

SELANGOR DREDGING BERHAD (4624-U)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FORTH FINANCIAL QUARTER ENDED 31 MARCH 2006

Part A - Selected Explanatory Notes pursuant to Financial Reporting Standard 134 ("FRS 134")

A1. Accounting Policies and Method of Computation

The interim financial report has been prepared in accordance with FRS 134 - Interim Financial Reporting (formerly known as MASB 26) and Chapter 9 Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The same accounting policies and method of computation are followed in the interim financial statements as compared with the most recent annual financial statements for the year ended 31 March 2005.

A2. Audit Report of Preceding Annual Financial Statements

The Group's preceding annual financial statements were reported without any qualification.

A3. Seasonality or Cyclicity of Operations

The business operations of the Group are generally not affected by seasonal or cyclical factors except for the hotel operations which are generally affected by major festive seasons.

A4. Unusual items affecting Assets, Liabilities, Equity, Net Income or Cashflows

On 10 January 2005, Hotel Maya owned by SDB Properties Sdn Bhd, a wholly-owned subsidiary of the company, temporarily suspend its business operation for a major refurbishment and repositioning exercise to upgrade the property to an urban resort boutique hotel. The hotel had its soft opening in the middle of September 2005. The anticipated final cost of the refurbishment is about RM43.2 million and has been capitalised as fixed assets.

A5. Change in Estimate

There were no material changes in estimates reported in prior interim periods of the current financial year or in prior financial years which have a material effect in the current interim period.

A6. Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial quarter and year-to-date ended 31 March 2006.

A7. Dividend Paid

A first and final dividend of RM4,602,179 for the year ended 31 March 2005 was paid during the 2nd financial quarter.

A8. Segment Revenue and Segment Result By Business Segments

(a) Primary reporting format – business segment

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

- (i) Property investments - letting of industrial and commercial properties
- (ii) Property development - Property development
- (iii) Hotel operations - operation of hotel and related services
- (iv) Investment holding - holding of shares in quoted and non-quoted companies
- (v) Others - provision of management services and trading

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 that obtainable in transactions with unrelated parties. The effects of such inter-segmental transactions are eliminated on consolidation.

| | Property Investments | Hotel Operations | Property Development | Renovation & Construction | Investment Holding | Others | Elimination | Consolidated |
|---|----------------------|------------------|----------------------|---------------------------|--------------------|--------|-------------|--------------|
| RM'000 | | | | | | | | |
| REVENUE | | | | | | | | |
| External Sales | 15,703 | 4,859 | 117,105 | 92 | 0 | 0 | 0 | 137,759 |
| Inter-segment Sales | 582 | 0 | 0 | | 0 | 0 | (582) | 0 |
| Total revenue | 16,285 | 4,859 | 117,105 | 92 | 0 | 0 | (582) | 137,759 |
| RESULTS | | | | | | | | |
| Segment results | 6,136 | (10,260) | 31,390 | (102) | (2) | (5) | 2,327 | 29,484 |
| Unallocated corporate expense | | | | | | | | (179) |
| Operating profit | | | | | | | | 29,305 |
| <u>Profit from Investing activities</u> | | | | | | | | |
| -Dividend income | | | | | 275 | | | 275 |
| -Interest income | | | | | 3,371 | | (2,327) | 1,044 |
| -Gain on liquidation of subsidiary company. | | | | | 333 | | | 333 |
| - Gain on sales of quoted share | | | | | | | | |
| - Gain/(Loss) on other investments | | | | | (111) | | | (111) |
| Finance cost, net | | | | | | | | (5,302) |
| Share of profits of associated company | | | | | | | | |
| Income taxes | | | | | | | | (9,192) |
| Profit after taxation | | | | | | | | 16,352 |

(b) Secondary reporting format – geographical segment

The operations of the Group are entirely carried out in Malaysia except for SDB Australia Pty Ltd and SDB Hotels Pty Ltd which were incorporated in Australia recently.

A9. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the most recent annual financial statements for the year ended 31 March 2005 except for the hotel was revalued by Colliers Jordan Lee & Jaafar (JH) Sdn Bhd, a registered independent professional valuer on 27 February 2006 on an open market basis for existing use. The revaluation amount of RM125.0 million had resulted in a reduction of RM25.2 million in Revaluation Reserve.

A10. Material Events Subsequent to the End of the Period

There are no material events subsequent to 31 March 2006 up to the date of this announcement that has not been reflected in the financial statements as at 31 March 2006 except for the following:

SDB SS2 Development Sdn Bhd (formerly known as Vision Map (M) Sdn Bhd), has on 3 April 2006 entered into three (3) separate conditional Sale and Purchase Agreements with the following parties to acquire the following lands for a total cash consideration of RM35,000,000.00 (“Land Acquisitions”):

- (i) West Oasis Sdn Bhd for the purchase of an undivided 2/3 share in land held under GM101, Lot 20196 Tempat Batu 7½, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor for a cash consideration of RM11,417,313.50;
- (ii) Jadelane Development Sdn Bhd for the purchase of an undivided 2/3 share in land held under GM103, Lot 22728 Tempat Batu 7½, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor for a cash consideration of RM11,768,358.17; and
- (iii) Andaman Utama Sdn Bhd for the purchase of an undivided 2/3 share in land held under GM99, Lot 22729 Tempat Batu 7½, Jalan Damansara, Mukim Sungai Buluh, Daerah Petaling, Selangor for a cash consideration of RM11,814,328.33.

None of the directors and/or major shareholders and/or persons connected with them have any interest, direct or indirect, in the Land Acquisitions.

As at the time of preparing this report, the Land Acquisitions have yet to be completed.

A11. Effects of Changes in the Composition of the Group

For the financial year todate:

- a) Selangor Dredging Berhad (“SDB”) has incorporated a wholly-owned subsidiary, namely, SDB Australia Pty. Ltd. (“SDBA”), in Australia on 8 February 2006. SDBA has been incorporated under the Australia Corporations Act 2001 with an issued and paid-up share capital of AUD10,000.00 comprising 10,000 ordinary shares of AUD1.00 each. The principal activity of SDBA is investment holding. The incorporation of SDBA will not have any material effect on the earnings or net assets of the SDB Group for the year ended 31 March 2006.

None of the directors and/major shareholders of the SDB Group and persons connected with them have any interest, direct and/or indirect, in the above incorporation.

- b) SDB International Sdn Bhd (formerly known as SDB Ventures Sdn Bhd), a wholly-owned subsidiary of SDB had on 27 March 2006 subscribed for 49 ordinary shares of AUD1.00 each representing 49% equity interest in SDB Hotels Pty Ltd (“SDBH”) for a total cash

consideration of AUD49.00. The remaining 51 ordinary shares of AUD1.00 each representing 51% equity interest in SDBH are held by Ms Teh Lip Kim (13%), Managing Director and major shareholder of SDB, Mr. Chieng Ing Huong (19%), Chairman of SDB and Mdm Choi Yoke Lan (19%), person connected to Mr. Chieng, respectively. The Director of SDBH is Mr. Chieng Ing Huong.

SDBH has been incorporated under Australia Corporations Act 2001 and the principal activity is investment holding. The above subscription of shares of SDBH will not have any material effect on the earnings or net assets of the SDB Group for the year ended 31 March 2006.

SDBH has on 28 March 2006 made an unconditional on-market takeover bid to acquire ordinary shares of Tourism, Hotels & Leisure Limited (“THL”), a company listed on the Australian Stock Exchange. As at 31 March 2006, SDBH had acquired 51.40% equity interest and as at the date of preparing this report approximately 78.70% equity interest of the total number of THL’s shares in issue.

- c) SDB Properties Sdn Bhd, a wholly-owned subsidiary of SDB has on 28 March 2006, acquire 100% equity interest in a shelf company, SDB SS2 Development Sdn Bhd (formerly known as Vision Map (M) Sdn Bhd) (“SDB SS2”), comprising two (2) ordinary shares of RM1.00 each fully paid-up for a total cash consideration of RM2.00. SDB SS2 was incorporated in Malaysia on 13 February 2006 and has an authorized share capital of RM100,000.00 divided into 100,00 ordinary shares of RM1.00 each. The acquisition of SDB SS2 will not have any material effect on the earnings or net assets of the SDB Group for the year ended 31 March 2006.

None of the directors and/major shareholders of the SDB Group and persons connected with them have any interest, direct and/or indirect, in the above transaction.

A12. Changes in Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities and contingent assets as at the last annual balance sheet date up to the current financial year to date.

Part B - Selected Explanatory Notes pursuant to Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements

B1. Review of Performance of the Company and its Principal Subsidiaries

For the 12 months ended 31 March 2006, the Group achieved higher revenue of RM137.76 million compared to RM71.67 in the corresponding period last year. In line with the higher turnover recorded, the Group's pretax profit improved by 28.1% to RM25.54 million compared to RM19.93 million recorded in the corresponding period last year. The pretax profit would have shown a bigger percentage increase if not for the non-recurring profit of RM9.46 million arising from the disposal of Oriental Metal Industries (M) Sdn Bhd recorded in the same period last year.

However, the percentage of improvement of the Group's net profit of RM16.35 million was 11.78% due to lower tax provision in the corresponding period as a result of reversal of deferred tax provision upon disposal and liquidation of the manufacturing operations and operating losses recorded by the hotel operations for the period ended 31 March 2006.

B2. Material Changes in Profit Before Tax of the Current Quarter compared to the Preceding Quarter

For the quarter ended 31 March 2006, the Group registered a lower profit before tax of RM5.69 million, a decrease of 12.60%, compared to RM6.51 million recorded in its preceding quarter ended 31 December 2005.

The lower profit recorded was mainly attributable to slower progress in property development activities due to more festive holidays during the quarter under review.

B3. Prospects for the Current Financial Year

The Board of Directors is cautiously optimistic about the Group's financial performance for the next financial year ending 31 March 2007.

B4. Variance of Actual Profit from Forecast Profit and Shortfall in Profit Guarantee

Not Applicable.

B5. Taxation

Tax charge comprises the following:-

| | Current Quarter 31/03/2006 RM'000 | Financial Year to Date 31/03/2006 RM'000 |
|---|--|---|
| - current taxation | 2,264 | 9,191 |
| - associated companies | 0 | 0 |
| - deferred taxation | (21) | 3 |
| - under/(over) provision in prior years | | |
| - Current | 0 | (11) |
| - Deferred | 0 | 9 |
| | <u>2,243</u> | <u>9,192</u> |

For the current quarter, the Group's taxation was higher compared to the statutory rate because of unavailability of group relief for losses incurred by a subsidiary company.

B6. Profits/(losses) on sale of Unquoted Investments and/or Properties

There were no profits or losses on sale of investments and/or properties outside the ordinary course of the Group's business for the financial year under review.

B7. Quoted Securities

(a) Total purchases and disposals of quoted securities are as follows:-

| | Current Quarter 31/03/2006 RM'000 | Financial Year to Date 31/03/2006 RM'000 |
|---------------------------------|--|---|
| Total Purchase Consideration | 0 | 19 |
| Total Sales Proceeds | 0 | 166 |
| Total profit/(loss) on disposal | 0 | (75) |

(b) Total investments in quoted securities as at 31 March 2006 are as follows:-

| | RM'000 |
|-------------------------------------|--------|
| (i) at cost | 2,568 |
| (ii) at carrying value / book value | 1,770 |
| (iii) at market value | 2,423 |

B8. Status of Corporate Proposal

(a) Since the last balance sheet date, there were no corporate proposals announced.

(b) Status of utilization of proceeds raised from any corporate proposal – Not Applicable.

B9. Group Borrowings and Debts Securities

Total Group borrowings as at 31 March 2006 are as follows:-

| | RM'000 |
|--|-----------------|
| <i>Long Term Bank Borrowings</i> | |
| <i>Secured:-</i> | |
| Revolving Credit | 103,750 |
| Term Loan | 89,800 |
| Repayments due within the next 12 months | <u>(20,000)</u> |
| Total | <u>173,550</u> |
| <i>Short Term Bank Borrowings</i> | |
| <i>Secured:-</i> | |
| Bank Overdrafts | 0 |
| Revolving credits | 20,000 |
| Bankers' Acceptance | 0 |
| Current portion of long term loan | <u>0</u> |
| Sub-Total | <u>20,000</u> |
| <i>Unsecured:-</i> | |
| Bank overdrafts | 0 |
| Revolving Credits | 0 |
| Trust Receipts | <u>0</u> |
| Sub-Total | <u>0</u> |
| Total | <u>193,550</u> |

There were no borrowings or debt securities denominated in foreign currencies.

B10. Off Balance Sheet Financial Instruments

Since the last annual balance sheet date, the Group does not have any financial instruments with off balance sheet risk up to the date of this quarterly report.

B11. Material Litigation

There were no significant changes in material litigation since the last annual balance sheet date.

B12. Dividend

The Board is recommending a final dividend of 1.5 sen per share (FY2005: 1.5 sen) less 28% tax amounting to RM4,602,179 (FY2005: RM4,602,179) in respect of the financial year ended 31 March 2006.

The proposed final dividend, if approved by shareholders at Annual General Meeting of the Company to be held on Wednesday, 23 August 2006, will be paid on 15 September 2006.

B13. Earnings Per Share

Basic earnings per share is calculated by dividing the Group's net profit for the period by the weighted average number of ordinary shares in issue during the period, disclosed as follows:-

| | Current quarter ended 31/03/2006 | Comparative quarter ended 31/03/2005 | Current 12 months ended 31/03/2006 | Preceding 12 months ended 31/03/2005 |
|--|---|---|---|---|
| (i) Net profit for the period (RM'000) | 3,447 | 3,004 | 16,352 | 14,629 |
| (ii) Weighted average number of ordinary shares in issue ('000) | 426,127 | 426,127 | 426,127 | 426,127 |
| Basic earnings per share (sen) | 0.81 | 0.70 | 3.84 | 3.43 |

The company does not have any dilutive potential ordinary shares outstanding as at 31 March 2006. Accordingly, no diluted earnings per share is presented.