.

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 senior management is actively involved in the day-to-day business operations of the Group and conducts regular visits to the operation sites. This close-to-operations management style enables timely identification and reporting of any significant matters.

- **Control Procedures**

  Operating policies and procedures are documented and made available to guide staff in their day-to-day work processes. These policies and procedures are reviewed regularly and updated as and when necessary.

- **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, human resource administration, and other relevant 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 allows 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 reviewed continuously in line with changes in the business environment in order to be able to continuously support its business objectives.

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 2007 in compliance with Paragraph 15.24 of Bursa Securities 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

Other Corporate Disclosure

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 2007.

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

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices and to ensure the adequacy and effectiveness of the Group's system of internal control.

(A) MEMBERSHIP AND MEETINGS

The Audit Committee met on four (4) 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
Chairman	Dato' Mohd Ismail Bin Che Rus (Senior Independent Non-Executive Director)	All four meetings
Members	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 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

In discharging its function, the Audit Committee is supported by an internal audit function whose primary responsibility is to evaluate and report on the adequacy and effectiveness of the overall system of internal control of the Group. The internal audit function of the Group has been outsourced to Deloitte Enterprise Risk Services Sdn Bhd, who reports directly to the Committee.

The activities of the Internal Auditors during the financial year ended 31 March 2007 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 2007; 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.

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.

Audit Committee Report

(D) TERMS OF REFERENCE FOR AUDIT COMMITTEE (cont'd)

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;

(D) TERMS OF REFERENCE FOR AUDIT COMMITTEE (cont'd)

4.0 Functions (cont'd)

(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.

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

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

4.1.4 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.

4.1.5 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.

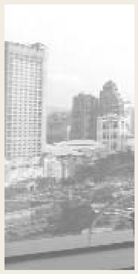
5.3 The quorum for each meeting shall be two. The majority of members present to form a quorum must be Independent Directors.

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.

“For the year ahead, we will continue with our property related activities, and look for further opportunities to expand both locally and in the region. Barring any unforeseen circumstances, I am certain we will continue to perform well in the coming year.”

TEH LIP KIM - *Managing Director*

Financial Statement



CONTENTS

36 Directors' Report
40 Report of the Auditors to the Members
41 Consolidated Balance Sheet
43 Consolidated Income Statement
44 Consolidated Statement of Changes in Equity
45 Consolidated Cash Flow Statement
47 Balance Sheet
48 Income Statement
46 Statement of Changes in Equity
50 Cash Flow Statement
52 Notes to the Financial Statements
95 Statement by Directors
95 Statutory Declaration

Directors' Report
for the year ended 31 March 2007

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 2007.

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 note 6 to the financial statements.

There were no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	23,082	11,980
Unappropriated profit brought forward		
As previously reported	76,700	81,908
Effect of adopting *FRS 140 Investment Property*	59,063	67,572
As restated	135,763	149,480
Effect of exemption on Real Property Gains Tax	6,199	6,152
Profit available for appropriation	165,044	167,612
Dividend	-	-
Unappropriated profit carried forward	165,044	167,612

DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 3% less 28% income tax amounting to RM4,602,179 in respect of the financial year ended 31 March 2006, as proposed in the directors' report of that year.

The directors now propose a first and final dividend of 3% less 27% income tax amounting to RM4,666,098 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 except as disclosed in the statement of changes in equity set out on pages 44 and 49.

ISSUE OF SHARES AND DEBENTURES

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

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, Mr Eddy Chieng Ing Huong and Ms Teh Lip Pink retire by rotation from the Board at the forthcoming Annual General Meeting, and being eligible, offer themselves for re-election.

DIRECTORS' INTERESTS 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 1.4.2006	Bought	Sold	At 31.3.2007
Ms Teh Lip Kim				
- direct	41,782,496	10,524,800	-	52,307,296
- indirect	160,219,756	-	-	160,219,756
Ms Teh Lip Pink				
- direct	25,000	300,000	-	325,000
- indirect	65,629,978	-	-	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.

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

	Ordinary shares of RM1 each			
	At 1.4.2006	Bought	Sold	At 31.3.2007
SDB Properties Sdn Bhd	10,000,000	-	-	10,000,000
Seldredge Industries Sdn Berhad	10,000,000	-	-	10,000,000
SDB International Sdn Bhd	1,000,000	-	-	1,000,000
SDB Support Services Sdn Bhd	1,000,000	-	-	1,000,000

Directors' Report
for the year ended 31 March 2007

DIRECTORS' INTERESTS IN SHARES (cont'd)

	Ordinary shares of AUD1 each			
	At 1.4.2006	Bought	Sold	At 31.3.2007
SDB Australia Pty Ltd	10,000	-	-	10,000

	Redeemable cumulative preference shares of RM1 each			
	At 1.4.2006	Bought	Sold	At 31.3.2007
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 directors or with companies in which the directors are deemed to have substantial financial interests, as disclosed in 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.

(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.

OTHER STATUTORY INFORMATION (cont'd)

(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 22 May 2007.

EDDY CHIENG ING HUONG
Director

TEH LIP KIM
Director

Report of the Auditors to the Members

Financial Statements - 31 March 2007

We have audited the financial statements of the Group and of the Company set out on pages 41 to 94.

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 significant estimates made by the directors as well as evaluating the overall financial statements presentation. We believe that 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 MASB Approved Accounting Standards for Entities Other Than Private Entities 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 2007 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 of 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 of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of SDB Australia Pty Ltd, SDB Hotels Pty Ltd and ACPAC Development Pte Ltd, being the subsidiary companies of which we have not acted as auditors.

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	TANG KIN KHEONG
No. AF: 0539	No. 1501/9/07 (J/PH)
Chartered Accountants	Partner

Kuala Lumpur
Date: 22 May 2007

Consolidated Balance Sheet
- 31 March 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**136,388**	138,469
Investment properties	4	**195,760**	191,017
Land held for property development	5	**96,734**	94,681
Investment in associated company	7	**-**	17,165
Other investments	8	**5,506**	5,126
Total non-current assets		**434,388**	446,458
Current assets			
Inventories	10	**5,534**	1,246
Property development costs	11	**100,048**	40,616
Gross amount due from customers	12	**277**	13
Trade receivables	13	**14,391**	9,143
Accrued billings	14	**38,828**	38,599
Other receivables, deposits and prepayments	15	**18,115**	14,278
Current tax assets		**5,105**	295
Short term investments	16	**13,502**	22,012
Fixed deposits	17	**35,932**	19,106
Cash and bank balances	18	**29,251**	26,096
Total current assets		**260,983**	171,404
TOTAL ASSETS		**695,371**	617,862
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**213,064**	213,064
Share premium (Non-distributable)		**477**	477
Revaluation reserve (Non-distributable)		**832**	59,852
Exchange translation reserve (Non-distributable)		**(35)**	-
Other reserve (Distributable)	20	**7,861**	7,861
Unappropriated profit		**165,044**	76,700
Dividend		**-**	4,602
Total equity		**387,243**	362,556

Consolidated Balance Sheet
- 31 March 2007

	Note	2007 RM'000	2006 RM'000
Non-current liabilities			
Unpaid land acquisition cost	21	**-**	7,830
Hire purchase liability	22	**20**	137
Bank borrowings	23	**206,050**	173,550
Deferred tax liabilities	24	**-**	6,252
Total non-current liabilities		**206,070**	187,769
Current liabilities			
Unpaid land acquisition cost	21	**7,830**	7,830
Hire purchase liability	22	**117**	110
Bank borrowings	23	**43,750**	20,000
Trade payables	25	**37,521**	17,359
Other payables and accruals	26	**12,839**	10,627
Amount owing to an associated company	27	**-**	9,912
Current tax liabilities		**1**	1,699
Total current liabilities		**102,058**	67,537
Total liabilities		**308,128**	255,306
TOTAL EQUITY AND LIABILITIES		**695,371**	617,862

Notes to and forming part of the financial statements are set out on pages 52 to 94
Auditors' Report - Page 40

Consolidated Income Statement
for the year ended 31 March 2007

	Note	2007 RM'000	2006 RM'000
Revenue	28	**107,495**	137,759
Cost of sales	29	**(75,487)**	(95,827)
Gross profit		**32,008**	41,932
Other operating income		**2,172**	1,375
Selling and marketing expenses		**(1,730)**	(1,918)
Administrative and general expenses		**(13,307)**	(8,738)
Other operating expenses		**(3,996)**	(3,346)
Profit from operations	30	**15,147**	29,305
Net profit from investing activities	31	**17,342**	1,541
Share of profit of associated company		**528**	-
Finance costs	32	**(11,059)**	(5,302)
Profit before taxation		**21,958**	25,544
Taxation	33	**1,124**	(9,192)
Profit for the year		**23,082**	16,352
Basic earnings per share (sen)	34	**5.42**	3.84
Dividend per share (net of tax) (sen)			
First and final dividend paid in respect of the year ended 31 March			
- 2006		**1.08**	-
- 2005		**-**	1.08
		1.08	1.08

Notes to and forming part of the financial statements are set out on pages 52 to 94

Auditors' Report - Page 40

Consolidated Statement of Changes in Equity

	Note	Share capital RM'000	Share premium RM'000	Non-distributable: Revaluation reserve RM'000	Non-distributable: Exchange translation reserve RM'000	Distributable: Other reserve RM'000	Distributable: Unappropriated profit RM'000	Dividend RM'000	Total RM'000
Balance at 1 April 2005		213,064	477	85,099	-	7,861	64,950	4,602	376,053
Net expense recognised directly in equity									
- Deficit on revaluation of freehold hotel property, net of tax		-	-	(25,247)	-	-	-	-	(25,247)
Profit for the year		-	-	-	-	-	16,352	-	16,352
Total recognised (expense)/income for the year		-	-	(25,247)	-	-	16,352	-	(8,895)
Dividend paid	35	-	-	-	-	-	-	(4,602)	(4,602)
Dividend proposed		-	-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2006		213,064	477	59,852	-	7,861	76,700	4,602	362,556
Balance at 1 April 2006									
As previously stated		213,064	477	59,852	-	7,861	76,700	4,602	362,556
Effect of adopting *FRS 140*		-	-	(59,063)	-	-	59,063	-	-
As restated		213,064	477	789	-	7,861	135,763	4,602	362,556
Translation differences for the year		-	-	-	(35)	-	-	-	(35)
Effect of exemption on Real Property Gains Tax		-	-	43	-	-	6,199	-	6,242
Net income/(expense) recognised directly in equity		-	-	43	(35)	-	6,199	-	6,207
Profit for the year		-	-	-	-	-	23,082	-	23,082
Total recognised income/ (expense) for the year		-	-	43	(35)	-	29,281	-	29,289
Dividend paid	35	-	-	-	-	-	-	(4,602)	(4,602)
Balance at 31 March 2007		213,064	477	832	(35)	7,861	165,044	-	387,243

Notes to and forming part of the financial statements are set out on pages 52 to 94

Auditors' Report - Page 40

Consolidated Cash Flow Statement

for the year ended 31 March 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**21,958**	25,544
Adjustments for:		
Allowance for doubtful debts no longer required	**-**	(35)
Bad and doubtful debts	**2**	96
Depreciation	**4,082**	1,787
Gain on disposal of property, plant and equipment	**(96)**	(81)
Property, plant and equipment written off	**3**	8
Gain on fair value adjustments on investment properties	**(4,743)**	-
Surplus arising from liquidation of a subsidiary company *(see note 38)*	**(632)**	(333)
Goodwill on acquisition of a subsidiary company written off	**3**	-
Discount on acquisition of a subsidiary company written off	**(179)**	-
Gain on disposal of an associated company	**(7,904)**	-
Share of profit of an associated company	**(528)**	-
(Gain)/Loss on disposal of investments	**(1,065)**	21
Diminution in value of investments	**(34)**	90
Unrealised gain on foreign exchange	**(465)**	-
Dividend income	**(875)**	(275)
Interest expense	**11,059**	5,302
Interest income	**(2,326)**	(1,354)
Operating profit before working capital changes	**18,260**	30,770
Changes in inventories	**22**	891
Changes in property development costs	**(3,972)**	17,803
Changes in gross amount due from customers	**(264)**	(13)
Changes in receivables	**29,132**	(32,278)
Changes in payables	**(16,835)**	6,470
Changes in accrued billings/progress billings	**(229)**	-
Cash generated from operations	**26,114**	23,643
Interest received	**413**	310
Tax paid	**(5,348)**	(8,407)
Net cash generated from operating activities	**21,179**	15,546

Consolidated Cash Flow Statement
for the year ended 31 March 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital repayment from liquidation of a subsidiary company	**8**	-
Net cash inflow from acquisition of subsidiary companies *(see note 37)*	**850**	-
Subscription of shares in an associated company	**(26,165)**	(8,186)
Proceeds from disposal of an associated company	**51,590**	-
Purchase of property, plant and equipment *(see note 36)*	**(2,635)**	(46,763)
Proceeds from disposal of property, plant and equipment	**108**	115
Purchase of investment properties	**-**	(47)
Additions to land held for property development	**(74,391)**	(60,327)
Purchase of investments	**(179,657)**	(72,069)
Proceeds from the disposal of investments	**195,428**	50,220
Capital repayment from investments	**-**	23
Placement of fixed deposits and bank balance	**(25)**	(40)
Dividends received	**384**	148
Interest received	**1,856**	1,088
Net cash used in investing activities	**(32,649)**	(135,838)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from bank borrowings	**56,250**	131,800
Repayment of hire purchase liability	**(110)**	(86)
(Repayment to)/Advances from an associated company	**(9,953)**	933
Dividend paid to shareholders of the Company	**(4,602)**	(4,602)
Interest paid	**(10,610)**	(4,968)
Net cash generated from financing activities	**30,975**	123,077
NET INCREASE IN CASH AND CASH EQUIVALENTS	**19,505**	2,785
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**44,422**	41,637
EFFECT OF EXCHANGE RATE CHANGES	**451**	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**64,378**	44,422
Represented by:		
Fixed deposits	**35,162**	18,326
Cash and bank balances	**29,216**	26,096
	64,378	44,422

Notes to and forming part of the financial statements are set out on pages 52 to 94
Auditors' Report - Page 40

Balance Sheet

-31 March 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	3	**6,461**	6,787
Investment properties	4	**191,540**	186,717
Investment in subsidiary companies	6	**60,654**	60,212
Other investments	8	**5,506**	5,126
Amounts owing by subsidiary companies	9	**214,366**	161,896
Total non-current assets		**478,527**	420,738
Current assets			
Inventories	10	**752**	747
Trade receivables	13	**163**	355
Other receivables, deposits and prepayments	15	**9,320**	12,827
Current tax asset		**473**	-
Short term investments	16	**13,502**	15,000
Fixed deposits	17	**6,330**	15,240
Cash and bank balances	18	**1,309**	6,626
Total current assets		**31,849**	50,795
TOTAL ASSETS		**510,376**	471,533
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**213,064**	213,064
Share premium (Non-distributable)		**477**	477
Revaluation reserve (Non-distributable)		**812**	68,343
Other reserve (Distributable)	20	**7,861**	7,861
Unappropriated profit		**167,612**	81,908
Dividend		**-**	4,602
Total equity		**389,826**	376,255
Non-current liabilities			
Bank borrowings	23	**114,800**	78,550
Deferred tax liabilities	24	**-**	6,201
Total non-current liabilities		**114,800**	84,751
Current liabilities			
Other payables and accruals	26	**5,616**	5,524
Amounts owing to subsidiary companies	9	**134**	-
Bank borrowings	23	**-**	5,000
Current tax liability		**-**	3
Total current liabilities		**5,750**	10,527
Total liabilities		**120,550**	95,278
TOTAL EQUITY AND LIABILITIES		**510,376**	471,533

Notes to and forming part of the financial statements are set out on pages 52 to 94

Auditors' Report - Page 40

Income Statement
for the year ended 31 March 2007

	Note	2007 RM'000	2006 RM'000
Revenue	28	**17,345**	15,251
Cost of sales	29	**(9,876)**	(8,919)
Gross profit		**7,469**	6,332
Other operating income		**739**	649
Administrative and general expenses		**(2,361)**	(1,512)
Profit from operations	30	**5,847**	5,469
Net profit from investing activities	31	**12,711**	2,667
Finance costs	32	**(4,830)**	(2,072)
Profit before taxation		**13,728**	6,064
Taxation	33	**(1,748)**	(2,042)
Profit for the year		**11,980**	4,022
Dividend per share (net of tax) (sen)			
First and final dividend paid in respect of the year ended 31 March			
- 2006		**1.08**	-
- 2005		**-**	1.08
		1.08	1.08

Notes to and forming part of the financial statements are set out on pages 52 to 94
Auditors' Report - Page 40

Statement of Changes in Equity

for the year ended 31 March 2007

	Note	Share capital RM'000	Non-distributable: Share premium RM'000	Non-distributable: Revaluation reserve RM'000	Distributable: Other reserve RM'000	Distributable: Unappropriated profit RM'000	Dividend RM'000	Total RM'000
Balance at 1 April 2005		213,064	477	68,343	7,861	82,488	4,602	376,835
Profit for the year		-	-	-	-	4,022	-	4,022
Dividend paid	35	-	-	-	-	-	(4,602)	(4,602)
Dividend proposed		-	-	-	-	(4,602)	4,602	-
Balance at 31 March 2006		213,064	477	68,343	7,861	81,908	4,602	376,255
Balance at 1 April 2006								
As previously stated		213,064	477	68,343	7,861	81,908	4,602	376,255
Effect of adopting of *FRS 140*		-	-	(67,572)	-	67,572	-	-
As restated		213,064	477	771	7,861	149,480	4,602	376,255
Net income recognised directly in equity - Effect of exemption on Real Property Gains Tax		-	-	41	-	6,152	-	6,193
Profit for the year		-	-	-	-	11,980	-	11,980
Dividend paid	35	-	-	-	-	-	(4,602)	(4,602)
Balance at 31 March 2007		213,064	477	812	7,861	167,612	-	389,826

Notes to and forming part of the financial statements are set out on pages 52 to 94
Auditors' Report - Page 40

Cash Flow Statement

for the year ended 31 March 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**13,728**	6,064
Adjustments for:		
Allowance for doubtful debts no longer required	**-**	(35)
Bad and doubtful debts	**-**	50
Depreciation	**1,121**	719
Gain on disposal of property, plant and equipment	**(82)**	(66)
Property, plant and equipment written off	**-**	8
Impairment in value of investment in a subsidiary company written back	**(442)**	-
Surplus arising from liquidation of a subsidiary company	**(632)**	(333)
Gain on fair value adjustments on investment properties	**(4,823)**	-
(Gain)/Loss on disposal of investments	**(994)**	27
Diminution in value of investments	**(34)**	90
Dividend income	**(514)**	(252)
Interest income	**(5,272)**	(2,199)
Interest expense	**4,830**	2,072
Operating profit before working capital changes	**6,886**	6,145
Changes in inventories	**(5)**	4
Changes in receivables	**4,385**	(3,861)
Changes in payables	**(44)**	879
Cash generated from operations	**11,222**	3,167
Tax paid	**(2,186)**	(2,048)
Net cash generated from operating activities	**9,036**	1,119
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment (see note 36)	**(808)**	(4,625)
Proceeds from disposal of property, plant and equipment	**95**	66
Acquisition of shares in a subsidiary company	**-**	(28)
Capital repayment from liquidation of a subsidiary company	**8**	-
Purchase of investment properties	**-**	(47)
Purchase of investments	**(96,568)**	(62,000)
Proceeds from disposal of investments	**98,764**	47,190
Capital repayment from investments	**-**	23
Advances to subsidiary companies	**(52,470)**	(38,656)
Dividends received	**353**	126
Interest received	**5,275**	690
Net cash used in investing activities	**(45,351)**	(57,261)

	2007 RM'000	2006 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawndown of bank borrowings	**31,250**	54,800
Advances from subsidiary companies	**134**	-
Dividend paid	**(4,602)**	(4,602)
Interest paid	**(4,694)**	(1,882)
Net cash generated from financing activities	**22,088**	48,316
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(14,227)**	(7,826)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**21,476**	29,302
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**7,249**	21,476
Represented by:		
Fixed deposits	**5,940**	14,850
Cash and bank balances	**1,309**	6,626
	7,249	21,476

Notes to and forming part of the financial statements are set out on pages 52 to 94
Auditors' Report - Page 40

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements comply with applicable approved accounting standards for entities other than private entities, namely, Financial Reporting Standards ("FRSs"), issued by the Malaysian Accounting Standards Board 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, revalued amount and fair value. Estimates are used in measuring these values.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

(b) Changes in accounting policies

The significant accounting policies adopted are consistent with those of the previous financial year except for the following changes in accounting policies:

(i) Adoption of new/revised FRSs which are effective

On 1 April 2006, the Group and the Company adopted the following new/revised FRSs which are relevant to their operations and effective for financial periods beginning on or after 1 January 2006:

FRS 3	Business Combinations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 132	Financial Instruments : Disclosures and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above FRSs does not have significant financial impact on the Group and the Company except for *FRS 140*. The principal effect of the change in accounting policies resulting from the adoption of *FRS 140* is discussed below:

The adoption of *FRS 140* has resulted in a change in accounting policy for investment properties. Investment properties are now stated at fair value, representing valuation determined by the directors. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise.

Prior to 1 April 2006, investment properties were stated at valuation. Revaluations were carried out at least once ever five years and any revaluation increase is taken to equity as a revaluation surplus. The investment properties were last revalued in 2003.

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

(b) Changes in accounting policies (cont'd)

(i) Adoption of new/revised FRSs which are effective (cont'd)

In accordance with the transitional provisions of *FRS 140*, this change in accounting policy is applied prospectively and the comparatives as at 31 March 2006 are not restated. Instead, the changes have been accounted for by restating the following opening balances in the balance sheet as at 1 April 2006.

	Group As at 1.4.2006 RM'000	**Company As at 1.4.2006 RM'000**
Decrease in revaluation reserve	(59,063)	(67,572)
Increase in unappropriated profit	59,063	67,572

(ii) New/revised FRSs that are not yet effective

The Group and the Company have not adopted the following new/revised FRSs that have been issued and relevant to their operations but which are only effective for the financial periods beginning on or after:

1 October 2006

FRS 117 Leases
FRS 124 Related Party Disclosures

The Group and the Company will apply these standards from the financial year beginning 1 April 2007.

Effective date yet to be announced

FRS 139 Financial Instruments : Recognition and Measurement

(c) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the balance sheet date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Notes to the Financial Statements for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Significant accounting judgements and estimates (cont'd)

(i) *Critical judgement made in applying accounting policies*

The followings are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on amounts recognised in the financial statements:

(a) *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed certain criteria based on *FRS 140* in making that judgement.

In making its judgement, the Group considers whether a property generates cash flows largely independently of other assets held by the Group. Owner-occupied properties generate cash flows that are attributable not only to the property, but also to other assets used in the production or supply process.

Some properties comprise a portion that is held to earn rental or for capital appreciation and another portion that is held for use in the production or supply of goods and services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately.

If the portions could not be sold separately, the property is accounted for as an investment property only if an insignificant portion is held for use in the production or supply of goods and services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

(b) *Revenue recognition of property development activities and construction contracts*

The Group recognises property development activities and construction contracts based on the percentage of completion method. The stage of completion of the property development activities and construction contracts is measured in accordance with the accounting policies set out in (k) and (l) below.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these assumptions, management relies on past experience and the work of specialists.

(ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be within 3 to 50 years.

The carrying amounts of the Group's and Company's property, plant and equipment as at 31 March 2007 were RM136,388,000 and RM6,461,000 (2006 : RM138,469,000 and RM6,787,000), respectively.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Significant accounting judgements and estimates (cont'd)

(ii) *Key sources of estimation uncertainty (cont'd)*

(a) *Depreciation of property, plant and equipment (cont'd)*

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

(b) *Estimation of the fair value of investment properties*

The Group determines the fair values of its investment properties based on their last revalued amounts and value per unit of lettable area per recent sales transactions for similar properties.

(c) *Allowance for doubtful debts*

The collectibility of receivables is assessed on an ongoing basis. An allowance for doubtful debts is made for any receivables considered to be doubtful of collection.

The carrying amount of the Group's trade receivables as at 31 March 2007 was RM14,391,000 (2006: RM9,143,000).

The allowance for doubtful debts is made based on a review of all outstanding amounts as at the balance sheet date. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the creditworthiness and the past collection history of each customer. If the financial condition of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Subsidiary companies

A subsidiary company is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Company has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

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

(e) 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. The consolidated financial statements are prepared using uniform accounting policies for like transactions in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

All subsidiary companies are consolidated on the purchase method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Basis of consolidation (cont'd)

Under the purchase method of accounting, the cost of an acquisition is measured as the aggregate of the fair values of the assets given, liabilities incurred or assumed and equity instruments issued at the date of exchange, plus any costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured at their fair values at the acquisition date.

The excess of the acquisition cost over the fair values of the identifiable assets, liabilities, contingent liabilities acquired is retained in the balance sheet as goodwill, while the shortfall is immediately credited to the consolidated income statement.

Goodwill arising on the acquisition of subsidiary companies is presented separately in the balance sheet.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

(f) Associated companies

An associated company is an entity in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses. Impairment losses are charged to the income statement.

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

Investments in associated companies are accounted for in the consolidated financial statements by the equity method of accounting. Under the equity method, the investments in associated companies are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associated companies.

The Group's share of net profits or losses and changes recognised directly in the equity of the associated companies are recognised in the consolidated income statement and consolidated statement of changes in equity, respectively.

An investment in an associated company is accounted for using the equity method from the date on which the Group obtains significant influence until the date the Group ceases to have significant influence over the associated company.

Premium relating to an associated company is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment in accordance with the accounting policy set out in (s)(ii) below.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associated company's profit or loss in the period in which the investment is acquired.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associated company.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(f) Associated companies (cont'd)

The results and reserves of associated companies are accounted for in the consolidated financial statements based on audited financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

(g) Investments

Long term investments

Long term investments are stated at cost. An allowance for diminution in value is made 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.

Short term investments

Short term investments are stated at the lower of cost and market value. On disposal, the difference between the net disposal proceeds and the carrying amount of the short term investment disposed of is taken to the income statement.

(h) Property, plant and equipment

(i) Measurement basis

All the Group's hotel properties (comprising freehold land, the hotel building thereon and related fixed plant), land and buildings 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 excluding the cost of day-to-day servicing less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of such plant and equipment when cost is incurred if the recognition criteria are met.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(ii) Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other property, plant and equipment on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual rates used for this purpose are:

Freehold hotel property and other buildings	2%
Plant and machinery	7% - 20%
Motor vehicles	20% - 40%
Renovation	7% - 10%
Furniture, fittings and equipment	10% - 20%

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each balance sheet date.

Prior to 1 April 2006, the hotel property was not depreciated on the basis that depreciation charge is immaterial owing to a high residue value.

During the financial year under review, the Group has revised its estimate of the residual value of the hotel property such that depreciation charge would be material. As a result, the hotel building and related fixed plant are now depreciated on a straight line basis over their expected useful lives. The change in accounting estimate has decreased the current period's profit before tax by RM1,367,000.

(i) 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 their 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.

(j) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Investment properties (cont'd)

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(k) 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 these lands. Accordingly, land held for property development is classified as 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. Property development costs comprise all costs that are directly attributable to 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 that costs incurred to-date bear to estimated total costs. In applying this method of determining stage of completion, only those costs that reflect actual development work performed are included as costs incurred.

Where the outcome of a development cannot be reasonably estimated, revenue is recognised to the extent of property development costs incurred that is probable will be recoverable, and the property development costs on the development units sold shall be recognised as an expense in the period in which they are incurred.

When it is probable that total costs will exceed 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 progres billings under current liabilities.

(l) Construction contracts

The Group's construction contracts comprise substantially fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that costs incurred to-date bear to estimated total costs, and for this purpose, only those costs that reflect actual contract work performed are included as costs incurred.

Where the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Costs that relate directly to a contract and which are incurred in securing the contract are also included as part of contract costs if they can be separately identified and measured reliably and it is probable that the contract will be obtained.

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Construction contracts (cont'd)

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

On the balance sheet, contracts in progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

(m) 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.

Cost of inventories of completed houses is determined based on specific identification method.

(n) Receivables

Receivables are initially recognised at their costs when the contractual right to receive cash or another financial asset from another entity is established. Subsequent to initial recognition, receivables are stated at cost less allowance for doubtful debts.

Known bad debts are written off and allowance is made for any receivables considered to be doubtful of collection.

(o) Share capital

Ordinary shares are recorded at 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. Cost incurred directly attributable to the issuance of shares is accounted for as a deduction from share premium, if any, otherwise it is charged to the income statement.

Dividends to shareholders are recognised in equity in the period in which they are declared.

(p) Payables

Payables are measured initially and subsequently at cost. Payables are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity.

(q) Income recognition

(i) Rental income is recognised on a straight-line basis over the specific tenure 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.

(iii) Revenue from sale of goods is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(q) Income recognition (cont'd)

(iv) Revenue from construction contracts and the sale of development properties is recognised on the percentage of completion method, where the outcome of the contract can be reliably estimated.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

Revenue from the sale of development properties represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

(v) Dividend income is recognised when the right to receive payment is established.

(vi) Interest income is recognised on a time proportion basis.

(r) Foreign currencies

(i) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the balance sheet date are translated at foreign exchange rates ruling at that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction.

Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the income statement for the period.

When a gain or loss on a non-monetary item is recognised directly in equity, any corresponding exchange gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in the income statement, any corresponding exchange gain or loss is recognised in income statement.

(iii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the balance sheet date.

Income and expense items are translated at exchange rates approximating those ruling on transactions dates.

All exchange differences arising from the translation of the financial statements of foreign operations are dealt with through the exchange translation reserve account within equity. On the disposal of a foreign operation, the exchange translation differences relating to that foreign operation are recognised in the income statement as part of the gain or loss on disposal.

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(s) Impairment of assets

(i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events of changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

(ii) Property, plant and equipment, land held for property development, investment in subsidiary companies and associated companies

Property, plant and equipment, land held for property development, investment in subsidiary companies and associated companies 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 fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

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.

(t) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense 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.

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(t) Employee benefits (cont'd)

(ii) Post-employment benefits

The Company and its Malaysian subsidiary companies pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Company and its Malaysian subsidiary companies is limited to the amount that they agree to contribute to the EPF. The contributions to the EPF are charged to the income statement in the period to which they relate.

Some of the Company's foreign subsidiary companies make contributions to their respective countries' statutory pension schemes which are recognised as an expense in the income statement as incurred.

(u) Borrowing costs

All borrowing costs are charged to the income statement in the period which they are incurred. The interest component of hire purchase payments is charged to the income statement over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase contract.

(v) Taxation

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

On the balance sheet, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is recognised for deductible temporary differences and unutilised tax losses only 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 the initial recognition of:

(i) goodwill, or

(ii) 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 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 difference period, directly to equity.

(w) 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 bank overdrafts and excluded fixed deposits and bank balances pledged to secure banking facilities.

Notes to the Financial Statements
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(x) 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, other investments, receivables, payables, borrowings, hire purchase liabilities 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, where relevant.

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 bank 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.

(y) Segment reporting

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expense, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

(z) Disclosure of fair value

Cash and cash equivalents, trade and other receivables, trade and other payables and short term borrowings

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

Quoted investments

The fair value of quoted investments is estimated based on quoted market prices.

Long term borrowings and debts

The carrying amounts of the Group's long term floating-rate borrowings approximate fair value.

The fair value of the Group's long term fixed-rate borrowings and debts is estimated using discounted cash flow analyses, based on current market interest rates available to the Group for similar types of lending and borrowing arrangements.

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.

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.

Notes to the Financial Statements
for the year ended 31 March 2007

2. Financial Risk Management Objectives and Policies (cont'd)

(d) Liquidity and cash flow risks

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 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.

3. Property, Plant and Equipment

Group 2007	Freehold hotel property RM'000	Freehold land and building RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Renovation, furniture, fittings and equipment RM'000	Total RM'000
Cost/Valuation						
At 1.4.2006						
- *cos*	-	-	21,333	1,459	15,026	37,818
- *2006 valuation*	125,000	-	-	-	-	125,000
- *2003 valuation*	-	900	-	-	-	900
	125,000	900	21,333	1,459	15,026	163,718
Additions	-	-	133	532	1,351	2,016
Disposals	-	-	-	(131)	(76)	(207)
Write-offs	-	-	-	-	(4)	(4)
At 31.3.2007						
- *cost*	-	-	21,466	1,860	16,297	39,623
- *2006 valuation*	125,000	-	-	-	-	125,000
- *2003 valuation*	-	900	-	-	-	900
	125,000	900	21,466	1,860	16,297	165,523
Accumulated depreciation						
At 1.4.2006	-	9	20,106	666	4,468	25,249
Charge for the year	1,367	3	309	399	2,004	4,082
Disposals	-	-	-	(126)	(69)	(195)
Write-offs	-	-	-	-	(1)	(1)
At 31.3.2007	1,367	12	20,415	939	6,402	29,135
Net book value						
At 31.3.2007						
- *cost*	-	-	1,051	921	9,895	11,867
- *2006 valuation*	123,633	-	-	-	-	123,633
- *2003 valuation*	-	888	-	-	-	888
	123,633	888	1,051	921	9,895	136,388

Notes to the Financial Statements
for the year ended 31 March 2007

3. Property, Plant and Equipment (cont'd)

Group **2006**	**Freehold hotel property RM'000**	**Freehold land and building 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*	-	-	20,882	1,144	9,518	31,544
- *2003 valuation*	108,000	900	-	-	-	108,900
	108,000	900	20,882	1,144	9,518	140,444
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*	-	900	-	-	-	900
	125,000	900	21,333	1,459	15,026	163,718
Accumulated depreciation						
At 1.4.2005	-	6	19,870	505	3,469	23,850
Charge for the year	-	3	236	318	1,230	1,787
Disposals	-	-	-	(157)	(125)	(282)
Write-offs	-	-	-	-	(106)	(106)
At 31.3.2006	-	9	20,106	666	4,468	25,249
Net book value						
At 31.3.2006						
- *cost*	-	-	1,227	793	10,558	12,578
- *2006 valuation*	125,000	-	-	-	-	125,000
- *2003 valuation*	-	891	-	-	-	891
	125,000	891	1,227	793	10,558	138,469

3. Property, Plant and Equipment (cont'd)

Company **2007**	**Freehold Land and building RM'000**	**Plant and machinery RM'000**	**Motor vehicles RM'000**	**Renovation, furniture, fittings and equipment RM'000**	**Total RM'000**
Cost/Valuation					
At 1.4.2006					
- *cost*	-	19,035	833	5,352	25,220
- *2003 valuation*	900	-	-	-	900
	900	19,035	833	5,352	26,120
Additions	-	134	462	212	808
Disposals	-	-	(131)	(9)	(140)
At 31.3.2007					
- *cost*	-	19,169	1,164	5,555	25,888
- *2003 valuation*	900	-	-	-	900
	900	19,169	1,164	5,555	26,788
Accumulated depreciation					
At 1.4.2006	9	18,268	406	650	19,333
Charge for the year	3	309	277	532	1,121
Disposals	-	-	(126)	(1)	(127)
At 31.3.2007	12	18,577	557	1,181	20,327
Net book value					
At 31.3.2007					
- *cost*	-	592	607	4,374	5,573
- *2003 valuation*	888	-	-	-	888
	888	592	607	4,374	6,461

Notes to the Financial Statements
for the year ended 31 March 2007

3. Property, Plant and Equipment (cont'd)

Company **2006**	**Freehold Land and building 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	900	-	-	-	900
	900	18,584	626	1,639	21,749
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	900	-	-	-	900
	900	19,035	833	5,352	26,120
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	-	767	427	4,702	5,896
- 2003 valuation	891	-	-	-	891
	891	767	427	4,702	6,787

The 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.

Included in the Group's property, plant and equipment are computer equipment acquired under unexpired hire purchase agreement with net book value of RM278,000 (2006 : RM330,000).

4. Investment Properties

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
At 1 April	**191,017**	191,017	**186,717**	186,717
Gain on fair value adjustments	**4,743**	-	**4,823**	-
At 31 March	**195,760**	191,017	**191,540**	186,717
Comprise:				
Freehold land and building known as *Wisma Selangor Dredging*	**170,000**	160,000	**170,000**	-
Office space in a 24-storey Office building known as *Plaza 138*	**6,640**	6,847	**2,420**	2,547
Karlton palm oil estate	**14,120**	20,600	**14,120**	20,600
Mining-Puchong	**5,000**	3,570	**5,000**	3,570
	195,760	191,017	**191,540**	186,717

In previous years, certain investment properties were included in property, plant and equipment. Following the adoption of FRS 140 Investment Property, these investment properties are now classified separately.

The fair values of the investment properties of the Group and Company at 31 March 2007 are arrived at by reference to market evidence of transaction prices for similar properties and is performed by a registered independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of property being valued.

5. Land Held for Property Development

	Freehold land at cost RM'000	**Development expenditure at cost RM'000**	**Total RM'000**
Group			
At 1 April 2006	89,294	5,387	94,681
Additions	36,038	25,785	61,823
Transfer to current assets as property development costs *(see note 11)*	(34,557)	(25,213)	(59,770)
At 31 March 2007	90,775	5,959	96,734
At 1 April 2005	37,738	1,836	39,574
Additions	51,556	3,551	55,107
At 31 March 2006	89,294	5,387	94,681

Notes to the Financial Statements
for the year ended 31 March 2007

6. Investment in Subsidiary Companies

	2007 RM'000	2006 RM'000
Unquoted shares at cost		
- ordinary shares	**23,596**	23,596
- redeemable cumulative preference shares	**38,000**	38,000
	61,596	61,596
Impairment loss	**(942)**	(1,384)
	60,654	60,212

The subsidiary companies are:

	Equity interest Direct 2007 %	Direct 2006 %	Indirect 2007 %	Indirect 2006 %	Country of incorporation	Principal activities
SDB Properties Sdn Bhd ("SDBP")	100	100	-	-	Malaysia	Property development and investment and the operation of a boutique urban resort hotel known as *Hotel Maya Kuala Lumpur*
Prestij Permai Sdn Bhd ("PP")	**-**	-	**100**	100	Malaysia	Property developer
Hayat Abadi Sdn Bhd ("HA")	**-**	-	**100**	100	Malaysia	Property developer
SDB Damansara Sdn Bhd ("SDBD")	**-**	-	**100**	100	Malaysia	Property developer
SDB SS2 Development Sdn Bhd ("SDBSS2")	**-**	-	**100**	100	Malaysia	Property developer
Seldredge Industries Sdn Berhad ("SDI")	**100**	100	**-**	-	Malaysia	Investment holding
SDB International Sdn Bhd ("SDBI")	**100**	100	**-**	-	Malaysia	Investment holding
#SDB Hotels Pty Ltd ("SDBH")	**-**	-	**100**	49	* Australia	Investment holding
ACPAC Development Pte Ltd ("ACPAC")	**-**	-	**100**	-	* Singapore	Investment in property and property developer
SDB Support Services Sdn Bhd ("SDBSS")	**100**	100	**-**	-	Malaysia	Provision of property support services
SDB Australia Pty Ltd ("SDBA")	**100**	100	**-**	-	* Australia	Investment holding

* *Subsidiary companies not audited by Moores Rowland*

\# *SDBH was classified as an associated company in the previous year*

7. Investment in Associated Company

	2007 RM'000	2006 RM'000
Unquoted ordinary shares at cost	-	*
Unquoted preference share at cost	-	17,165
	-	17,165

* *RM129*

The associated company, SDB Hotels Pty Ltd ("SDBH") is a company incorporated in Australia in which the Group owned a 49% equity interest in 2006. During the financial year, the Group acquired the remaining 51% equity interest in SDBH and SDBH became a wholly owned subsidiary company since then.

During the financial year, the Group acquired 61,091,481 ordinary shares of Australian Dollar ("AUD")1.00 each, representing 33.29% of the issued and paid up capital of Tourism, Hotels & Leisure Limited ("THL") from SDBH for a total consideration sum of AUD9,679,657.

The investment in THL was subsequently disposed of during the financial year.

The summarised financial information of the associated company as at 31 March are as follows:

	2007 RM'000	2006 RM'000
Assets and liabilities		
Total assets	-	34,289
Total liabilities	-	16,153
Results		
Revenue	-	-
Profit for the year	-	-

8. Other Investments

(a) Investments directly held by the Company

	2007 RM'000	2006 RM'000
At cost		
Shares quoted in Malaysia	**2,383**	2,568
Diminution in value	**(798)**	(798)
Carrying amount of investments directly held by the Company	**1,585**	**1,770**
Market value		
Shares quoted in Malaysia	***3,036***	*2,423*

Notes to the Financial Statements
for the year ended 31 March 2007

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 (2006 : RM3,000,000) which is managed in accordance with the terms of an investment management agreement.

	2007 RM'000	2006 RM'000
At market value		
Quoted investments	**443**	611
At cost		
Quoted investments *	**968**	722
Unit trust *	**1,000**	1,000
Receivables	**332**	8
Deposits with a licensed bank	**1,133**	970
Bank balance	**50**	50
	3,926	3,361
Less:		
Fees payable	**(6)**	(5)
Carrying amount of discretionary fund	**3,920**	**3,356**
** Market value*		
Quoted investments	**1,179**	858
Unit trust	**1,400**	1,185
Total carrying amount of other investments	**5,506**	**5,126**

9. Amounts Owing by/to Subsidiary Companies

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

The amounts owing to the subsidiary companies included under current liabilities represent unsecured interest free advances which are payable on demand.

10. Inventories

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Completed development properties at cost	**4,310**	-	**-**	-
Consumable stores at cost	**1,224**	1,246	**752**	747
	5,534	1,246	**752**	747

11. Property Development Costs

	Group	
	2007 RM'000	**2006 RM'000**
Freehold land at cost	**44,548**	44,548
Development and construction costs	**101,976**	39,736
Costs recognised as an expense in income statement in previous years	**(105,908)**	(25,865)
At 1 April	**40,616**	58,419
Costs transferred from land held for property development *(see note 5)*		
- Freehold land at cost	**34,557**	-
- Development costs	**25,213**	-
Costs incurred during the year		
- Development costs	**59,371**	62,240
	119,141	62,240
Cost recognised as an expense in income statement in current year	**(55,399)**	(80,043)
Transferred to inventories	**(4,310)**	-
At 31 March	**100,048**	40,616

12. Gross Amount Due From Customers

	Group	
	2007 RM'000	**2006 RM'000**
Aggregate contract expenditure incurred to-date	**269**	12
Attributable profit recognised to-date	**8**	1
	277	13

13. Trade Receivables

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Progress billings receivables	**12,820**	7,985	**-**	-
Other trade receivables	**1,572**	1,343	**163**	540
Total gross trade receivables	**14,392**	9,328	**163**	540
Allowance for doubtful debts	**(1)**	(185)	**-**	(185)
	14,391	9,143	**163**	355

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.

Notes to the Financial Statements
for the year ended 31 March 2007

14. Accrued Billings

	Group	
	2007 RM'000	2006 RM'000
Revenue recognised in income statement to-date	**113,930**	153,561
Progress billings to-date	**(75,102)**	(114,962)
	38,828	38,599

15. Other Receivables, Deposits and Prepayments

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Gross other receivables	**413**	404	**13**	21
Surplus assets and capital receivable upon liquidation of a subsidiary company	**8,570**	7,946	**8,570**	7,946
Proceeds receivable from disposal of investment	**65**	-	**65**	-
Interest receivables	**104**	47	**11**	14
Deposits				
- court deposit [see note 42(a)]	**8**	4,061	**8**	4,061
- purchase of land held for property development	**4,738**	-	**-**	-
- others	**1,165**	869	**192**	125
Development expenditure	**2,130**	-	**-**	-
Prepayments	**922**	951	**461**	660
	18,115	**14,278**	**9,320**	**12,827**

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

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 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	**-**	-

The deposit of RM4,738,000 is for the acquisition of Mount Emily Tower, 65 Wilkie Road, Singapore for a total consideration of RM47,382,000 pursuant to a tender submitted by ACPAC, a wholly owned subsidiary company on 28 December 2006. The land acquisition has not been completed as at 31 March 2007. The balance of the purchase consideration is disclosed as a capital commitment in note 41 below.

The development expenditure is incurred in respect of the proposed development on the land under acquisition referred to the above.

15. Other Receivables, Deposits and Prepayments (cont'd)

The currency exposure profile of other receivables, deposits and prepayments is as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
- RM	**14,075**	14,278	**9,320**	12,827
- AUD	**85**	-	**-**	-
- Singapore Dollar ("SGD")	**3,955**	-	**-**	-
	18,115	14,278	**9,320**	12,827

16. Short Term Investments

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Unit trust at cost	**13,502**	22,012	**13,502**	15,000
Market value	***13,517***	*22,158*	***13,517***	*15,136*

17. Fixed Deposits

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Fixed deposits with:				
- licensed banks	**33,677**	16,666	**6,330**	15,040
- other financial institutions	**2,255**	2,440	**-**	200
	35,932	19,106	**6,330**	15,240

The currency exposure profile of fixed deposits is as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
- RM	**10,408**	19,106	**6,330**	15,240
- AUD	**3,956**	-	**-**	-
- SGD	**21,568**	-	**-**	-
	35,932	19,106	**6,330**	15,240

Notes to the Financial Statements
for the year ended 31 March 2007

17. Fixed Deposits (cont'd)

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

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Stamp duty payable on a facility agreement	**390**	390	**390**	390
Bank guarantee facilities granted to a subsidiary company	**380**	390	**-**	-
	770	780	**390**	390

The effective interest rates range from 2.65% to 5.88% (2006 : 2.60% to 3.70%). All the deposits have maturities of 12 months or less.

18. Cash and Bank Balances

Cash and bank balances of the Group include an amount of RM6,806,000 (2006 : RM13,473,000) maintained in Housing Development Accounts. 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% (2006 : 2.0%).

Cash and bank balances of the Group also include an amount of RM35,000 (2006: RM Nil) pledged to secure bank guarantee facility granted to a subsidiary company.

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

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
- RM	**26,551**	25,137	**1,309**	6,626
- AUD	**1,316**	959	**-**	-
- SGD	**1,384**	-	**-**	-
	29,251	26,096	**1,309**	6,626

19. Share Capital

	2007 RM'000	**2006 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

20. Other Reserve (Distributable)

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

21. Unpaid Land Acquisition Cost

The unpaid land acquisition cost represents the balance of the consideration payable for the acquisition of a piece of development land. According to the sales and purchase agreement, the amount is payable as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Payable in the year ended 31 March		
2007	**-**	7,830
2008	**7,830**	7,830
	7,830	15,660
Amount payable within 12 months included under current liabilities	**(7,830)**	(7,830)
Amount payable later than one year but not later than five years included under non-current liabilities	**-**	7,830

22. Hire Purchase Liability

	Group	
	2007 RM'000	**2006 RM'000**
Total future instalments payable	**142**	264
Unexpired term charges	**(5)**	(17)
Total outstanding principal	**137**	247

	Group	
	2007 RM'000	**2006 RM'000**
Future instalments payable		
- not later than one year	**122**	122
- later than one year but not later than five years	**20**	142
Total future instalments payable	**142**	264
Outstanding principal		
- not later than one year (included under current liabilities)	**117**	110
- later than one year but not later than five years (included under non-current liabilities)	**20**	137
Total outstanding principal	**137**	247

The effective interest rate of the hire purchase liability is 6.23% (2006 : 6.23%).

Notes to the Financial Statements
for the year ended 31 March 2007

23. Bank Borrowings

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Unsecured				
Bank term loan 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 term and bearing interest at fixed rate of:				
- 4.3%	**30,000**	30,000	**30,000**	30,000
- 4.1%	**29,800**	29,800	**29,800**	29,800
Revolving credits	**50,000**	-	**20,000**	-
Secured				
Bank term loan bearing interest at fixed rate of 4.3%, repayable in full at the end of the 3 years from the date of the first drawdown with an option to convert the total amount into revolving credit at the end of the term	**30,000**	30,000	**-**	-
Revolving credits	**110,000**	103,750	**35,000**	23,750
	249,800	193,550	**114,800**	83,550

	Group 2007 RM'000	Group 2006 RM'000	Company 2007 RM'000	Company 2006 RM'000
Repayments due				
- not later than one year	**43,750**	20,000	**-**	5,000
- later than one year but not later than two years	**93,550**	25,417	**59,800**	5,000
- later than two years but not later than five years	**67,833**	148,133	**27,000**	73,550
- later than five years	**44,667**	-	**28,000**	-
	249,800	193,550	**114,800**	83,550
Repayments due within 12 months *(included under current liabilities)*	**(43,750)**	(20,000)	**-**	(5,000)
Repayments due after 12 months *(included under non-current liabilities)*	**206,050**	173,550	**114,800**	78,550

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.

23. Bank Borrowings (cont'd)

The revolving credits bear interest from 0.55% to 0.90% (2006 : 0.75% to 1.25%) above the cost of funds of the respective lending banks. The effective interest rates range from 4.59% to 4.63% (2006 : 4.10% to 4.47%) for the Group and from 4.47% to 4.63% (2006 : 4.10% to 4.46%) for the Company.

24. Deferred Tax Liabilities

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
At 1 April	**6,252**	7,569	**6,201**	6,186
Effect of exemption on Real Property Gains Tax	**(6,242)**	-	**(6,193)**	-
Transfer (to)/from				
- income statement	**(10)**	12	**(8)**	15
- revaluation reserve	**-**	(1,329)	**-**	-
At 31 March	**-**	6,252	**-**	6,201

The deferred tax liabilities on temporary differences recognised in the financial statements are as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Tax effects of:				
- surplus on revaluation of investment properties	**-**	6,242	**-**	6,193
- excess of capital allowances over accumulated depreciation on property, plant and equipment	**-**	14	**-**	8
- other temporary differences	**-**	(4)	**-**	-
	-	6,252	**-**	6,201

Further, the following temporary differences and unused tax losses exist as at 31 March the deferred tax benefits of which have not been recognised in the financial statements:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Unabsorbed tax losses	**10,663**	26,043	**-**	-
Unabsorbed capital allowances	**19,384**	11,780	**-**	-
Excess of capital allowances over accumulated depreciation on property, plant and equipment	**(8,517)**	(2,149)	**-**	-
Excess of accumulated depreciation on property, plant and equipment over capital allowances claimed	**265**	-	**265**	-
	21,795	35,674	**265**	-

Notes to the Financial Statements
for the year ended 31 March 2007

25. Trade Payables

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Sub-contractors' claims	**12,161**	6,321	**-**	-
Retention sums	**7,482**	3,167	**-**	-
Accrued property development cost	**12,764**	6,717	**-**	-
Others	**5,114**	1,154	**-**	-
	37,521	17,359	**-**	-

The normal credit terms extended by suppliers from 30 to 60 days. Retention sums are payable upon the expiry of the defect liability periods of 12 to 18 months.

26. Other Payables and Accruals

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Sundry payables, deposits and accruals	**2,782**	2,704	**791**	929
Interest payables	**821**	372	**364**	228
Tenants' deposits	**4,172**	4,084	**4,172**	4,084
Cost of hotel refurbishment payable	**2,565**	3,184	**-**	-
Rental received in advance	**289**	283	**289**	283
Deposits received from house purchasers	**2,210**	-	**-**	-
	12,839	10,627	**5,616**	5,524

27. Amount Owing to an Associated Company

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

	2007 RM'000	**2006 RM'000**
- RM	**-**	8,979
- AUD	**-**	933
	-	9,912

The amount owing to the associated company in 2006 amounting to RM8,979,000 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 which are payable on demand.

28. Revenue

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Property development revenue	**74,914**	117,105	**-**	-
Gross rental income	**17,775**	15,703	**17,345**	15,251
Sale of hotel rooms, food and beverages and other ancillary services	**13,649**	4,859	**-**	-
Renovation income	**1,157**	92	**-**	-
	107,495	137,759	**17,345**	15,251

29. Cost of Sales

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cost of property development	**55,625**	80,170	**-**	-
Cost of letting of properties	**10,210**	9,286	**9,876**	8,919
Cost of hotel services rendered	**8,821**	6,297	**-**	-
Cost of renovation	**830**	74	**-**	-
	75,486	95,827	**9,876**	8,919

30. Profit from Operations

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Profit from operations is stated after charging:				
Auditors' remuneration				
- statutory audit				
• current year	**81**	58	**14**	14
• underprovision in prior year	**3**	18	**-**	-
- special audit	**34**	31	**9**	9
Bad and doubtful debts	**2**	96	**-**	50
Depreciation	**4,082**	1,787	**1,121**	719
Direct operating expenses on revenue generating investment properties	**10,210**	9,286	**9,876**	8,919
Directors' remuneration				
- Company's directors:				
• fees	**182**	182	**170**	170
• other emoluments	**1,021**	1,021	**546**	546
- subsidiary companies' directors:				
• fees	**4**	4	**-**	-
Property, plant and equipment written off	**3**	8	**-**	8
Rental of premises	**-**	354	**-**	-
Realised loss on foreign exchange	**1,020**	-	**-**	-

Notes to the Financial Statements
for the year ended 31 March 2007

30. Profit from Operations (cont'd)

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
and crediting:				
Allowance for doubtful debts no longer required	**-**	35	**-**	35
Gain on disposal of property, plant and equipment	**96**	81	**82**	66
Gain on foreign exchange				
- reliased	**25**	9	**-**	-
- unrealised	**465**	-	**-**	-
Interest income	**413**	310	**-**	-
Rental income	**5**	-	**-**	-

31. Net Profit from Investing Activities

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Gross dividends income	**875**	275	**514**	252
Interest income	**1,913**	1,044	**5,272**	2,199
Surplus arising from liquidation of a subsidiary company (see note 38)	**632**	333	**632**	333
Gain on disposal of				
- investments	**1,065**	-	**994**	-
- an associated company	**7,904**	-	**-**	-
Diminution in value of investments written back	**34**	-	**34**	-
Impairment in value of investment in a subsidiary company written back	**-**	-	**442**	-
Discount on acquisition of a subsidiary company written off	**179**	-	**-**	-
Gain on fair value adjustment on investment properties	**4,743**	-	**4,823**	-
	17,345	1,652	**12,711**	2,784
Loss on disposal of investments	**-**	(21)	**-**	(27)
Diminution in value of investments	**-**	(90)	**-**	(90)
Goodwill on acquisition of a subsidiary company written off	**(3)**	-	**-**	-
	17,342	1,541	**12,711**	2,667

32. Finance Costs

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Interest paid and payable on:				
Revolving credits	**6,967**	3,871	**2,318**	1,088
Term loans	**3,802**	1,415	**2,512**	984
Hire purchase liability	**12**	16	**-**	-
Others	**278**	-	**-**	-
	11,059	5,302	**4,830**	2,072

33. Taxation

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Malaysian taxation based on results for the year				
- current	**(725)**	9,189	**2,150**	1,950
- deferred	**78**	6	**80**	6
	(647)	9,195	**2,230**	1,956
(Over)/Underprovision in prior years				
- current	**(389)**	(9)	**(394)**	77
- deferred	**(88)**	6	**(88)**	9
	(1,124)	9,192	**1,748**	2,042

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	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Accounting profit	**21,430**	25,544	**13,728**	6,064
Taxation at applicable statutory tax rates	**6,031**	8,238	**3,707**	1,698
Tax effects arising from:				
- non-taxable income				
• gain on fair value adjustments on investment properties	**(1,281)**	-	**(1,302)**	-
• gain on disposal of an associated company	**(2,103)**	-	**-**	-
• others	**(994)**	(144)	**(684)**	(118)
- non-deductible expenses	**2,157**	1,016	**438**	376
(Reversal of)/Additions to deferred tax assets not recognised	**(4,457)**	85	**71**	-
(Over)/Underprovision in prior years	**(477)**	(3)	**(482)**	86
	(1,124)	9,192	**1,748**	2,042

Notes to the Financial Statements
for the year ended 31 March 2007

33. Taxation (cont'd)

Subject to agreement with the Inland Revenue Board, based on the 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.

34. Basic Earnings Per Share

The basic earnings per share is calculated by dividing the Group's profit for the year of RM23,082,000 (2006 : RM16,352,000) by the number of shares in issue of 426,127,662 (2006 : 426,127,662) during the financial year.

35. Dividends

	2007 RM'000	2006 RM'000
First and final dividend of 3% less 28% income tax in respect of the year ended 31 March 2005	-	4,602
First and final dividend of 3% less 28% income tax in respect of the year ended 31 March 2006	**4,602**	-
	4,602	4,602

Subsequent to 31 March 2007, the directors recommended the payment of a first and final dividend of 3% less 27% income tax amounting to RM4,666,098.

36. Purchase of Property, Plant and Equipment

	Group		Company	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Aggregate cost of property, plant and equipment acquired	**2,016**	50,280	**808**	4,625
Financed via hire purchase arrangement	-	(333)	-	-
Unpaid balance included under other payables and accruals (see note 26)	-	(3,184)	-	-
Cash paid in respect of prior year acquisition	**619**	-	-	-
Cash paid during the year	**2,635**	46,763	**808**	4,625

37. Acquisition of Shares in Subsidiary Companies

During the financial year, the Group acquired a 100% equity interest in ACPAC and an additional 51% equity interest in an associated company, SDBH.

In the previous year, the Group acquired a 100% equity interest in SDBSS2.

Details of the acquisitions are as follows:

Name of subsidiary companies acquired	Purchase consideration RM'000	Group's effective interest %	Effective acquisition date
2007			
ACPAC	*	100%	19 December 2006
SDBH	**	51%	26 June 2006
2006			
SDBSS2	*	100%	28 March 2006
SDBA	28	100%	8 February 2006

* Represent RM2
** Represent RM8

Subsequent to the acquisition of ACPAC during the financial year, the Group subscribed for additional 1,000,000 ordinary shares of SGD1.00 each in ACPAC at par for a total consideration of RM2,314,000.

Details of the assets, liabilities and net cash outflow arising from the acquisition of the subsidiary companies were as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Investments	**6,162**	-
Other receivables and deposits	**30,897**	-
Cash and bank balances	**850**	961
Other payables and accruals	**(37,561)**	(933)
Net assets acquired	**348**	28
Previously equity accounted for	**(172)**	-
Goodwill on acquisition	**3**	-
Discount on acquisition	**(179)**	-
Total purchase consideration	*****	28
Less: Cash and cash equivalents acquired	**850**	-
Net cash inflow on acquisition during the year	**850**	28

* *represent RM2*

Notes to the Financial Statements
for the year ended 31 March 2007

37. Acquisition of Shares in Subsidiary Companies (cont'd)

The revenue and loss for the year in which the acquisition took place and their post acquisition contribution included in the consolidated income statements were as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Revenue		
During the financial year	**-**	-
Pre-acquisition	**-**	-
Post-acquisition	**-**	-
Loss for the year		
During the financial year	**(191)**	(9)
Pre-acquisition	**347**	-
Post-acquisition	**(538)**	(9)

The net assets of the acquired subsidiary companies included in the consolidated balance sheet at the end of the financial years were as follows:

	Group	
	2007 RM'000	**2006 RM'000**
Current assets	**12,589**	71
Non-current liabilities	**-**	(10)
Current liabilities	**(10,465)**	(42)
Group's share of net assets/(liabilities)	**2,124**	19

38. Surplus from Liquidation of a Subsidiary Company

There were no subsidiary company under liquidation during 2006 and 2007.

The surplus from liquidation was an additional distribution by Oriental Metal (M) Sdn Bhd which was put under liquidation in 2005.

39. Employee Information

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Staff costs (include executive directors' emoluments)	**12,824**	12,210	**3,706**	3,779

Included in the staff costs are EPF contributions amounting to RM1,229,000 (2006 : RM1,165,000) for the Group and RM323,000 (2006 : RM339,000) for the Company.

40. Related Parties

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

Transactions with subsidiary companies

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Interest receivable from SDBP	**-**	-	**4,830**	1,493
Rental receivable from SDBP	**-**	-	**599**	571
Rental receivable from SDBSS	**-**	-	**221**	11
Security management fee received/receivable from PP	**-**	-	**122**	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	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
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 Klinik Ian Ong, a clinic belonging to a close family member of Ms Teh Lip Kim	**43**	48	**20**	23
Consultancy fee paid to Providence Capital Sdn Bhd, a company in which Mr Eddy Chieng Ing Huong has interest	**144**	144	**144**	144
Acquisition of 51% equity interest in SDBH from Mr Eddy Chieng Ing Huong, Ms Teh Lip Kim and a close family member of Mr Eddy Chieng Ing Huong	*****	-	**-**	-

* *Represent RM8*

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

Notes to the Financial Statements
for the year ended 31 March 2007

40. Related Parties (cont'd)

Non-trade balances with the related parties as at 31 March were as follows:

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Balance of advances owing by				
- SDBP	**-**	-	**184,536**	153,094
- SDBSS	**-**	-	**3,646**	617
- SDBI	**-**	-	**26,182**	8,185
- SDI	**-**	-	**2**	-
Balance of advances owing to				
- SDBP	**-**	-	**5**	-
- SDBSS	**-**	-	**129**	-

41. Commitments

	Group		Company	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Authorised acquisition of property, plant and equipment not provided for in the financial statements - not contracted	**-**	35,000	**-**	-
Contractual commitment to purchase development land in 65, Wilkie Road, Singapore *(see note 15)*	**42,644**	-	**-**	-

42. Contingent Liabilities (Unsecured)

(a) Mutiara Metropolis Matter

The legal suit against the Company by a former tenant, Mutiara Metropolis Sdn Bhd ("MMSB") as disclosed in the financial statements in previous years was settled out of court during the financial year.

(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.

42. Contingent Liabilities (Unsecured) (cont'd)

(b) Radisson Hotel Matter (cont'd)

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 full trial from 22 to 25 October 2007.

(c)

	Company	
	2007 RM'000	**2006 RM'000**
Corporate guarantees given to a bank for credit facility granted to a subsidiary company	**50,000**	50,000

43. Segmental Analysis

2007	**Property investment RM'000**	**Hotel operations RM'000**	**Investment holding RM'000**	**Property development RM'000**	**Others RM'000**	**Elimination RM'000**	**Consolidated RM'000**
REVENUE							
External sales	17,775	13,649	-	74,914	1,157	-	107,495
Inter-segment sales	819	-	-	-	-	(819)	-
Total revenue	18,594	13,649	-	74,914	1,157	(819)	107,495
RESULT							
Segment result	6,551	(5,662)	(479)	18,004	(468)	(819)	17,127
Unallocated corporate expenses							(1,980)
Profit from operations							15,147
Net profit from investing activities							17,342
Share of profit of associated company							528
Finance costs							(11,059)
Profit before taxation							21,958
Taxation							1,124
Profit for the year							23,082
OTHER INFORMATION							
Segment assets	204,901	130,743	-	279,546	1,694	-	616,884
Investing assets	-	-	62,663	-	-	-	62,663
Current tax assets	-	-	-	-	5,105	-	5,105
Other unallocated corporate assets	-	-	-	-	10,719	-	10,719
Consolidated total assets							695,371
Segment liabilities	(4,737)	(3,287)	(29)	(46,071)	(1,064)	-	(55,188)
Current and deferred tax liabilities	-	-	-	-	(1)	-	(1)
Other unallocated corporate liabilities	-	-	-	-	-	-	(252,939)
Consolidated total liabilities							(308,128)
Capital expenditure	186	864	-	-	966		
Depreciation	424	2,543	-	-	1,115		
Other non-cash (income)/expenses	(80)	-	(15,461)	-	(97)		

Notes to the Financial Statements
for the year ended 31 March 2007

43. Segmental Analysis (cont'd)

2006	Property investment RM'000	Hotel operations RM'000	Investment holding RM'000	Property development RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE							
External sales	15,703	4,859	-	117,105	92	-	137,759
Inter-segment sales	582	-	-	-	-	(582)	-
Total revenue	16,285	4,859	-	117,105	92	(582)	137,759
RESULT							
Segment result	5,877	(10,091)	(2)	36,256	(5)	(582)	31,453
Unallocated corporate expenses							(2,148)
Profit from operations							29,305
Net profit from investing activities							1,541
Finance costs							(5,302)
Profit before taxation							25,544
Taxation							(9,192)
Profit for the year							16,352
OTHER INFORMATION							
Segment assets	211,245	132,898	-	196,429	311	-	540,883
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		

(a) Primary reporting format - business segment

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

(i) Property investment - letting of commercial properties
(ii) Hotel operations - operation of hotel and related services
(iii) Investment holding - investment holding
(iv) Property development - property development
(v) 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.

43. Segmental Analysis (cont'd)

(b) Secondary reporting format - geographical segment

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

44. Comparative Figures

The financial statements are presented in accordance with the FRSs for the first time together with the relevant comparatives.

The following comparative figures have been restated to conform with the adoption of *FRS 140 Investment Property* during the financial year.

	Group		Company	
	As restated RM'000	As previously stated RM'000	As restated RM'000	As previously stated RM'000
Balance sheet				
Property, plant and equipment	138,469	162,639	6,787	30,957
Investment properties	191,017	166,847	186,717	162,547

45. 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 approximated their fair values except as follows:

	Group		Company	
2007	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Other investments				
Shares quoted in Malaysia	2,996	4,658	2,996	4,658
Unit trust	1,000	1,400	1,000	1,400
	3,996	6,058	3,996	6,058
Amounts owing by subsidiary companies	-	-	214,366	*
Short term investments				
Unit trust	13,502	13,517	13,502	13,517
Bank borrowings				
Bank term loan I	30,000	29,949	30,000	29,949
Bank term loan II	29,800	29,663	29,800	29,663
Bank term loan III	30,000	29,949	-	-
	89,800	89,561	59,800	59,612

Notes to the Financial Statements
for the year ended 31 March 2007

45. Financial Instruments (cont'd)

	Group		Company	
2006	**Carrying amount RM'000**	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Other investments				
Shares quoted in Malaysia	3,103	3,892	3,103	3,892
Unit trust	1,000	1,185	1,000	1,185
	4,013	5,077	4,103	5,077
Amounts owing by subsidiary companies	-	-	161,896	*
Short term investments				
Unit trust	22,012	22,158	15,000	15,136
Bank borrowings				
Bank term loan I	30,000	29,920	30,000	29,920
Bank term loan II	29,800	29,578	29,800	29,578
Bank term loan III	30,000	29,920	-	-
	89,800	89,418	59,800	59,498

* *It is not practical to estimate the fair values of the amounts owing by subsidiary companies due principally to the absence of fixed repayment terms. However, the Company does not anticipate the carrying amounts to be significantly different from the values that it would eventually receive.*

46. Subsequent Event

On 8 May 2007, a subsidiary company, SDBI, acquired 5 ordinary shares of SGD1.00 each in Chedstone Investment Holdings Pte Ltd ("Chedstone"), representing 50% of the equity interest of Chedstone, for a total cash consideration of SGD5.00. The principal activities of Chedstone are investment in property and property development.

47. Authorisation For Issue of Financial Statements

These financial statements were authorised for issue on 22 May 2007 by the board of directors.

Statement by Directors

In the opinion of the directors, the financial statements set out on pages 41 to 94 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 2007 and of their results and cash flows for the year ended on that date;

(b) in accordance with applicable MASB Approved Accounting Standards for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

Signed on behalf of the directors in accordance with a directors' resolution dated 22 May 2007.

EDDY CHIENG ING HUONG	TEH LIP KIM
Director	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 41 to 94 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 22 May 2007)
)
)
)
Before me:) LOONG CHING HONG

Robert Lim Hock Kee
Commissioner for Oaths

Kuala Lumpur
22 May 2007

Analysis of Shareholdings
as at 29 June 2007

Financial year ended : 31 March 2007

Class of stock : RM0.50 ordinary share

Voting rights : 1 vote per share

ANALYSIS OF SHAREHOLDINGS AS AT 29 JUNE 2007

	Number of Holders	Holdings	Total Holdings	%
	150	less than 100	3,779	0.00
	2,763	100 - 1,000	2,601,060	0.61
	8,463	1,001 - 10,000	38,225,647	8.97
	1,936	10,001 - 100,000	55,477,518	13.02
	179	100,001 to less than 5% of issued shares	97,236,135	22.81
	7	5% and above of issued shares	232,503,523	54.50
Total	**13,498**		**426,127,662**	**100.00**

DIRECTORS' SHAREHOLDINGS AS AT 29 JUNE 2007

	No. of Share			
Name of Directors	Direct Holding	Percentage %	Indirect Holding	Percentage %
1. Mr Eddy Chieng Ing Huong	-	-	-	-
2. Ms Teh Lip Kim	54,324,196	12.75	160,219,756	37.60
3. Dato' Mohd Ismail Bin Che Rus	-	-	-	-
4. Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40
5. Mr Tee Keng Hoon	-	-	-	-

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS AT 29 JUNE 2007

Name of Shareholders	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	54,324,196	12.75	160,219,756	37.60
4. Dr Teh Lip Bin	2,000,000	0.47	154,352,456	36.22
5. Ms Teh Lip Pink	425,000	0.10	65,629,978	15.40

LIST OF 30 LARGEST SHAREHOLDERS AS AT 29 JUNE 2007

	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 Lip Kim	28,774,800	6.75
5.	Teh Kien Toh Sdn Berhad	27,729,230	6.51
6.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for UBS AG Singapore (Foreign)	26,837,600	6.30
7.	Teh Lip Kim	22,618,667	5.31
8.	Chan Keong Hon Sdn Bhd	6,625,080	1.55
9.	Cimsec Nominees (Asing) Sdn Bhd Exempt An for CIMB-GK Securities Pte Ltd (Retail Clients)	6,047,451	1.42
10.	Teh Wan Sang & Sons Housing Development Sdn Bhd	5,867,300	1.38
11.	Ng Chin Siu & Sons Rubber Estates Sdn Bhd	3,836,800	0.90
12.	Citigroup Nominees (Asing) Sdn Bhd Exempt An for Merrill Lynch International (Prime Broker)	3,041,600	0.71
13.	Teh Lip Kim	2,930,729	0.69
14.	Permodalan Negeri Selangor Berhad	2,896,000	0.68
15.	Pyrmont Holdings Sdn Bhd	2,616,500	0.61
16.	Daya Sebati Sdn Bhd	2,191,400	0.51
17.	Teh Lip Bin	2,000,000	0.47
18.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sow Gek Pong (MLK)	1,766,000	0.41
19.	Hauw Soei Foan	1,644,000	0.38
20.	HSBC Nominees (Asing) Sdn Bhd Wu, Yu-Lan	1,600,000	0.37
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for The Hwang-DBS Select Opportunity Fund (3969)	1,500,500	0.35
22.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Keong Hon Sdn Bhd (01-00600-000)	1,500,000	0.35
23.	HLG Nominee (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,344,532	0.31
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Funds	1,312,700	0.31
25.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ulysses Sdn Bhd (KLC)	1,232,779	0.29
26.	HLB Nominees (Asing) Sdn Bhd Pledged Securities Account for Lau Hwee Tiang (SIN 9986-1)	1,200,000	0.28
27.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,118,200	0.26
28.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged Securities Account for Chan Shook Yuen @ Janett Chan (01-00815-000)	1,000,000	0.23
29.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Bryan Nicholas Lee Mun Hei (MLK)	1,000,000	0.23
30.	Kenanga Investment Bank Berhad IVT (B1)	990,000	0.23
		287,845,094	**67.55**

List of Properties

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2007 (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)	22	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)	10	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)	37	888	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
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)	10	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)	10	4,300	15 March 2003

Properties	Description	Land area/ (Built-up area) (Square feet)	Tenure (Expiry)	Age of building (Years)	Net book value as at 31.3.2007 (RM'000)	Date of last revaluation (Date of acquisition)
SUBSIDIARIES (cont'd)						
GM257 Lot 501, GM223 Lot 502, GM224 Lot 503, Mukim Ulu Kelang, Daerah Gombak	Development Land - 20 Trees 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 - 20 Trees Project	239,583	Freehold (N/A)	-	4,608	(24 September 2004)
GM 272, Lot 565, Mukim Ulu Klang, Daerah Gombak	Development Land - 20 Trees 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)
2/3 of GM101, Lot 20196 Tempat Batu 7 $^1/_2$, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor	Development Land – Ameera Project	119,006	Freehold (N/A)	-	10,276	(3 April 2006)
2/3 of GM103, Lot 22728 Tempat Batu 7 $^1/_2$, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor	Development Land – Ameera Project	122,665	Freehold (N/A)	-	10,592	(3 April 2006)
2/3 of GM99, Lot 22729 Tempat Batu 7 $^1/_2$, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor	Development Land – Ameera Project	123,144	Freehold (N/A)	-	10,632	(3 April 2006)

Appendix I

DETAILS OF THE PROPOSED AMENDMENTS TO THE ARTICLES OF THE COMPANY

It is proposed that the Articles of Association of the Company be amended in the following manner:

1. Article 2 - Definitions

i. THAT the words Central Depository be replaced with the word "Depository" wherever the said words appear in the Articles.

ii. THAT the existing definition of "Central Depository" which reads as follows:

"Central Depository – Malaysian Central Depository Sdn. Bhd."

be amended by deleting the definition of "Central Depository" in its entirety and substituting with the following:

"Depository – Bursa Malaysia Depository Sdn. Bhd."

iii. THAT the existing definition of "Deposited Security" which reads as follows:

"Deposited Security – The securities in the Company standing to the credit of a securities account of a Depositor and includes such securities in a securities account that is in suspense."

be amended by deleting the definition of "Deposited Security" in its entirety and substituting with the following:

"Deposited Security – shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991."

iv. THAT the existing definition of "Exchange" which reads as follows:

"Exchange – Kuala Lumpur Stock Exchange"

be amended by deleting the definition of "Exchange" in its entirety and substituting with the following:

"Exchange – Bursa Malaysia Securities Berhad"

v. THAT the existing definition of "Rules" which reads as follows:

"Rule – The Rule of the Central Depository"

be amended by deleting the definition of "Rule" in its entirety and substituting with the following:

"Rule – shall have the meaning given in section 2 of the Securities Industry (Central Depositories) Act 1991."

2. Article 4 – Allotment of Shares

i. THAT the existing Article 4(c) reads as follows be deleted in its entirety and the existing Articles 4(d) to 4(e) are renumbered as Articles 4(c) to 4(d):

"in the case of shares, other than ordinary shares, no special rights shall be attached until the same have been expressed in these Articles;"

ii. THAT the existing Article 4(e) which is renumbered as the new Article 4(d) reads as follows:

"every issue of shares or options to employees of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options to employees unless:

(i) the Members in general meeting have approved of the specific allotment to be made to such Directors; and

(ii) **such Director holds office in the Company in an executive capacity;**

Provided Always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue."

be amended by deleting the words **"(ii) such Director holds office in the Company in an executive capacity",** the amended Article 4(d) shall read as follows:

"4(d) every issue of shares or options to employees of the Company shall be approved by the Members in general meeting and no Director shall participate in such issues of shares or options to employees unless the Members in general meeting have approved of the specific allotment to be made to such Directors.

Provided Always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue."

3. Article 5 – Rights of Preference Shareholders

THAT the existing Article 5 which reads as follows:

"Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed **but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time** and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending meetings of the Company. Preference shareholders shall also have the right to vote in each of the following circumstances:

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the share;

(e) on a proposal to wind up the Company; and

(f) during the winding up of the Company.

Preference shareholders are entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up."

Appendix I

3. Article 5 – Rights of Preference Shareholders (cont'd)

be amended by deleting the words **"but the total nominal value of the issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time"** and last sentence **"Preference shareholders are entitled to a return of capital in preference to holders of ordinary shares when the Company is wound up",** the amended Article 5 shall read as follows:

"5 Subject to the Act, any preference shares may with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed and the Company shall not issue preference shares ranking in priority above preference shares already issued, but may issue preference shares ranking equally therewith. Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending meetings of the Company. Preference shareholders shall also have the right to vote in each of the following circumstances:

(a) when the dividend or part of the dividend on the share is in arrears for more than six (6) months;

(b) on a proposal to reduce the Company's share capital;

(c) on a proposal for the disposal of the whole of the Company's property, business and undertaking;

(d) on a proposal that affects rights attached to the share;

(e) on a proposal to wind up the Company; and

(f) during the winding up of the Company."

4. Article 7 – Power to issue Preference Shares

THAT the existing Article 7 which reads as follows:

"The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit, **provided that the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time."**

be amended by deleting the last sentence **"provided that the total nominal value of issued preference shares shall not exceed the total nominal value of the issued ordinary shares at any time"**, the amended Article 7 shall read as follows:

"7 The Company shall have power to issue preference shares carrying a right to redemption out of profits or liable to be redeemed at the option of the Company and the Directors may, subject to the provisions of the Act, redeem such shares on such terms and in such manner and either at par or at a premium as they may think fit."

5. Article 35 - Transmission of Securities

THAT a new Article 35 which reads as follows to be inserted immediately after existing Article 34 and the existing Articles 35 to 111 are renumbered as Articles 36 to 112:

"35 Where:

(a) the securities of a company are listed on another stock exchange; and

(b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,

such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities."

6. Article 53 – Notice of Meeting

THAT the existing Article 53 which is renumbered as new Article 54 reads as follows:

"Subject to Article 54 and to the provisions of the Act relating to convening meetings to pass special resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of meeting called to consider special business shall also specify the general nature of such business and be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least fourteen (14) days notice or twenty one (21) days notice where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange upon which the Company is listed such that notice of all meetings shall be given to such stock exchange and advertised in the press at the same time as shareholders are notified."

be amended by substituting the reference **"Article 54"** with reference **"Article 55"** and replacing the words **"the daily press"** with the words **"at least 1 nationally circulated Bahasa Malaysia or English daily newspaper"** and the amended Article 54 shall read as follows:

"54 Subject to **Article 55** and to the provisions of the Act relating to convening meetings to pass special resolutions, every notice convening meetings shall specify the place, the day and the hour of the meeting and shall be given to all Members at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of meeting called to consider special business shall also specify the general nature of such business and be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business and shall be given in the manner hereinafter mentioned to such persons as are under the provisions of these Articles entitled to receive notice of general meetings from the Company. At least fourteen (14) days notice or twenty one (21) days notice where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in **at least 1 nationally circulated Bahasa Malaysia or English daily newspaper** and in writing to each stock exchange upon which the Company is listed such that notice of all meetings shall be given to such stock exchange and advertised in the press at the same time as shareholders are notified."

7. Article 54(b) – Record of Depositors

THAT the existing Article 54(b) which is renumbered as new Article 55(b) reads as follows:

"The Company shall also request the Central Depository in accordance with the Rules, to issue a Record of Depositors, as at a date not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")."

be amended by replacing the words **"a date"** with the words **"the latest date which is reasonably practicable which shall in any event be"**, the amended Article 55(b) shall read as follows:

"55(b) The Company shall also request the Depository in accordance with the Rules, to issue a Record of Depositors, as at the latest date **which is reasonably practicable which shall in any event be** not less than three (3) Market Days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors")."

Appendix I

8. Article 56 – Entitlement to Appoint Proxy

THAT the existing Article 56 which is renumbered as new Article 57 reads as follows:

"In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled subject to Article 75 to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not also be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company."

be amended by substituting the reference **"Article 75"** with reference **"Article 76"**, the amended Article 57 shall read as follows:

"57 In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled subject to **Article 76** to appoint one (1) or more proxies to attend and vote instead of him, and that a proxy need not also be a Member and the provisions of Section 149(1)(b) of the Act shall not apply to the Company."

9. Article 66 – Voting

THAT the existing Article 66 which is renumbered as new Article 67 reads as follows:

"Subject to Article 54 and to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or by attorney on any question and on a show of hands every person who is a Member or representative or proxy of a Member shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds."

be amended by substituting the reference **"Article 54"** with reference **"Article 55"** and adding the words **"personally present and entitled to vote"** to the sentence, the amended Article 67 shall read as follows:

"67 Subject to **Article 55** and to any rights or restrictions for the time being attached to any classes of shares, at meetings of Members or classes of Members each Member entitled to vote may vote in person or by proxy or by attorney on any question and on a show of hands every person who is a Member **personally present and entitled to vote** or representative or proxy of a Member or shall have one (1) vote, and on a poll every Member present in person or by proxy or by attorney or other duly authorised representative shall have one (1) vote for each share he holds."

10. Article 67 - Entitlement to vote only when all calls have been paid

THAT the existing Article 67 which is renumbered as new Article 68 reads as follows:

"Subject to Article 54, a registered holder of ordinary shares shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid. No Member shall be entitled to vote on any question upon a poll in respect of any of the shares of such Member on which any calls shall be due and presently payable to the Company."

be amended by substituting the reference **"Article 54"** with reference **"Article 55"**, the amended Article shall read as follows:

"68 Subject to **Article 55**, a registered holder of ordinary shares shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the Company have been paid. No Member shall be entitled to vote on any question upon a poll in respect of any of the shares of such Member on which any calls shall be due and presently payable to the Company."

11. Article 89(c) – Directors' Remuneration

THAT the existing Article 89(c) which is renumbered as new Article 90(c) reads as follows:

"Save as provided in Article 89(a) hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another but shall not include a commission on or percentage of turnover) as the Directors may determine."

be amended by substituting the reference **"Article 89(a)"** with reference **"Article 90(a)"**, the amended **Article 90(c)** shall read as follows:

"90(c) Save as provided in Article **90(a)** hereof, an executive Director shall, subject to the terms of any agreement (if any) entered into in any particular case, receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another but shall not include a commission on or percentage of turnover) as the Directors may determine."

12. Article 91 – Disqualification of Directors

i. THAT the existing Article 91(f) which is renumbered as new Article 92(f) reads as follows:

"is absent for more than 50% of the total board of directors' meetings held during a financial year."

be amended by adding the words **"unless an exemption or waiver is obtained from the Exchange"** to the sentence, the amended Article 92(f) shall read as follows:

"92(f) is absent for more than 50% of the total board of directors' meetings held during a financial year, **unless an exemption or waiver is obtained from the Exchange."**

ii. THAT a new Article 92(g) be inserted after amended Article 92(f) and reads as follows:

"92(g) is convicted by a court of law, whether within Malaysia or elsewhere, in relation to the offences:

(1) in connection with the promotion, formation or management of a company;

(2) involving fraud or dishonesty or where the conviction involved a finding that he acted fraudulently or dishonestly; or

(3) under the securities laws or the Companies Act 1965,

within a period of 5 years from the date of conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be."

13. Article 93(c) - Prior Approval of Company Required

THAT the existing Article 93(c) which is renumbered as new Article 94(c) reads as follows:

"enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value referred to in Article 93(a) above."

be amended by substituting the reference "**Article 93(a)**" with reference "**Article 94(a)**", the amended Article 94(c) shall read as follows:

"94(c) enter into any arrangement or transaction with a Director of the Company or its holding company or with a person connected with such a Director to acquire from or dispose to such a Director or person any non-cash assets of the requisite value referred to in **Article 94(a)** above."

Appendix I

14. Article 112 – Power to Vote

THAT the existing Article 112 reads as follows be deleted in its entirety:

"A Director may vote in respect of:

(a) any arrangement for giving the Director himself or any other Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(b) any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself or any other Director has assumed responsibility in whole or in part under a guarantee or indemnity or by deposit of a security."

15. Article 136 - To Whom Copies of Profit and Loss Account etc. may be sent

THAT the existing Article 136 which reads as follows:

"The Directors shall from time to time in accordance with the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports relating to it shall not exceed four (4) months. A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year for the receipt of notice of the meeting pursuant to Article 53) be sent to every Member of, and to every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or Articles 156, 157, 158, 159, and 160. The requisite number of copies of each such document shall at the same time be sent to each stock exchange upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office."

be amended by substituting the reference "**Article 53**" with reference "**Article 54**" and the reference "Articles 156, 157, 158, 159, and 160" with reference "**Articles 156, 157, 158 and 159**", the amended **Article 136** shall read as follows:

"136 The Directors shall from time to time in accordance with the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets and report as are referred to in the Act. The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' reports relating to it shall not exceed four (4) months. A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting (or such shorter period as may be agreed in any year for the receipt of notice of the meeting pursuant to **Article 54**) be sent to every Member of, and to every holder of debenture of the Company and to every other person who is entitled to receive notices from the Company under the provisions of the Act or **Articles 156, 157, 158 and 159**. The requisite number of copies of each such document shall at the same time be sent to each stock exchange upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of joint holders but any Member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office."

16. Article 159 – How Joint Holders of Shares may be served

THAT the existing Article 159 reads as follows be deleted in its entirety and the existing Articles 160 to 166 are renumbered as Articles 159 to 165:

"All notices to be served to the Members shall with respect to any share to which persons are jointly entitled, be served to such person who is named first in the Register of Members, and any notice so given shall be sufficient notice to all joint holders."

17. Article 166(b) – Alternation of Articles

THAT the existing Article 166(b) which is renumbered as new Article 165(b) reads as follows be deleted in its entirety:

"The articles of each subsidiary company of the Company must contain the provisions as stated in Articles 91 (a), (c) and (f), 94 (b) and 116 above and such other provision or provisions, if any, as may be required by the Exchange whether in the Listing Requirements or otherwise."

This page has been intentionally left blank

SDB Selangor Dredging Berhad (4624-U)
(Incorporated in Malaysia)

Proxy Form

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. ______________________
(full name as per NRIC in block capitals) (new and old NRIC Nos)

of ____
(full address)

or failing him ______________________ NRIC No. ______________________
(full name as per NRIC in block capitals) (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-Sixth Annual General Meeting of the Company to be held at the Ballroom, Hotel Maya Kuala Lumpur, 138, Jalan Ampang, 50450 Kuala Lumpur on Friday, 24 August 2007 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 2007		
2	Payment of First and Final Dividend		
3	Payment of Directors' Fees		
4	Re-election of Ms Teh Lip Pink as Director		
5	Re-election of Mr Eddy Chieng Ing Huong as Director		
6	Re-appointment of Messrs Moores Rowland as Auditors		
7	Authority pursuant to Section 132D of the Companies Act, 1965		
8	Proposed Amendments to Articles of Association		

(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 ____________ 2007.

____
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 Share Registrars, PFA Registration Services Sdn Bhd, Level 13, Uptown 1, No 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan, 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 Share Registrars at Fax No.: 603 7722 2311. Please ensure that the original proxy form is deposited at the Share Registrars 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 16 August 2007 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 of 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:

Name	:	Ms Karen Tan
Organisation	:	PFA Registration Services Sdn Bhd
Tel	:	603 7718 6000

Stamp

Selangor Dredging Berhad
c/o PFA Registration Services Sdn Bhd

Level 13, Uptown 1
No. 1, Jalan SS21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7718 6000
Fax : 603 7722 2311

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

www.sdb.com.my