

# SHL Consolidated Bhd.

## and its Subsidiaries

(Incorporated in Malaysia)

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### Report and Financial Statements

31 March 2010

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# **SHL Consolidated Bhd.**

*(Incorporated in Malaysia)*

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## **Corporate Information**

### **Board of Directors**

Y.A.M. Tengku Abdul Samad Shah Ibni  
Almarhum Sultan Salahuddin Abdul Aziz Shah  
Dato' Yap Teiong Choon  
Dato' Ir. Yap Chong Lee  
Chin Yu Tow @ Cheng Yu Thou  
Wong Tiek Fong  
Wong Yew Mei (Alternate Director to Wong Tiek Fong)  
Souren Norendra

### **Secretaries**

Chok Kwee Wah  
Lim Chew Suan

### **Auditors**

Khoo Wong & Chan (AF: 0736)  
*Chartered Accountants*  
8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur,  
Malaysia.

### **Principal Bankers**

United Overseas Bank (Malaysia) Berhad  
Hong Leong Bank Berhad  
Malayan Banking Berhad  
OCBC Bank (Malaysia) Berhad  
CIMB Bank Berhad  
EON Bank Berhad  
HSBC Bank Malaysia Berhad  
Bangkok Bank Berhad

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Directors' Report for the year ended  
31 March 2010**

Your Directors have pleasure in submitting the Directors' report and the audited financial statements of the Group and of the Company for the year ended 31 March 2010.

**Principal activities**

SHL Consolidated Bhd. is an investment holding company and it provides strategic, financial and corporate planning services. SHL Consolidated Bhd. and its subsidiaries are an integrated commercial and residential property development group which are also involved in granite quarrying and manufacturing of aggregates, general building construction, earthworks, infrastructure works, the ownership and operation of a golf resort, the manufacture of clay bricks, supply of finished brickworks of wall and other brick structures, the manufacture of aluminium framed doors and windows, the provision of soil and concrete laboratory testing services, the provision of professional construction management and geo-technical services, the marketing and distribution of building materials, rental of properties and money lending business.

There has been no significant change in the nature of these principal activities during the financial year, except the new activities of money lending business.

**Financial results**

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before taxation	34,476	12,820
Malaysian taxation	<u>(8,684)</u>	<u>(1,749)</u>
Profit for the year attributable to shareholders of the Company	<u>25,792</u>	<u>11,071</u>

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in the financial statements.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Dividends**

The amounts of dividends paid and proposed since the end of the previous financial year were as follows:-

	<b>RM'000</b>
<i>Dividends paid:</i>	
Final dividend of 6 Sen gross per share less tax in respect of financial year ended 2009	<u>10,896</u>
<i>Dividend proposed:</i>	
Final dividend of 7 Sen gross per share less tax in respect of financial year ended 2010	<u>12,712</u>

**Movements of reserves and provisions**

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

**Share capital**

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

**Share options**

There were no share options granted during the financial year or unissued shares under option at the end of the financial year, in respect of shares in the Company.

**Directors**

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

Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Dato' Yap Teiong Choon Dato' Ir. Yap Chong Lee Tan Sri Dato' Ir. Talha Bin Haji Mohamad Hashim Chin Yu Tow @ Cheng Yu Thou Norendra Ponniah Wong Tiek Fong Wong Yew Mei (Alternate Director to Wong Tiek Fong) Souren Norendra	(Retired on 28.9.2009) (Retired on 28.9.2009) (Appointed on 24.2.2010)
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**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Directors' interests**

According to the Register of Directors' Shareholdings, particulars of interests in the shares in the Company and its related corporations during the financial year of those Directors holding office at the end of the financial year are as follows:-

Company	1 April 2009/ *date of appointment	Ordinary shares of RM1/- each		31 March 2010
		Addition	Disposal	
<b>Direct</b>				
Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	100,000	-	-	100,000
Dato' Yap Teiong Choon	5,283,869	-	-	5,283,869
Dato' Ir. Yap Chong Lee	3,040,319	91,500	-	3,131,819
Chin Yu Tow @ Cheng Yu Thou	35,500	-	-	35,500
Wong Tiek Fong	73,800	-	-	73,800
Wong Yew Mei (Alternate Director to Wong Tiek Fong)	236,150	-	-	236,150
*Souren Norendra	12,500	-	-	12,500
<b>Indirect</b>				
Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	15,646,037	31,250	-	15,677,287
Dato' Yap Teiong Choon	58,421,884	-	-	58,421,884
Dato' Ir. Yap Chong Lee	82,704,232	1,401,550	-	84,105,782

By virtue of their interests in the Company, the following Directors are also deemed to be interested in the shares of all the subsidiaries to the extent of the shares held by the Company, and there were no changes in these interests.

Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah  
Dato' Yap Teiong Choon  
Dato' Ir. Yap Chong Lee

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**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 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, other than those disclosed in 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 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

**Other statutory information**

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (a) to ascertain the action taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their book values in the ordinary course of business had been written down to their expected realisable values.

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent or the values attributed to current assets of the Group and of the Company misleading; and
- (b) 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.

In the interval between the end of the financial year and the date of this report:

- (a) no item, transaction or event of a material and unusual nature has arisen which, in the opinion of the Directors, would substantially affect the results of the operations of the Group and of the Company for the current financial year; and
- (b) no charge has arisen on the assets of the Group and of the Company which secures the liability of any other person nor has any contingent liability arisen in the Group and in the Company.

No contingent or other liability of the Group and of the Company 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 substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

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 which would render any amount stated in the financial statements misleading.

# **SHL Consolidated Bhd.**

## **and its Subsidiaries**

*(Incorporated in Malaysia)*

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### **Ultimate holding company**

The Company is not a subsidiary of another corporation at the end of the financial year.

### **Auditors**

Messrs. Khoo Wong & Chan have indicated their willingness to continue in office.

On behalf of the Board,

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Dato' Yap Teiong Choon

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Dato' Ir. Yap Chong Lee

Kuala Lumpur,  
15 July 2010

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Statement by Directors**

We, **Dato' Yap Teiong Choon** and **Dato' Ir. Yap Chong Lee** being the Directors of **SHL Consolidated Bhd.** do hereby state on behalf of the Board of Directors that in our opinion, the financial statements set out on pages 10 to 71 are drawn up in accordance with Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at *31 March 2010* and of their financial performance, changes in equity and cash flows for the year ended on that date.

On behalf of the Board,

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Dato' Yap Teiong Choon

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Dato' Ir. Yap Chong Lee

Kuala Lumpur,  
15 July 2010

**Statutory Declaration**

I, **Wong Tiek Fong** I/C No. 620620-06-5161, being the Director primarily responsible for the accounting records and financial management of **SHL Consolidated Bhd.** do solemnly and sincerely declare that the financial statements set out on pages 10 to 71 are to the best of my knowledge and belief, 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 by }  
Wong Tiek Fong }  
I/C No. 620620-06-5161 }  
at **Kuala Lumpur** in the }  
**Federal Territory** }  
on 15 July 2010 }

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Wong Tiek Fong

Before me,

**Khoo Wong & Chan** (AF: 0736)*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur.

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**Independent Auditors' Report**  
**To The Members of SHL Consolidated Bhd.**

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**Report on the Financial Statements**

We have audited the accompanying financial statements of **SHL Consolidated Bhd.**, which comprise the balance sheets as at 31 March 2010 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 71.

*Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved Standards on Auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2010 and of their financial performance, changes in equity and cash flows for the year then ended.

Continued

**Khoo Wong & Chan** (AF: 0736)

*Chartered Accountants*

8.06 – 8.08, 8th. Floor,  
Plaza First Nationwide,  
161, Jalan Tun H. S. Lee,  
50000 Kuala Lumpur.

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**Independent Auditors' Report  
To The Members of SHL Consolidated Bhd.**

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**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the said Act.
- (b) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financials statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Khoo Wong & Chan  
Chartered Accountants  
(AF: 0736)

Chan Kee Hwa  
Partner  
1367/6/11(J/PH)  
Chartered Accountant

Kuala Lumpur,  
15 July 2010

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
*(Incorporated in Malaysia)*

**Income Statements for the year ended 31 March 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Revenue</b>	5	249,548	264,562	13,432	14,310
Cost of sales		(196,892)	(218,695)	-	-
Gross profit		52,656	45,867	13,432	14,310
Other operating income		6,931	3,866	-	-
Distribution costs		(2,853)	(3,399)	-	-
Administration expenses		(11,601)	(13,109)	(612)	(567)
Impairment loss on intangible assets		(10,231)	-	-	-
Profit from operations		34,902	33,225	12,820	13,743
Finance costs		(417)	(2,373)	-	(101)
Loss from associate		(9)	(9)	-	-
<b>Profit before taxation</b>	6	34,476	30,843	12,820	13,642
Taxation	7	(8,684)	(8,946)	(1,749)	(3,472)
<b>Profit for the year attributable to shareholders of the Company</b>		25,792	21,897	11,071	10,170
		<b>Sen</b>	<b>Sen</b>		
<b>Earnings per share</b>	8				
Basic and fully diluted		10.65	9.04		

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
*(Incorporated in Malaysia)*

**Balance Sheets as at 31 March 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	220,574	220,040	-	-
Prepaid lease payments	10	1,042	1,070	-	-
Investment in subsidiaries	11	-	-	421,659	432,989
Investment in associate	12	1,257	1,266	-	-
Investment properties	13	16,147	44,893	-	-
Land held for property development	14	4,446	44,760	-	-
Intangible assets	15	5,115	15,346	-	-
Investments	16	124	124	-	-
Trust account		1,247	1,256	-	-
Deferred tax assets	17	2,784	3,051	-	-
		252,736	331,806	421,659	432,989
<b>Current assets</b>					
Prepaid lease payments	10	28	28	-	-
Amounts due from subsidiaries	18	-	-	76,672	73,171
Property development costs	19	158,678	199,458	-	-
Inventories	20	36,860	65,019	-	-
Trade receivables	21	47,415	62,338	-	-
Current tax assets		2,910	3,342	314	211
Other receivables	22	7,494	7,342	20	20
Cash and deposits	23	116,733	27,887	5,606	566
		370,118	365,414	82,612	73,968
		622,854	697,220	504,271	506,957

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
*(Incorporated in Malaysia)*

**Balance Sheets as at 31 March 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	24	242,124	242,124	242,124	242,124
Reserves	25	291,290	275,708	144,787	144,612
<b>TOTAL EQUITY</b>		533,414	517,832	386,911	386,736
<b>Non-current liabilities</b>					
Deferred tax liabilities	17	12,300	16,056	-	-
Finance lease liabilities	26	1,546	1,008	-	-
Long-term borrowings	27	-	8,728	-	-
Club establishment fund	28	17,109	18,100	-	-
		30,955	43,892	-	-
<b>Current liabilities</b>					
Amounts due to subsidiaries	18	-	-	117,334	120,195
Trade payables	29	48,470	52,318	-	-
Other payables	30	5,458	4,018	26	26
Finance lease liabilities	26	781	510	-	-
Short-term borrowings	31	-	76,618	-	-
Current tax liabilities		3,776	2,032	-	-
		58,485	135,496	117,360	120,221
<b>TOTAL LIABILITIES</b>		89,440	179,388	117,360	120,221
<b>TOTAL EQUITY AND LIABILITIES</b>		622,854	697,220	504,271	506,957

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
*(Incorporated in Malaysia)*

**Statements of Changes in Equity for the year ended 31 March 2010**

Group 2010	Note	Share capital RM'000	<u>Non-distributable</u>		<u>Distributable</u>	Total equity RM'000
			Share premium RM'000	*Other reserves RM'000	Retained profits RM'000	
At 1 April 2009		242,124	1,225	(69,365)	343,848	517,832
Deficit on revaluation of land and buildings		-	-	(438)	-	(438)
Deferred tax income:						
Reversal of temporary difference:						
• deficit on revaluation of land and buildings		-	-	1,124	-	1,124
Net income recognised						
directly in equity		-	-	686	-	686
Profit for the year		-	-	-	25,792	25,792
Dividends:						
• shareholders of the Company	32	-	-	-	(10,896)	(10,896)
At 31 March 2010		242,124	1,225	(68,679)	358,744	533,414
<b>2009</b>						
At 1 April 2008		242,124	1,225	(69,403)	332,701	506,647
Effect of a change in imposition of tax rate:						
• transferred from deferred tax liabilities		-	-	38	-	38
Net income recognised						
directly in equity		-	-	38	-	38
Profit for the year		-	-	-	21,897	21,897
Dividends:						
• shareholders of the Company	32	-	-	-	(10,750)	(10,750)
At 31 March 2009		242,124	1,225	(69,365)	343,848	517,832

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
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**Statements of Changes in Equity for the year ended 31 March 2010**

**\*Analysis of other reserves:**

<b>Group</b>	<b><i>Non-distributable</i></b>			<b>Total</b>
	<b>Revaluation surplus</b>	<b>Capital reserves</b>	<b>Merger deficit</b>	
<b>2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April 2009	50,059	11,040	(130,464)	(69,365)
Deficit on revaluation of land and buildings	(438)	-	-	(438)
Deferred tax income:				
Reversal of temporary difference:				
• deficit on revaluation of land and buildings	1,124	-	-	1,124
Net income recognised directly in equity	686	-	-	686
At 31 March 2010	50,745	11,040	(130,464)	(68,679)
<b>2009</b>				
At 1 April 2008	50,021	11,040	(130,464)	(69,403)
Effect of a change in imposition of tax rate:				
• transferred from deferred tax liabilities	38	-	-	38
Net income recognised directly in equity	38	-	-	38
At 31 March 2009	50,059	11,040	(130,464)	(69,365)

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.**  
**and its Subsidiaries**  
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**Statements of Changes in Equity for the year ended 31 March 2010**

<b>Company 2010</b>	<b>Note</b>	<b>Share capital RM'000</b>	<b>Share premium RM'000</b>	<b>*Other reserves RM'000</b>	<b>Retained profits RM'000</b>	<b>Total equity RM'000</b>
At 1 April 2009		242,124	1,225	27,738	115,649	386,736
Profit for the year		-	-	-	11,071	11,071
Dividends	32	-	-	-	(10,896)	(10,896)
At 31 March 2010		242,124	1,225	27,738	115,824	386,911
<b>2009</b>						
At 1 April 2008		242,124	1,225	27,738	116,229	387,316
Profit for the year		-	-	-	10,170	10,170
Dividends	32	-	-	-	(10,750)	(10,750)
At 31 March 2009		242,124	1,225	27,738	115,649	386,736

**\*Analysis of other reserves:**

<b>Company 2010</b>	<b>Merger reserve RM'000</b>	<b>Capital reserve RM'000</b>	<b>Total RM'000</b>
At 1 April 2009 and 31 March 2010	4,377	23,361	27,738
<b>2009</b>			
At 1 April 2008 and 31 March 2009	4,377	23,361	27,738

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Cash Flow Statements for the year ended 31 March 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from operating activities</b>					
Profit before taxation		34,476	30,843	12,820	13,642
<b>Adjustments for:</b>					
Depreciation and amortisation		2,204	4,383	-	-
Gain on disposal of property, plant and equipment		(297)	(74)	-	-
Derecognition of property, plant and equipment		69	1,898	-	-
Gain on disposal of investment properties		(2,540)	(1,740)	-	-
Fair value adjustments on investment properties		(1,677)	-	-	-
Impairment loss on intangible assets		10,231	-	-	-
Interest expenses		562	2,490	-	101
Interest income		(1,509)	(1,192)	(6)	-
Dividend income		-	-	(13,426)	(14,310)
Loss from associate		9	9	-	-
Operating profit/(loss) before working capital changes		41,528	36,617	(612)	(567)
(Increase)/decrease in inventories and property development costs	33	110,571	23,662	-	-
(Increase)/decrease in receivables		14,771	42,024	(3,501)	16,434
Increase/(decrease) in payables		(2,408)	(38,817)	(2,861)	(9,279)
Cash generated from/(absorbed by) operations		164,462	63,486	(6,974)	6,588
Tax paid		(9,125)	(8,652)	(1,852)	(3,578)
Tax refunded		252	1,220	-	435
Interest paid		(1,447)	(3,544)	-	(101)
Net cash from/(used in) operating activities		154,142	52,510	(8,826)	3,344

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***Cash Flow Statements for the year ended 31 March 2010**

	Note	Group		Company	
		2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
<b>Cash flows from investing activities</b>					
Claim received from trust account		9	306	-	-
Purchase of property, plant and equipment	34	(1,653)	(1,230)	-	-
Purchase of investment properties		(7,772)	(180)	-	-
Purchase of land held for property development		(55)	(137)	-	-
Proceeds from disposal of property, plant and equipment		311	85	-	-
Proceeds from disposal of investment properties		40,735	4,200	-	-
Interest received		1,509	1,192	6	-
Dividends received		-	-	24,756	14,310
Net cash from/(used in) investing activities		33,084	4,236	24,762	14,310
<b>Cash flows from financing activities</b>					
Receipt/(repayment) of club members' deposits		(991)	18	-	-
Repayments to other corporations		-	(4,500)	-	-
Repayments of term loans		(19,115)	(23,003)	-	-
Payment of finance lease liabilities		(769)	(79)	-	-
Net changes in other borrowings		(66,198)	(5,732)	-	-
Interest paid		(378)	(1,761)	-	-
Dividends paid to shareholders of the Company		(10,896)	(17,355)	(10,896)	(17,355)
Net cash from/(used in) financing activities		(98,347)	(52,412)	(10,896)	(17,355)
Net increase/(decrease) in cash and cash equivalents					
		88,879	4,334	5,040	299
Cash and cash equivalents at 1 April		27,854	23,520	566	267
Cash and cash equivalents at 31 March	35	116,733	27,854	5,606	566

The annexed notes form an integral part of the financial statements.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**Notes to the Financial Statements****31 March 2010**

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

**1. General information****1.1 Principal activities**

The Company is an investment holding company and it provides strategic, financial and corporate planning services.

The Group is an integrated commercial and residential property developer and is also involved in granite quarrying and manufacturing of aggregates, general building construction, earthworks, infrastructure works, ownership and operation of a golf resort, the manufacture of clay bricks, supply of finished brickworks of wall and other brick structures, the manufacture of aluminium framed doors and windows, the provision of soil and concrete laboratory testing services, the provision of professional construction management and geo-technical services, the marketing and distribution of building materials, rental of properties and money lending business.

**1.2 Legal form and domicile**

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

**1.3 Registered office and principal place of business**

The addresses of the registered office and principal place of business are as follows:-

Registered office

6th Floor, Wisma Sin Heap Lee,  
346 Jalan Tun Razak,  
50400 Kuala Lumpur.

Principal place of business

16th Floor, Wisma Sin Heap Lee,  
346 Jalan Tun Razak,  
50400 Kuala Lumpur.

**1.4 Authorisation for issue**

The financial statements were authorised for issue by the Directors on 15 July 2010.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**2. Financial risk management policies**

The Group and the Company's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group and of the Company's businesses whilst managing their risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group and the Company's policies are to forbid speculative transactions.

The main areas of financial risks faced by the Group and by the Company and the policies in respect of the major areas of treasury activity are set out as follows:

**2.1 Foreign currency risk**

The Group and the Company are exposed to foreign currency risk as a result of their normal trading activities, where the currency denomination differs from the local currency, Ringgit Malaysia (RM). The Group and the Company's policies are to keep their foreign currency risk exposure to an acceptable level.

**2.2 Interest rate risk**

The Group and the Company place surplus funds in the form of short-term deposits with reputable financial institutions to earn interest income based on prevailing market rates. The Group and the Company manage their interest rate risk by placing such funds for the maturity periods of 12 months or less.

The Group and the Company's policies are to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between floating and fixed rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

**2.3 Market risk**

The Group and the Company's principal exposure to market risk arises mainly from the changes in equity prices. The Group and the Company manage the risk of unfavourable changes by cautious review of the investments before investing and continuous monitoring of their performance and risk profiles.

**2.4 Credit risk**

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. This is done through reference to published credit ratings by prime financial institutions. In the absence of published ratings, an internal credit review is conducted if the credit risk is material.

**2.5 Liquidity and cash flow risks**

The Group and the Company seek to achieve a balance between certainty of funding even in difficult times for the markets or the Group and the Company and a flexible, cost-effective borrowing structure. This is to ensure that at the minimum, all projected net borrowing needs are covered by committed facilities. Also, the objective for debt maturity is to ensure that the amount of debt maturing in any one year is within the Group and the Company's means to repay and refinance.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**3. Basis of preparation****3.1 Statement of compliance**

The financial statements comply with Financial Reporting Standards (FRSs) and the provisions of the Companies Act 1965 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

**3.2 Basis of measurement**

The financial statements of the Group and of the Company have been prepared under the historical cost basis, unless otherwise indicated in the following significant accounting policies.

**3.3 Functional and presentation currency**

The financial statements are presented in Ringgit Malaysia (RM), which is the Group and the Company's functional currency. All financial information presented in RM had been rounded to the nearest thousand.

**3.4 Use of estimates and judgements**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are rarely apparent from other sources.

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, if revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**3.4 Use of estimates and judgements (continued)**Estimates and judgements

The following are the estimates and judgements made by management in the process of applying the Group and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) *Estimated useful lives of property, plant and equipment*

The Group reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the estimated useful lives of property, plant and equipment increase recorded depreciation and decrease property, plant and equipment or vice versa.

(b) *Classification between investment properties and property, plant and equipment*

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualifies as an investment property. Investment property is a property held for earning rentals or capital appreciation or both. Judgement is made on an individual property basis to determine whether the property qualifies as an investment property.

(c) *Fair value of investment properties*

Fair value of investment properties is determined by the Directors by comparing their current value with recent sale of similar properties in the vicinity with appropriate adjustments made to differences in location, floor area and other relevant factors before arriving at the fair value of the investment properties. The determination of appropriate adjustments to the recent sale value involves a degree of judgement before arriving at the respective investment property's fair value.

(d) *Impairment of intangible assets*

The Group tests intangible assets for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

This requires an estimation of the value in use of the cash-generating units ("CGU") to which intangible assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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Estimates and judgements (continued)(e) *Property development and construction contracts*

The Group recognises property development and contract revenue and costs in the income statement by using the percentage of completion method. The percentage of completion is determined by reference to surveys of work performed.

Significant judgement is required in determining the percentage of completion, the extent of property development and contract costs incurred, the estimated total property development and contract revenue and costs, as well as the recoverability of the development and contract projects. In making the judgement, the Group evaluates by relying on past experience and the work of specialists.

(f) *Legal proceedings*

The Group reviews outstanding legal proceedings to assess the need for provisions in the financial statements by considering the following factors:

- Nature of the litigation, claim or assessment;
- Legal processes and potential level of damages in the jurisdiction where the litigation, claim or assessment has been brought;
- Progress of the legal proceedings;
- Opinions or views of legal counsel and other advisers;
- Experience of similar cases; and
- Decision as to how the Group will respond to the litigation, claim or assessment.

Application of accounting principles to legal proceedings is inherently difficult, given the complex nature of the facts and law involved as it requires the Group to make determinations about various factual and legal matters beyond its control.

The Group recognises provision in the balance sheet for pending litigation when:

- An unfavourable outcome is probable; and
- A reliable estimate of the amount can be made.

In instances where the above criteria remain unmet, a contingent liability may be disclosed in notes to the financial statements.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***4. Significant accounting policies****4.1 New and revised FRSs, Amendments to FRSs, Improvements to FRSs (2009) and IC Interpretations ('Standards and IC Interpretations') that are yet to be effective for current financial year**

No early adoption is made by the Group and the Company on the following Standards and IC Interpretations that are expected to have application to the Group and the Company's operations. These Standards and IC Interpretations have been issued by the MASB, but yet to be effective:-

<b>New and Revised FRSs, and IC Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
* FRS 3	Business Combinations	1 July 2010
** FRS 7	Financial Instruments: Disclosures	1 January 2010
* FRS 8	Operating Segments	1 July 2009
* FRS 101	Presentation of Financial Statements (revised)	1 January 2010
* FRS 123	Borrowing Costs (revised)	1 January 2010
* FRS 127	Consolidated and Separate Financial Statements	1 July 2010
** FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
* IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
# IC Interpretation 15	Agreements for the Construction of Real Estate	1 July 2010
<b>Amendments to FRSs and Improvements to FRSs (2009)</b>		
** FRS 7	Financial Instruments: Disclosures	1 January 2010
** FRS 7	Financial Instruments: Disclosures	1 January 2011
* FRS 101	Presentation of Financial Statements (revised)	1 January 2010
* FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
** FRS 132	Financial Instruments: Presentation	1 January 2010
** FRS 132	Financial Instruments: Presentation	1 March 2010
* FRS 138	Intangible Assets	1 January 2010
* FRS 138	Intangible Assets	1 July 2010
** FRS 139	Financial Instruments : Recognition and Measurement	1 January 2010
##	Improvements to FRSs (2009)	1 January 2010

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.1 New and revised FRSs, Amendments to FRSs, Improvements to FRSs (2009) and IC Interpretations ('Standards and IC Interpretations') that are yet to be effective for current financial year (continued)**

\* These Standards and IC Interpretation are expected to have insignificant impact on the Group and the Company's financial statements upon their initial applications.

\*\* These Standards are exempted from disclosing the possible impact if any, on the financial statements by the Group and the Company upon their initial applications.

# IC Interpretation 15 requires the Group to determine whether:

- the sale and purchase agreements are construction service contracts or sale of goods; and
- the percentage of completion method is appropriate for some agreements whilst for others, revenue is recognised only at the point the constructed goods are delivered to customers.

## These improvements to FRSs are expected to have insignificant impact on the Group and the Company's financial statements upon their initial application.

**4.2 Group financial statements****(i) Subsidiaries**

Subsidiaries are those entities 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 financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting, except for certain subsidiaries which are consolidated using the merger method.

Under the purchase method of accounting, the cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is disclosed as negative goodwill.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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(i) Subsidiaries (continued)

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

Under the merger method of accounting, the results of the subsidiaries are included in the Group financial statements for the whole of the current and comparative periods as if these subsidiaries had been combined throughout these periods. On consolidation, the difference between the carrying amount of the investment over the nominal value of the shares acquired is recognised through reserves.

On derecognition or disposal of a subsidiary, the difference between net disposal proceeds, if any, and the Group's share of the subsidiary's net identifiable assets as of the date of disposal is recognised in the Group income statement.

(ii) Associates

Associates are those entities in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies. Associates are included in the Group financial statements by the equity method of accounting.

Equity accounting involves recognising in the income statement the Group's share of the results of associates for the year. The Group's investments in associates are carried in the balance sheet at an amount that reflects its share of the net assets of the associates and includes goodwill or negative goodwill. Equity accounting is discontinued when the carrying amount of the investment in an associate reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

(iii) Balances and transactions eliminated on consolidation

Intragroup balances are eliminated in preparing the Group financial statements except those with associates which are not eliminated on the basis of equity accounting.

Intragroup transactions and any unrealised gains arising from intragroup transactions are eliminated; unrealised losses are also eliminated unless there is evidence of impairment of the intragroup transacted assets. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in these entities, against the investment in associates. Unrealised losses are eliminated in the same way as unrealised gains, but to the extent that there is no evidence of impairment of the intragroup transacted assets.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.3 Revenue recognition**

- (i) Investment income  
Dividend income from investments is included in the income statements when the right to receive is established.
- (ii) Income from property development and construction contracts  
The Group recognises property development and construction contracts revenues using the percentage of completion method as described in Notes 4.16 and 4.17 respectively.
- (iii) Interest income and rental income  
Interest income and rental income are recognised on an accrual basis.
- (iv) Income from sales of goods and services  
Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products and collectibility of the related receivables is reasonably assured.

Sales of services are recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**4.4 Employee benefits**

- (i) *Short-term benefits*  
Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.
- (ii) *Defined contribution plans*  
As required by law, the Group and the Company make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognised as an expense in the income statements as incurred.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.5 Borrowings and borrowing costs**

Borrowings are recorded at the amount of proceeds received net of transaction costs.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of those assets, until such time the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income statements as an expense in the period in which they are incurred.

**4.6 Income taxes**

Income tax expense represents the sum of the current tax and deferred tax.

The current tax is the amount of income taxes payable in respect of the taxable profit for a period. Taxable profit differs from net profit as reported in the income statements because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group and the Company's liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the income statements, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also recognised in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group and the Company intend to settle their current tax assets and liabilities on a net basis.

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**4.7 Financial instruments**

Financial instruments are recognised in the balance sheets when the Group and the Company become a party to the contractual provisions of the instruments.

Financial instruments carried on the balance sheets include investments, cash and deposits, receivables, payables, borrowings and share capital. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are presented as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument presented as liability are reported as expense or income. Distributions to holders of financial instruments presented as equity are charged directly to equity. Financial instruments are offset when the Group and the Company have legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**4.8 Impairments**

The carrying amounts of assets, except assets presented as construction contracts, property development costs, inventories, deferred tax assets and financial assets, are reviewed for impairment when there is an indication that the assets might be impaired. For goodwill and intangible assets with indefinite useful life, the recoverable amount is estimated at each reporting date.

Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is impossible, for the cash-generating unit (CGU). For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.8 Impairments (continued)**

In respect of goodwill, no reversal is made for impairment loss previously recognised. In respect of other assets, subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss. It is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

**4.9 Revaluations**

The Group adopts the policy to revalue land and/or buildings held as property, plant and equipment at least once in every 5 years or at such shorter period as may be considered to be appropriate based on the advice of external professional valuers and appraisers and/or Directors' valuation. Any surplus or deficit arising from the revaluation exercise is to be recognised in the Revaluation Surplus Reserve, except that a deficit is charged to the income statements to the extent that it is in excess of any surplus held in the former relating to previous revaluation of that same asset. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

**4.10 Foreign currencies**

The financial statements are stated in Ringgit Malaysia (RM).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the balance sheet date, non-monetary items are translated at balance sheet date using historical rates or rates prevailing when the fair value of the assets was determined. Monetary items are translated at the closing rate.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at closing rate are recognised in the income statements. Foreign currency translation differences for non-monetary items such as investment properties held at fair value through profit or loss, are recognised in income statements as part of the fair value gain or loss. Foreign currency translation differences for non-monetary items such as property, plant and equipment at valuation are recognised directly in equity or income statements, where appropriate, as part of the revaluation surpluses or deficits.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***4.10 Foreign currencies (continued)**

The exchange rate used for the main foreign currency in the Group and in the Company is as follows:-

	Period end rate	
	2010	2009
	RM	RM
United States (US\$1)	3.27	3.65

**4.11 Property, plant and equipment**

Property, plant and equipment are stated at cost and valuation less accumulated depreciation and impairment losses.

Depreciation is charged to the income statements on a straight line basis over the estimated useful lives of items of property, plant and equipment, except those leased under finance lease, where applicable. If there is no reasonable certainty that the ownership will be transferred to the Group by the end of the lease term, an item of property, plant and equipment is depreciated over the shorter of its useful life and the lease term.

No depreciation is recognised for golf course and club house.

Plant and machinery directly related to production is depreciated on a unit of production method whereby the rate used is based on the production during the period bear to the total estimated production to be obtained from the relevant asset.

The principal annual rates adopted are as follows:-

Buildings	-	2%
Plant & machinery	-	5% to 20%
Motor vehicles	-	20%
Furniture, fittings & equipment	-	10% to 20%

On derecognition or disposal of an item of property, plant and equipment, the difference between net disposal proceeds, if any, and its carrying amount is charged or credited to the income statements.

Expenditure incurred to replace a component of an item of property, plant and equipment that is recognised separately, including major inspection and overhaul expenditure, is capitalised. Other subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. All other expenditure is recognised in the income statements as an expense as incurred.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.12 Investments**

Investments in subsidiaries, associates and other non-current investments are stated at cost less accumulated impairment losses.

On derecognition or disposal of an investment, the difference between net disposal proceeds, if any, and its carrying amount is charged or credited to the income statements.

**4.13 Investment properties**

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 statements in the period which they arise.

Investment property is derecognised when either it has been disposed of or when investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the disposal or retirement of an investment property is recognised in the income statements in the period of disposal or retirement.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

For a transfer from investment property to owner-occupied property or inventories, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the Group and by the Company as an owner-occupied property becomes an investment property, the Group and the Company account for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statements. When the Group and the Company complete the construction or development of a self-constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statements.

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**4.14 Intangible assets**

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

**(i) Goodwill**

Goodwill and negative goodwill represents the difference between the acquisition cost and the fair value of the identifiable net assets of subsidiaries acquired attributable to the Group's ownership interest in these subsidiaries.

Goodwill is stated at cost less accumulated impairment losses.

Negative goodwill is recognised immediately in the Group income statement in which it arises.

**(ii) Research and development**

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects relating to the design and testing of new or improved products are recognised as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Other development expenditures are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that have been capitalised are amortised from the commencement of the commercial production of the product on a straight line basis over the period of their expected benefit of 25 years.

**4.15 Exploration cost**

Exploration cost is recognised as an expense as incurred. When a decision is taken that a quarry property is economically feasible and should be developed for commercial production, all further directly attributable exploration cost is recognised as tangible assets to the extent that such expenditure is expected to generate future economic benefits. Exploration cost is derecognised to the income statements when:

- it is determined that further exploration activities will yield no commercial quantities of reserves, or
- no further exploration drilling is planned; or
- the right to explore in the specific area has expired or is surrendered.

Capitalised exploration cost is stated at cost less accumulated impairment losses.

**4.16 Property development activities***Property development revenue*

The Group recognises property development revenue using the percentage of completion method, determined primarily by reference to surveys of work performed. Where property development outcome is not reliably determined, property development revenue is recognised only to the extent of the recoverable costs. Revenue recognition commences when legal binding sale and purchase agreement is signed on property units.

Additional revenue due to variation in development work is recognised if it is probable that the customer will approve the variation and the amount can be reliably measured.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.16 Property development activities (continued)***Land held for property development*

Land held for property development is stated at cost less accumulated impairment losses. Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Such asset is transferred to property development costs when development activities have commenced and when it can be demonstrated that the development activities can be completed within the normal operating cycle.

*Property development costs*

Property development costs are stated at lower of cost and net realisable value. 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 including borrowing costs.

The property development costs on property units sold are recognised as an expense in the period in which they are incurred to match the attributable revenue recognised. If estimates of costs to complete property development (including costs to be incurred over the defects liability period) indicate loss, the expected loss is recognised as an expense immediately in the period in which they are identified.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion inclusive of expected loss and selling expenses.

Property development costs expected to be incurred on property development are based on estimates of total property development costs at completion. These estimates are reviewed and revised periodically throughout the lives of the property development and adjustments to costs resulting from such revisions are recorded in the accounting period in which the revisions are made.

*Accrued and progress billings*

The excess of revenue recognised in the income statements over the billings to purchasers is presented as an asset as accrued billings.

The excess of billings to purchasers over revenue recognised in the income statements is presented as a liability as progress billings.

*Completed property units*

Completed property units remain unsold are transferred to inventories.

The accounting policy in respect of inventories is set out in Note 4.18.

*Transfer of land*

Where a land presented as property, plant and equipment is stated at valuation, such land is transferred to land held for property development and/or property development costs at its carrying amount as surrogate cost.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***4.17 Construction contracts***Contract revenue*

The Group recognises contract revenue using the percentage of completion method, determined primarily by reference to surveys of work performed.

A prudent estimate of the profit attributable to work performed is recognised once the outcome of the contract work can be assessed with reasonable certainty. Where contract work outcome is not reliably determined, profit is not recognised but revenue is recognised to the extent of the recoverable costs. In all cases, anticipated losses are recognised in full.

Profits expected to be realised on contract work are based on estimates of total revenues and cost at completion. These estimates are reviewed and revised periodically throughout the lives of the contract works and adjustments to profits resulting from such revisions are recorded in the accounting period in which the revisions are made. If estimates of costs to complete contract work indicate losses, recognition is made for the full losses anticipated in the period in which they are identified.

Claim for additional contract revenue is recognised if it is probable that the claim will result in additional revenue and the amount can be reliably estimated.

*Amount due from/to contract customers*

Construction contract stated at costs plus attributable profits less anticipated losses and progress billings is presented as an asset as amount due from customers for contract works.

The excess of progress billings over costs plus attributable profits less anticipated losses is presented as a liability as amount due to customers for contract works.

Costs consist of direct materials, direct labour, direct overhead, sub-contract charges and attributable expenses.

**4.18 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on the following bases:-

<b>Category</b>	<b>Basis</b>
Completed property units	Specific identification or relative sale value
Raw materials, goods for resale and spare parts	FIFO (first-in-first-out)
Work in progress and finished goods	Weighted average

Cost of completed property units comprises direct cost of construction and proportionate land and development costs.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**4.18 Inventories (continued)**

Cost comprises materials, direct labour cost and an appropriate proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

**4.19 Receivables and payables**

Receivables are stated at cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Payables are stated at cost.

**4.20 Leases****(i) Finance leases**

Leases in which the Group assumes substantially all the risks and rewards of ownership are presented as finance leases. An item of property, plant and equipment leased by way of finance lease is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease.

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

**(ii) Operating leases**

Leases under which all the risks and benefits of ownership are retained by the lessor are presented as operating leases. Payments made under operating leases are charged to the income statements on a straight line basis over the lease term.

Leasehold land held for own use is presented as an operating lease and the up-front payment represents prepaid lease payments. These up-front payments are expensed to the income statements to match the inflow of benefits accrued.

Leasehold buildings held for own use remain presented in property, plant and equipment as they are finance leases, where substantially all the risks and rewards incidental to their ownership is transferred to the Group and to the Company. The leasehold buildings are depreciated on a straight line basis over their lease terms.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***4.21 Provisions**

Provisions are recognised in the balance sheets when the Group and the Company have a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

**4.22 Share capital**

Ordinary shares are presented as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**4.23 Cash flow statements**

The Group and the Company report the cash flow from operating activities using indirect method.

Cash and cash equivalents consist of bank balances, deposits repayable on demand and highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value, against which the bank overdrafts are deducted.

**5. Revenue**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Property development	240,228	207,432	-	-
Contract works	-	150	-	-
Sales of goods	1,958	48,583	-	-
Services rendered	5,405	6,036	-	-
Dividend income	-	-	13,426	14,310
Others	1,957	2,361	6	-
	<b>249,548</b>	<b>264,562</b>	<b>13,432</b>	<b>14,310</b>

Revenue of the Group represents sales of goods and services derived from the principal activities, net of discounts, allowances, sales and service taxes.

Revenue of the Company represents dividend and interest income.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***6. Profit before taxation**

This is arrived at:-

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>After charging all expenses including:</i>				
Directors' fee	180	180	180	180
Auditors' remuneration:-				
Audit fees:				
• current year	104	108	15	15
• adjustments for prior years	12	(3)	-	-
Other professional fees	47	51	1	2
Staff costs:				
Directors' emoluments:				
• salaries and bonus	1,700	1,950	-	-
• defined contribution plans	200	234	-	-
• others	118	153	12	12
Other employees' emoluments and benefits:				
• salaries and bonus	9,894	9,450	-	-
• defined contribution plans	1,100	944	-	-
• others	911	822	-	-
Hire of plant and equipment	605	1,208	-	-
Rent of land and buildings	1,397	1,031	160	160
Bank overdraft interest	-	9	-	-
Finance lease interest	105	60	-	-
Other interest	457	2,421	-	101
Depreciation	2,176	3,418	-	-
Amortisation of:				
• development costs	-	937	-	-
• prepaid lease payments	28	28	-	-
Bad debts written off	-	-	54	-
Contract costs	-	132	-	-
Property development expenses:				
• property development costs	166,415	136,563	-	-
• inventories	24,953	29,825	-	-
Direct operating expenses of investment properties which generated rental income	168	1,052	-	-
Direct operating expenses of investment properties which generated no rental income	239	-	-	-
Derecognition of property, plant and equipment	69	1,898	-	-

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***6. Profit before taxation (continued)**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<i>And crediting all income including:</i>				
Gross dividends from subsidiaries	-	-	13,426	14,310
Rent of land and buildings				
from investment properties	1,360	2,357	-	-
Interest income	1,509	1,192	6	-
Gain on disposal of property, plant				
and equipment	297	74	-	-
Gain on disposal of investment properties	2,540	1,740	-	-
Fair value adjustments on investment				
properties	1,677	-	-	-

**7. Taxation**

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
Malaysian:				
<i>Current tax expense:</i>				
• current year	10,990	7,944	1,749	3,472
• adjustments for prior years	59	879	-	-
	11,049	8,823	1,749	3,472
<i>Deferred tax expense/(income):</i>				
Origination and reversal of				
temporary differences:				
• current year	(3,064)	87	-	-
• adjustments for prior years	699	50	-	-
Effect of a change in imposition				
of tax rate on opening				
deferred taxation	-	(14)	-	-
	(2,365)	123	-	-
	8,684	8,946	1,749	3,472

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*7. **Taxation** (continued)

The tax reconciliation is as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Taxation based on Malaysian application (statutory) tax rate of 25%	8,619	7,711	3,205	3,411
Disallowable expenses for tax purposes	813	59	48	61
Non-taxable income for tax purposes	(1,153)	(155)	(1,504)	-
Taxes for prior years	758	929	-	-
Effect of a change in imposition of tax rate on opening deferred taxation	-	(14)	-	-
Unrecognised deferred tax assets	135	428	-	-
Benefit from previously unrecognised deferred tax assets	(483)	(36)	-	-
Others	(5)	24	-	-
Taxation as per income statements	<u>8,684</u>	<u>8,946</u>	<u>1,749</u>	<u>3,472</u>

Benefit from previously unrecognised deferred tax assets on the following deductible temporary differences is used to reduce tax expenses as follows:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Current tax expense:</i>		
Property, plant and equipment:		
• differences between net carrying amount and tax written down value	-	7
Unutilised tax losses	483	29
	<u>483</u>	<u>36</u>

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***8. Earnings per share**

The calculation of basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders amounting to approximately RM25,792,000/- (2009: RM21,897,000/-) and the number of ordinary shares outstanding during the financial year of RM242,124,000/- (2009: RM242,124,000/-).

*Diluted earnings per share*

Fully diluted earnings per share is the same as basic earnings per share as it is considered that there are no dilutive potential ordinary shares.

**9. Property, plant and equipment**

<b>Group 2010</b>	<b>*Land &amp; buildings RM'000</b>	<b>Plant &amp; machinery RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Furniture, fittings &amp; equipment RM'000</b>	<b>Total RM'000</b>
<i>Cost/valuation:</i>					
At 1 April 2009	164,722	86,966	8,460	11,444	271,592
Additions	930	1,285	746	270	3,231
Revaluation deficit	(438)	-	-	-	(438)
Disposals	-	(190)	(1,013)	-	(1,203)
Derecognition	-	(34)	-	(716)	(750)
Elimination arising from revaluation	(1,607)	-	-	-	(1,607)
At 31 March 2010	163,607	88,027	8,193	10,998	270,825
<i>Accumulated depreciation:</i>					
At 1 April 2009	1,285	33,203	6,673	10,391	51,552
Charge for the year	322	977	657	220	2,176
Disposals	-	(176)	(1,013)	-	(1,189)
Derecognition	-	(34)	-	(647)	(681)
Elimination arising from revaluation	(1,607)	-	-	-	(1,607)
At 31 March 2010	-	33,970	6,317	9,964	50,251
<i>Net carrying amount:</i>					
At 31 March 2010	163,607	54,057	1,876	1,034	220,574

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***9. Property, plant and equipment (continued)**

<b>Group 2009</b>	<b>*Land &amp; buildings RM'000</b>	<b>Plant &amp; machinery RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Furniture, fittings &amp; equipment RM'000</b>	<b>Total RM'000</b>
<i>Cost/valuation:</i>					
At 1 April 2008	164,719	87,591	7,904	15,117	275,331
Additions	3	177	1,643	239	2,062
Disposals	-	-	(1,087)	(45)	(1,132)
Derecognition	-	(802)	-	(3,867)	(4,669)
At 31 March 2009	164,722	86,966	8,460	11,444	271,592
<i>Accumulated depreciation:</i>					
At 1 April 2008	963	31,935	7,298	11,830	52,026
Charge for the year	322	1,733	462	901	3,418
Disposals	-	-	(1,087)	(34)	(1,121)
Derecognition	-	(465)	-	(2,306)	(2,771)
At 31 March 2009	1,285	33,203	6,673	10,391	51,552
<i>Net carrying amount:</i>					
At 31 March 2009	163,437	53,763	1,787	1,053	220,040

**\*Analysis of land & buildings:****Freehold land & buildings**

<b>Group</b>	<b>2010 RM'000</b>	<b>2009 RM'000</b>
<i>Cost/valuation:</i>		
At 1 April	164,722	164,719
Additions	930	3
Revaluation deficit	(438)	-
Elimination arising from revaluation	(1,607)	-
At 31 March	163,607	164,722
<i>Accumulated depreciation:</i>		
At 1 April	1,285	963
Charge for the year	322	322
Elimination arising from revaluation	(1,607)	-
At 31 March	-	1,285
<i>Net carrying amount:</i>		
At 31 March	163,607	163,437

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***9. Property, plant and equipment (continued)***\*Analysis of land & buildings:**Analysis of valuation of land & buildings:*

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings:		
• at cost	53	110
• at 2010/2005 valuation	163,554	164,612
	<u>163,607</u>	<u>164,722</u>

If the freehold land and buildings had not been revalued, they would have been included at the following amounts:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Freehold land and buildings:		
At cost	26,818	25,888
Accumulated depreciation	2,425	2,261
Net carrying amount	<u>24,393</u>	<u>23,627</u>

The Group's freehold land and buildings were revalued by an independent professional valuer using open market value basis on 31 March 2010.

The net carrying amounts of assets leased under finance lease arrangements are as follows:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Plant & machinery	1,326	559
Motor vehicles	1,791	1,691
	<u>3,117</u>	<u>2,250</u>

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10. **Prepaid lease payments**

<b>Group</b>	<b>Long leasehold land RM'000</b>	<b>Short leasehold land RM'000</b>	<b>Total RM'000</b>
<i>Net carrying amount:</i>			
At 1 April 2009	772	326	1,098
Amortisation for the year	(10)	(18)	(28)
At 31 March 2010	762	308	1,070
<i>Analysed between:</i>			
Current	10	18	28
Non-current	752	290	1,042
	762	308	1,070
<b>2009</b>			
<i>Net carrying amount:</i>			
At 1 April 2008	782	344	1,126
Amortisation for the year	(10)	(18)	(28)
At 31 March 2009	772	326	1,098
<i>Analysed between:</i>			
Current	10	18	28
Non-current	762	308	1,070
	772	326	1,098

Long leasehold land was revalued by an independent professional valuer based on an open market basis on 31 March 2005 and short leasehold land was revalued at RM525,000/- by Directors based on an existing use basis.

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11. **Investment in subsidiaries**

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><i>Unquoted shares</i></b>		
<i>At cost:</i>		
At 1 April	437,972	437,972
Pre-acquisition dividend	(11,330)	-
At 31 March	426,642	437,972
<i>Accumulated impairment losses:</i>		
At 1 April	4,983	4,983
<b>Charge for the year</b>	-	-
At 31 March	4,983	4,983
<i>Net carrying amount:</i>		
At 31 March	421,659	432,989

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of company	Issued equity capital RM	Effective holding		Principal activities
		2010 %	2009 %	
§ Sin Heap Lee Development Sdn. Bhd.	90,000,000	100	100	Property development
§ Sin Heap Lee Construction Sdn. Bhd.	90,000,000	100	100	Building construction works, construction management services and money lending business
§ Integrated Management Corporation Sdn. Bhd.	1,000,000	100	100	Provision of professional management services in commercial and industrial studies and planning, construction management and financial services
§ Sin Heap Lee Company Sdn. Berhad	3,900,000	100	100	Rental of properties, marketing agent of bricks and building materials

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*11. **Investment in subsidiaries** (continued)

Name of company	Issued equity capital RM	Effective holding		Principal activities
		2010 %	2009 %	
§ Sin Heap Lee Brickworks Sdn. Bhd.	30,000,000	100	100	Manufacturing of clay- bricks, supply of finished brickworks of wall and other brick structures
SHL Ventures Sdn. Bhd.	2	100	100	Investment holding
SHL Realty Sdn. Bhd.	3,000,000	100	100	Property investment
SHL Corporate Services Sdn. Bhd.	3,000,000	100	100	Providing strategic, financial and corporate planning services
Goodstock (Tawau) Sdn. Bhd.	2,000,002	100	100	Property development
Wilayah Builders Sdn. Bhd.	9,000,000	100	100	Property development
Ho Sin & Son Enterprise Sdn. Bhd.	1,000,000	100	100	Property development
Mayang Kiara Sdn. Bhd.	50,000	100	100	Property development
H.S.C. Sdn. Berhad	1,000,000	100	100	Property development
SHL Home Builders Sdn. Bhd.	160,000	-	100	Building construction works
Sukma Pesona Sdn. Bhd.	500,000	100	100	Property development
SHL Infra Sdn. Bhd.	4,000,000	100	100	Earthworks and infrastructure works, renting out of plant and machineries and sales of premix
Kajang Granite Quarry Sdn. Bhd.	5,000,000	100	100	Granite quarrying and manufacturing of aggregates

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*11. **Investment in subsidiaries** (continued)

Name of company	Issued equity capital RM	Effective holding		Principal activities
		2010 %	2009 %	
Mercantile Corporation (M) Sdn. Bhd.	872,400	100	100	Manufacturing of aluminium framed doors and windows, contracting for renovation and installation works
Soil-Mech Drillers Sdn. Bhd.	250,000	100	100	Provision of soil investigation services and property maintenance services
Senick Sdn. Bhd.	5	100	100	Granite quarrying and manufacturing of aggregates
<b>Subsidiary of Sin Heap Lee Development Sdn. Bhd.</b>				
SHL-M Sdn. Bhd.	45,000,000	100	100	Property development
<b>Subsidiary of SHL-M Sdn. Bhd.</b>				
* Sungai Long Golf Resort Berhad	5,000,000	100	100	Golf resort operator

**Notes:**

§ Subsidiaries which are consolidated using merger method of accounting.

\* A wholly-owned subsidiary of SHL-M Sdn. Bhd.

In March 2010, the Group derecognised its subsidiary, SHL Home Builders Sdn. Bhd. as the subsidiary had been struck off pursuant to Section 308(1) of the Companies Act 1965. The derecognition has insignificant impact on the financial results, financial position and cash flows to the Group.

SHL Ventures Sdn. Bhd. is in the process of being struck off pursuant to Section 308(1) of the Companies Act 1965.

In June 2010, the Group announced that Mercantile Corporation (M) Sdn. Bhd. and H.S.C. Sdn. Berhad are to be dissolved by way of Members' Voluntary Winding Up pursuant to Section 254 of the Companies Act 1965.

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12. **Investment in associate**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares, at cost	1,305	1,305
Share of post-acquisition loss	(48)	(39)
	<u>1,257</u>	<u>1,266</u>
Share of net assets	<u>1,257</u>	<u>1,266</u>

There is no goodwill or negative goodwill in the associate's own financial statements and on the acquisition of the Group's interest in the associate.

Details of associate are as follows:-

<b>Name of company (Incorporated in Malaysia)</b>	<b>Effective holding</b>		<b>Principal activities</b>
	<b>2010</b>	<b>2009</b>	
	<b>%</b>	<b>%</b>	
OPT Ventures Sdn. Bhd.	30	30	Property development

The following amounts represent the Group's share of assets, liabilities and expenses of the associate:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Assets	11,901	11,900
Liabilities	(10,644)	(10,634)
Net tangible assets	<u>1,257</u>	<u>1,266</u>
Revenue	-	-
Expenses	(9)	(9)
Loss for the year	<u>(9)</u>	<u>(9)</u>

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***13. Investment properties**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 April	44,893	47,173
Addition from subsequent expenditure	7,772	180
Disposal	(38,195)	(2,460)
Fair value adjustments	1,677	-
At 31 March	16,147	44,893

The fair values of the investment properties were based on valuation performed by an independent professional valuer on 31 March 2010 using open market value basis.

**14. Land held for property development**

<b>Group</b>	<b>Land</b>	<b>Development</b>	<b>Total</b>
<b>2010</b>	<b>costs</b>	<b>costs</b>	<b>RM'000</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>At cost:</i>			
At 1 April 2009	34,353	10,407	44,760
Additions	35	20	55
Transfer to property development costs	(30,353)	(10,016)	(40,369)
Reclassification	384	(384)	-
At 31 March 2010	4,419	27	4,446
 <b>2009</b>			
<i>At cost:</i>			
At 1 April 2008	34,348	10,275	44,623
Additions	5	132	137
At 31 March 2009	34,353	10,407	44,760

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15. **Intangible assets**

<b>Group 2010</b>	<b>Goodwill RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<i>Cost:</i>			
At 1 April 2009 and 31 March 2010	8,166	23,630	31,796
<i>Accumulated amortisation and impairment losses:</i>			
At 1 April 2009	8,166	8,284	16,450
Impairment loss for the year	-	10,231	10,231
At 31 March 2010	8,166	18,515	26,681
<i>Net carrying amount:</i>			
At 31 March 2010	-	5,115	5,115
 <b>2009</b>			
<i>Cost:</i>			
At 1 April 2008 and 31 March 2009	8,166	23,630	31,796
<i>Accumulated amortisation and impairment losses:</i>			
At 1 April 2008	8,166	7,347	15,513
<b>Charge for the year</b>	-	937	937
At 31 March 2009	8,166	8,284	16,450
<i>Net carrying amount:</i>			
At 31 March 2009	-	15,346	15,346

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***15. Intangible assets (continued)**Impairment tests for development costs

The development costs are reviewed annually for indication of impairment. If any such indication exists, then the recoverable amount of the development costs is estimated. For the purposes of impairment testing of the development costs, the carrying amount of the development costs is compared to their recoverable amount. The recoverable amount is the higher of the development costs' net selling price and their value in use.

The estimated recoverable amount of development costs is based on value in use calculation. The Group estimates value in use using a discounted cash flow model. The key assumptions used are as follows:-

- the pre-tax discount rate applied to cash flow projections is 5.00% (2009: 5.00%) per annum;
- the projected cash flows extrapolated using growth rates at an interval of 2 years as follows:
  - selling price increased by 6.00% to 7.00% (2009: 6.00% to 7.00%)
  - variable costs increased by 7.00% (2009: 7.00%)
  - fixed costs increased by 10.00% (2009: 10.00%)
- other commercial assumptions relating to development costs have been made based on historic trends adjusted for management's estimates on the economic condition.

Sensitivity to changes in assumptions

The level of impairment is prominently dependent upon judgement used in arriving at fair values, future growth rates and the discount rates applied to cash flow projections. The impact on the impairment charge of applying different assumptions to the growth rates used to calculate cash flow projections and in the pre-tax discount rates would be as follows:-

Increase/(decrease) impairment resulting from a 1% change to:-

	<b>1% increase RM'000</b>	<b>1% decrease RM'000</b>
• Discount rate	4,671	(5,316)
• Growth rate	(1,962)	1,878

**16. Investments**

	<b>Group</b>	
	<b>2010 RM'000</b>	<b>2009 RM'000</b>
<i>Unquoted in Malaysia, at cost:</i>		
Shares	7	7
Club membership	117	117
	<b>124</b>	<b>124</b>

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***17. Deferred tax assets and liabilities**

Deferred tax assets and liabilities shown in the balance sheet after appropriate offsetting are as follows:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred tax assets	(2,784)	(3,051)
Deferred tax liabilities	12,300	16,056
	9,516	13,005

The deferred tax assets and liabilities are offset as:-

- the Group and the Company have a legally enforceable right to set off current tax assets against current tax liabilities; and
- they relate to taxes levied by the same authority on the Group and on the Company.

Deferred tax assets of the Group are recognised when the realisation of the related tax benefits through the future taxable profits is probable based on recent history of results of the Group.

The movements and components of deferred tax assets and liabilities before appropriate offsetting are as follows:-

<b>Group</b>	<b>Property, plant and equipment</b>	<b>Development costs</b>	<b>Revaluation surplus on land and buildings</b>	<b>Unutilised tax losses</b>	<b>Unabsorbed capital allowances</b>	<b>Unabsorbed industrial building allowances</b>	<b>Investment properties</b>	<b>Property development costs</b>	<b>Land held for property development</b>	<b>Total</b>
<b>2010</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 April 2009	13,849	3,455	6,705	(599)	(8,333)	(3,206)	3,145	(1,248)	(763)	13,005
Amount recognised in income statement	97	(2,283)	(71)	549	54	3,206	(4,185)	268	-	(2,365)
Amount recognised in equity	-	-	(1,124)	-	-	-	-	-	-	(1,124)
At 31 March 2010	13,946	1,172	5,510	(50)	(8,279)	-	(1,040)	(980)	(763)	9,516
<b>2009</b>										
At 1 April 2008	14,526	3,664	6,884	(621)	(8,883)	(3,189)	2,772	(1,470)	(763)	12,920
Amount recognised in income statement	(677)	(209)	(141)	22	550	(17)	373	222	-	123
Amount recognised in equity	-	-	(38)	-	-	-	-	-	-	(38)
At 31 March 2009	13,849	3,455	6,705	(599)	(8,333)	(3,206)	3,145	(1,248)	(763)	13,005

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***17. Deferred tax assets and liabilities (continued)*****Unrecognised deductible temporary differences***

The amounts of deductible temporary differences for which no deferred tax assets have been recognised in the balance sheet are as follows:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Unabsorbed capital allowances	8,103	7,851
Unutilised tax losses	5,545	8,200
	13,648	16,051
	13,648	16,051

The above deductible temporary differences have no expiry date. No deferred tax assets have been recognised in respect of these deductible temporary differences because it is improbable that future profit will be available against which the Group and the Company can utilise the benefits therefrom.

Subject to confirmation by Inland Revenue Board, the Group has unabsorbed reinvestment allowances carried forward amounting to approximately RM21,094,000/- (2009: RM21,094,000/-). The estimated potential tax benefit of the unabsorbed reinvestment allowances for which no credit has been taken in the net income of the current or prior years is RM5,273,000/- (2009: RM5,273,500/-). Such benefit will only be obtained if the Group derives future assessable income of a nature and of amounts sufficient for them to be utilised.

**18. Amounts due from/(to) subsidiaries**

The outstanding amounts are unsecured and interest-free with no fixed terms of repayment.

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19. **Property development costs**

<b>Group 2010</b>	<b>Land costs RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<i>At cost:</i>			
At 1 April 2009	97,205	327,341	424,546
Additions	-	85,266	85,266
Transfer from land held for property development	30,353	10,016	40,369
At 31 March 2010	127,558	422,623	550,181
<i>Cost recognised in income statements:</i>			
At 1 April 2009	29,891	195,197	225,088
<b>Charge for the year</b>	22,451	143,964	166,415
At 31 March 2010	52,342	339,161	391,503
<i>Net carrying amount:</i>			
At 31 March 2010	75,216	83,462	158,678
<b>2009</b>			
<i>At cost:</i>			
At 1 April 2008	97,205	183,408	280,613
Additions	-	143,933	143,933
At 31 March 2009	97,205	327,341	424,546
<i>Cost recognised in income statements:</i>			
At 1 April 2008	10,222	78,303	88,525
<b>Charge for the year</b>	19,669	116,894	136,563
At 31 March 2009	29,891	195,197	225,088
<i>Net carrying amount:</i>			
At 31 March 2009	67,314	132,144	199,458

Included in the property development costs are:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest expenses capitalised	1,263	2,815

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20. **Inventories**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>At cost:</i>		
Completed property units	33,843	58,976
Raw materials	66	101
Goods for resale	192	184
Work in progress	9	9
Finished goods	1,367	4,530
Spare parts	1,203	1,219
	36,680	65,019
<i>At net realisable value:</i>		
Completed property units	180	-
	<u>36,860</u>	<u>65,019</u>

21. **Trade receivables**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from customers for contract works	7,008	16,045
Amount due from associate	9,052	9,052
Trade debtors	31,355	37,241
	<u>47,415</u>	<u>62,338</u>

The normal credit terms granted to customers range from 14 to 90 days (2009: 14 to 90 days). Other credit terms are assessed and approved on a case by case basis.

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21. **Trade receivables** (continued)

The amount due from customers for contract works are as follows:-

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Costs	5,373	11,272
Attributable losses	-	-
Amount due from customers for contract works	<u>5,373</u>	<u>11,272</u>
Analysed as:-		
Amount due from customers for contract works	7,008	16,045
Amount due to customers for contract works (note 29)	<u>(1,635)</u>	<u>(4,773)</u>
	<u>5,373</u>	<u>11,272</u>

22. **Other receivables**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Advances	329	220	-	-
Deposits	4,293	3,848	-	-
Prepayments	1,045	1,275	20	20
Others	1,827	1,999	-	-
	<u>7,494</u>	<u>7,342</u>	<u>20</u>	<u>20</u>

The advances are unsecured and interest-free with no fixed terms of repayments.

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23. **Cash and deposits**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Deposits with licensed banks	78,501	4,566	204	-
Cash and bank balances	38,232	23,321	5,402	566
	<b>116,733</b>	<b>27,887</b>	<b>5,606</b>	<b>566</b>

Included in the cash and bank balances are balances of RM13,520,000/- (2009: RM6,295,000/-) held under Housing Development Accounts pursuant to Section 7A of the Housing Development Act, 1966. These balances are restricted from use in other operations.

24. **Share capital**

	<b>Number of ordinary shares of RM1/- each</b>		<b>Amount</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>'000</b>	<b>'000</b>	<b>RM'000</b>	<b>RM'000</b>
Authorised	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid	242,124	242,124	242,124	242,124

25. **Reserves**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Non-distributable:</i>				
Share premium	1,225	1,225	1,225	1,225
Revaluation surplus	50,745	50,059	-	-
Merger reserve	-	-	4,377	4,377
Capital reserves	11,040	11,040	23,361	23,361
Merger deficit	(130,464)	(130,464)	-	-
	<b>(67,454)</b>	<b>(68,140)</b>	<b>28,963</b>	<b>28,963</b>
<i>Distributable:</i>				
Retained profits	358,744	343,848	115,824	115,649
	<b>291,290</b>	<b>275,708</b>	<b>144,787</b>	<b>144,612</b>

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*25. **Reserves** (continued)25.1 Share premium

Share premium represents premium on shares issued by the Company.

25.2 Revaluation surplus

The revaluation surplus represents the surpluses arising from the revaluation of land and buildings of the subsidiaries net of related tax effects, if any.

25.3 Merger reserve

The premium on the shares issued by the Company was credited to merger reserve where relief is available under Section 60 of the Companies Act 1965. On consolidation, the merger reserve is dealt with as merger adjustment by elimination.

25.4 Capital reserves

Capital reserves of the Company represent gains arising from the disposal of investments in subsidiaries on Group restructuring.

Capital reserve of the Group represents share premium of the subsidiaries and reserve capitalised by a subsidiary for bonus issue of shares.

25.5 Merger deficit

Merger deficit represents the difference between the nominal value of shares issued by SHL Consolidated Bhd. to effect the merger and the nominal value of the shares acquired from the merged entities and is arrived at as follows:-

	<b>RM'000</b>
Nominal value of 176,263,799 ordinary shares of RM1/- each issued by SHL Consolidated Bhd.	176,264
Nominal value of 45,800,000 ordinary shares of RM1/- each acquired	<u>(45,800)</u>
Merger deficit	<u>130,464</u>

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26. **Finance lease liabilities**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Minimum lease payments:		
• 1 year or less	900	581
• 5 years or less but over 1 year	1,749	1,167
	<u>2,649</u>	<u>1,748</u>
Future finance charge on finance leases	(322)	(230)
Present value of finance lease liabilities	<u>2,327</u>	<u>1,518</u>
Present value of finance lease liabilities:		
• 1 year or less	781	510
• 5 years or less but over 1 year	1,546	1,008
	<u>2,327</u>	<u>1,518</u>

The repayment periods of the finance lease liabilities range from 2 to 7 years (2009: 2 to 7 years) at the inception of the leases. Interest is levied at rates ranging from 3.05% to 6.98% (2009: 4.40% to 6.98%) per annum. The finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

27. **Long-term borrowings**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Term loans:-		
<i>Payable after twelve months:</i>		
Unsecured:		
• licensed bank	-	8,728
	<u>-</u>	<u>8,728</u>

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***27. Long-term borrowings (continued)**

The details of the loan facilities are as follows:-

	<b>Limit RM</b>	<b>Interest rate per annum 2010 (%)</b>	<b>2009 (%)</b>	<b>Repayment</b>
<i>Unsecured:</i>				
Term loans from licensed bank	20,000,000	-	5.05 – 5.10	35 monthly instalments of RM555,556/- each and 1 final instalment of RM555,540/-, commencing in September 2005
	22,680,000	-	4.15 – 5.10	36 monthly instalments of RM630,000/- each commencing in October 2006
	10,000,000	-	3.69 – 4.85	Bullet repayment of RM10,000,000/- due in February 2009
	10,000,000	-	4.15 – 5.10	35 monthly instalments of RM277,778/- each and 1 final instalment of RM277,770/-, commencing in May 2009
	8,000,000	-	3.69 – 4.85	8 quarterly instalments of RM888,000/- and 1 final quarterly instalment of RM896,000/-, commencing in July 2008

The term loans were fully repaid during the year.

**28. Club establishment fund**

Club establishment fund represents refundable deposits due to the members of the golf resort.

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29. **Trade payables**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due to customers for contract works (note 21)	1,635	4,773
Trade creditors	46,835	47,545
	<u>48,470</u>	<u>52,318</u>

The normal credit terms granted to the Group range from 14 to 75 days (2009: 14 to 75 days).

30. **Other payables**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Accrued expenses	1,596	1,303	17	17
Others	3,862	2,715	9	9
	<u>5,458</u>	<u>4,018</u>	<u>26</u>	<u>26</u>

31. **Short-term borrowings**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Unsecured:-</i>		
Bank borrowings:		
• bank overdrafts	-	33
• bankers acceptance	-	9,998
• revolving credits	-	56,200
• term loan	-	10,387
	<u>-</u>	<u>76,618</u>

In 2009, the bank borrowings bore interest at rates ranging from 2.58% to 9.25% per annum.

The contractual terms of unsecured term loans are disclosed in note 27 to the financial statements.

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32. **Dividends**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Paid and payable:</i>				
Final dividend of 6 Sen gross per share less tax in respect of financial years 2009 and 2008 respectively	10,896	10,750	10,896	10,750
<i>Proposed:</i>				
Final dividend of 7 and 6 Sen gross per share less tax in respect of financial years 2010 and 2009 respectively	12,712	10,896	12,712	10,896

No recognition is made on the dividend proposed until it has been approved at the Annual General Meeting. The amount will be recognised as an appropriation of retained profits in the year in which it is approved.

33. **Analysis of movement of inventories and property development costs**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Net movement	(110,571)	(23,662)
Interest capitalised	1,263	2,815
Transfer from land held for property development	40,369	-
	<u>(68,939)</u>	<u>(20,847)</u>

34. **Analysis of acquisition of property, plant and equipment**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
Cash payment	1,653	1,230
Finance lease arrangement	1,578	832
	<u>3,231</u>	<u>2,062</u>

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35. **Analysis of cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash and deposits	116,733	27,887	5,606	566
Bank overdrafts	-	(33)	-	-
	<b>116,733</b>	<b>27,854</b>	<b>5,606</b>	<b>566</b>

36. **Financial instruments**

36.1 **Interest rate risk**

The maturity periods and effective weighted average interest rates of the financial instruments that are exposed to interest rate risks are as follows:

<b>Group</b>	<b>Within</b>	<b>One to</b>	<b>More</b>	<b>Total</b>	<b>Effective</b>
<b>2010</b>	<b>one year</b>	<b>five years</b>	<b>than</b>	<b>RM'000</b>	<b>interest rate</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>five years</b>		<b>during the</b>
			<b>RM'000</b>		<b>year</b>
					<b>%</b>
<i>Financial assets:</i>					
Cash and deposits	116,733	-	-	116,733	1.80 – 2.35
<i>Financial liabilities:</i>					
Finance lease liabilities	781	1,546	-	2,327	3.05 – 6.98
<b>2009</b>					
<i>Financial assets:</i>					
Cash and deposits	27,887	-	-	27,887	1.90 – 3.40
<i>Financial liabilities:</i>					
Finance lease liabilities	510	1,008	-	1,518	4.40 – 6.98
Amounts due to Directors	-	-	-	-	3.10
<i>Short-term borrowings:</i>					
• bank borrowings	76,618	-	-	76,618	2.58 – 9.25
Long-term borrowings	-	8,728	-	8,728	3.69 – 5.10

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***36.1 Interest rate risk (continued)**

<b>Company 2010: inapplicable 2009</b>	<b>Within one year RM'000</b>	<b>One to five years RM'000</b>	<b>More than five years RM'000</b>	<b>Total RM'000</b>	<b>Effective interest rate during the year %</b>
<i>Financial liabilities:</i>					
Amounts due to Directors	-	-	-	-	3.10

**36.2 Credit risk**

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheets.

Credit risk, or the risk of counterparty default, is controlled by the application of credit approvals, setting of counterparty limits and monitoring procedures. Credit risk is minimised given the Group and the Company's policies of selecting only counterparties with high credit worthiness.

The Group has no significant concentrations of credit risk with any single counterparty.

**36.3 Fair values of financial instruments**

The fair values of the financial instruments at the balance sheet date approximate their carrying amounts unless it is impracticable to determine these values with sufficient reliability.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

**(i) Investments**

It is impracticable to estimate the fair values of the non-current unquoted investments of the Group because of the lack of quoted market prices and inability to estimate their fair values without incurring excessive costs. However, the Group believes that the carrying amounts represent recoverable amounts.

**(ii) Trade receivables and payables**

The historical cost carrying amounts of these financial instruments which are subject to normal trade credit terms approximate fair values.

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***36.3 Fair values of financial instruments (continued)**

- (iii) Cash and deposits, other receivables and payables (excluding advances in other receivables)

The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these instruments.

- (iv) Amounts due from/to subsidiaries and Directors, club establishment fund and advances in other receivables

It is impracticable to determine their fair values with sufficient reliability since these amounts have no fixed terms of repayment.

- (v) Borrowings and finance lease liabilities

The carrying amounts of short-term borrowings and finance lease liabilities approximate fair values because of the short period to maturity of these instruments. The fair values of long-term borrowings and finance lease liabilities are estimated based on the current rates available for borrowings and finance lease liabilities with the same maturity profile.

- (vi) Contingent liabilities

The fair values of contingent liabilities are not recognised at balance sheet date as it is impracticable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

**37. Contingent liabilities**

	<b>Company</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Unsecured:</i>		
Corporate guarantees given to banks for credit facilities granted to subsidiaries	2,287	90,558

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***38. Segment reporting**

Segment information is presented in respect of Group's business. No segment reporting by geographical segments has been provided as the Group is primarily involved in business operations in Malaysia. Inter-segment pricing is determined according to the normal course of business and has been established under the terms that are no less favourable than those arranged with external customers. Segment revenue, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

<b>Group 2010</b>	<b>Investment and services RM'000</b>	<b>Property development RM'000</b>	<b>Construction RM'000</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Quarrying RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>								
Revenue from								
external customers	7,200	240,228	-	695	119	1,306	-	249,548
Inter segment revenue	9,286	-	90,146	29,611	6,638	-	(135,681)	-
<b>Total revenue</b>	<b>16,486</b>	<b>240,228</b>	<b>90,146</b>	<b>30,306</b>	<b>6,757</b>	<b>1,306</b>	<b>(135,681)</b>	<b>249,548</b>
<b>Results</b>								
Segment results	(494)	37,886	1,881	(535)	(9,912)	921	(1,694)	28,053
Unallocated income								5,948
Unallocated expenses								(608)
<b>Operating profit</b>								<b>33,393</b>
Interest income								1,509
Finance costs								(417)
Share of associate's loss								(9)
Taxation								(8,684)
<b>Profit for the year</b>								<b>25,792</b>
<b>Assets</b>								
Segment assets	75,821	346,767	45,026	13,782	84,300	18,024	(51,864)	531,856
Investment in associate	-	1,257	-	-	-	-	-	1,257
Unallocated assets								89,741
<b>Total assets</b>								<b>622,854</b>
<b>Liabilities</b>								
Segment liabilities	1,173	72,379	29,337	7,949	551	535	(58,022)	53,902
Unallocated liabilities								35,538
<b>Total liabilities</b>								<b>89,440</b>
<b>Others</b>								
Capital expenditure	1,671	30	599	-	-	931	-	3,231
<b>Non-cash expenses:</b>								
• depreciation and amortisation	757	585	511	-	333	18	-	2,204
• derecognition of property, plant and equipment	26	43	-	-	-	-	-	69
• impairment loss on intangible assets	-	-	-	-	10,231	-	-	10,231

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38. **Segment reporting (continued)**

<b>Group 2009</b>	<b>Investment and services RM'000</b>	<b>Property development RM'000</b>	<b>Construction RM'000</b>	<b>Trading RM'000</b>	<b>Manufacturing RM'000</b>	<b>Quarrying RM'000</b>	<b>Eliminations RM'000</b>	<b>Consolidated RM'000</b>
<b>Revenue</b>								
Revenue from								
external customers	7,963	207,432	150	35,684	484	12,849	-	264,562
Inter segment revenue	11,816	-	149,010	20,709	9,364	-	(190,899)	-
<b>Total revenue</b>	<b>19,779</b>	<b>207,432</b>	<b>149,160</b>	<b>56,393</b>	<b>9,848</b>	<b>12,849</b>	<b>(190,899)</b>	<b>264,562</b>
<b>Results</b>								
Segment results	(2,107)	28,743	1,904	149	(1,149)	167	2,863	30,570
Unallocated income								2,134
Unallocated expenses								(671)
Operating profit								32,033
Interest income								1,192
Finance costs								(2,373)
Share of associate's loss								(9)
Taxation								(8,946)
<b>Profit for the year</b>								<b>21,897</b>
<b>Assets</b>								
Segment assets	107,053	420,473	99,382	43,729	106,569	13,292	(106,213)	684,285
Investment in associate	-	1,266	-	-	-	-	-	1,266
Unallocated assets								11,669
<b>Total assets</b>								<b>697,220</b>
<b>Liabilities</b>								
Segment liabilities	1,690	98,097	54,177	12,657	757	534	(111,602)	56,310
Unallocated liabilities								123,078
<b>Total liabilities</b>								<b>179,388</b>
<b>Others</b>								
Capital expenditure	249	1,673	140	-	-	-	-	2,062
Non-cash expenses:								
• depreciation and amortisation	1,431	430	229	-	2,265	28	-	4,383
• derecognition of property, plant and equipment	1,557	4	-	-	18	319	-	1,898

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***39. Related party disclosures***Identity of related parties*

The Company has related party relationship with its subsidiaries pursuant to the Companies Act 1965.

The relationships between the Group and the related parties, except subsidiaries, are as follows:-

<b>Related parties</b>	<b>Relationship</b>	<b>Period of business relationship</b>
Taipan Star Sdn. Bhd.	A company in which Directors of the Company, Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	16 years
Glen Waverley Sdn. Bhd.	A company in which Directors of the Company, Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	27 years
Unique Mix Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	12 years
Goodstock Land Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	27 years
Sin Heap Lee Land Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	21 years
Marusin Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	25 years
SHL Professional Services Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	12 years

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***39. Related party disclosures (continued)**

<b>Related parties</b>	<b>Relationship</b>	<b>Period of business relationship</b>
Sin Heap Lee Mix Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	27 years
Sin Heap Lee Property Services Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	16 years
Sin Yan Properties Sdn. Bhd.	A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest.	24 years
Integrated Perunding Sdn. Bhd.	A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest.	27 years
Sepakat Setia Perunding (Sendirian) Bhd.	A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest.	27 years

**39.1 Related party transactions**

During the year, the Group and the Company undertook a number of transactions with certain related parties. The more significant transactions are described below:-

***Transactions with subsidiaries:***

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Dividend income:</i>				
H.S.C. Sdn. Bhd.	-	-	11,330	-
Sin Heap Lee Development Sdn. Bhd.	-	-	13,000	14,310
SHL Ventures Sdn. Bhd.	-	-	426	-
	-	-	24,756	14,310

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*39. **Related party disclosures** (continued)

*Transactions with non-related corporations in which the Directors of the Company have significant influence in the financial and operating policy decisions:*

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<i>Expenses:</i>				
<i>Engineering consultancy services</i>				
Integrated Perunding Sdn. Bhd.	3,654	2,833	-	-
<i>Procurement of building materials</i>				
Unique Mix Sdn. Bhd.	6,997	9,575	-	-

39.2 *Related party balances*

	Group		Company	
	2010	2009	2010	2009
	RM'000	RM'000	RM'000	RM'000
<i>Trade receivables:</i>				
Taipan Star Sdn. Bhd.	851	851	-	-
<i>Trade payables:</i>				
Unique Mix Sdn. Bhd.	1,235	607	-	-
Integrated Perunding Sdn. Bhd.	244	1,275	-	-
<i>Amounts due from subsidiaries:</i>				
SHL Corporate Services Sdn. Bhd.	-	-	1,216	1,216
SHL Realty Sdn. Bhd.	-	-	6,319	9,097
Sin Heap Lee Brickworks Sdn. Bhd.	-	-	7,592	7,592
Sin Heap Lee Development Sdn. Bhd.	-	-	59,045	52,766
SHL-M Sdn. Bhd.	-	-	2,500	2,500
	-	-	76,672	73,171

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)***39. Related party disclosures (continued)****39.2 Related party balances**

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<i>Amounts due to subsidiaries:</i>				
Goodstock (Tawau) Sdn. Bhd.	-	-	300	300
H.S.C. Sdn. Berhad	-	-	1,000	600
Integrated Management Corporation Sdn. Bhd.	-	-	600	603
Kajang Granite Quarry Sdn. Bhd.	-	-	4,373	4,373
Mercantile Corporation Sdn. Bhd.	-	-	193	-
SHL Home Builders Sdn. Bhd.	-	-	-	350
SHL Infra Sdn. Bhd.	-	-	400	400
SHL Ventures Sdn. Bhd.	-	-	-	324
Sin Heap Lee Company Sdn. Berhad	-	-	8,789	11,566
Sin Heap Lee Construction Sdn. Bhd.	-	-	100,244	100,244
Sukma Pesona Sdn. Bhd.	-	-	935	935
Wilayah Builders Sdn. Bhd.	-	-	500	500
	-	-	117,334	120,195

**39.3 Directors' remunerations**

The aggregate amounts of remunerations received by the Directors of the Company during the financial year were as follows:-

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Non-executive Directors	140	140	140	140
Executive Directors	40	40	40	40
<b>Total Directors' fees</b>	180	180	180	180
Non-executive Directors	592	989	9	9
Executive Directors	1,426	1,348	3	3
<b>Total Directors' other emoluments</b>	2,018	2,337	12	12
<b>Total Directors' remunerations</b>	2,198	2,517	192	192

**SHL Consolidated Bhd.****and its Subsidiaries***(Incorporated in Malaysia)*

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**40. Material litigations**

Apart from the below, the Group never engaged in any material litigation, claims or arbitration either as plaintiff or defendant, and the Directors are unaware of any proceedings, pending or threatened against the Group or of any facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Group.

An indirect subsidiary, SHL-M Sdn. Bhd. has instituted legal proceedings against the Director of Lands and Mines Selangor (State Authority) relating to the revision of quit rent rate. Both parties have different interpretations on the quit rent rate. SHL-M Sdn. Bhd. is seeking from the State Authority the following:-

- declaring the invalidity of quit rent totalling RM583,680/- per year which the State Authority has imposed retrospectively to 1 January 1994; and
- recovering the sum of RM190,024/- per year from 1 January 1994 to 31 December 2007 on the grounds that the quit rent payable should be RM69,141/- per year only.

The case was originally fixed for trial on 22 March 2010 and 23 March 2010 but the Assistant State Legal Advisor was taken ill and it was adjourned to 1 June 2010. On 1 June 2010, the Judge was taken ill and it is now adjourned to 2 September 2010 and 3 September 2010.

The Directors are of the opinion that it is impossible to assess the possible financial outcome of the proceedings.

**41. Subsequent event***Acquisition of subsidiary*

On 20 April 2010, the Group announced a proposal to acquire 60% equity interest in Goodstock Land Sdn. Bhd. for a total consideration of RM25,563,000/- from the Directors of Group, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee.

Company No. 293565-W

**SHL Consolidated Bhd.**

*(Incorporated in Malaysia)*

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**Detailed Income Statement for the financial year ended  
31 March 2010**

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**CONFIDENTIAL**

**For management purpose only**

**Not forming part of the audited financial statements**

**SHL Consolidated Bhd.***(Incorporated in Malaysia)***Income Statement for the financial year ended 31 March 2010**

	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue</b>		
Dividend income	13,426,521	14,310,000
Interest income	5,713	-
	13,432,234	14,310,000
<b>Less:</b>		
<b>Administration expenses</b>		
Administrative / clerical fees	16,000	24,000
Advertisement fee	4,960	4,960
Audit fee	15,000	15,000
Audit committee fee	12,000	12,000
Bad debts written off	53,622	-
Bank charges	527	756
Directors' fees	180,000	180,000
Filing fees	350	350
General expenses	13,023	13,585
Loss on derecognition of subsidiary	1	-
Printing & stationery	46,638	44,793
Rental of office	159,840	159,840
Service fees	6,761	8,138
Service tax	3,005	1,813
Secretarial fees	11,400	11,400
Share registration fee	6,000	6,000
Stamp & postages	7,051	11,378
Subscription fee	25,340	23,340
Tax fee	1,150	1,500
Telephone & telefax charges	180	180
Travelling expenses	15,695	19,834
Water & electricity	34,003	28,003
	612,546	566,870
<b>Finance cost</b>		
Other interest	-	101,233
	612,546	668,103
<b>Profit before taxation</b>	12,819,688	13,641,897