



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

4TH QUARTER ENDED

31 MARCH 2012

SHL CONSOLIDATED BHD.

Company No.: 293565-W
(Incorporated in Malaysia)

Interim Financial Report – 31 MARCH 2012

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Year Ended 31 March 2012

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD		
	31-03-12	31-03-11	31-03-12	31-03-11		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	12,199	35,625	77,923	190,069	(112,146)	-59%
2. Cost of Sales	(6,469)	(25,747)	(53,343)	(142,290)	(88,947)	-63%
3. Gross Profit	5,730	9,878	24,580	47,779	(23,199)	-49%
4. Other Income	1,496	1,905	6,462	5,816	646	11%
5. Distribution Costs	(408)	(526)	(1,459)	(2,505)	(1,046)	-42%
6. Administration Expenses	(1,438)	(1,397)	(5,797)	(8,323)	(2,526)	-30%
7. Impairment Loss	-	-	-	(5,115)	(5,115)	-100%
8. Profit from Operations	5,380	9,860	23,786	37,652	(13,866)	-37%
9. Finance Costs	(42)	(21)	(159)	(157)	2	1%
10. Profit/(Loss) from Associate	1,702	(3)	1,645	(7)	1,652	23600%
11. Profit before Taxation	7,040	9,836	25,272	37,488	(12,216)	-33%
12. Taxation	(2,043)	(2,300)	(6,439)	(9,505)	(3,066)	-32%
13. Profit for the Period	4,997	7,536	18,833	27,983	(9,150)	-33%
14. Other Comprehensive Income	3,096	-	7,875	-	7,875	100%
15. Total Comprehensive Income for the Period	8,093	7,536	26,708	27,983	(1,275)	-5%
Profit Attributable to:						
16. Owners of the Parent	4,891	7,399	18,373	27,515	(9,142)	-33%
17. Minority Interests	106	137	460	468	(8)	-2%
	4,997	7,536	18,833	27,983	(9,150)	-33%
Total Comprehensive Income Attributable to:						
18. Owners of the Parent	7,987	7,399	26,248	27,515	(1,267)	-5%
19. Minority Interests	106	137	460	468	(8)	-2%
	8,093	7,536	26,708	27,983	(1,275)	-5%
Earnings Per Share Attributable to Owners of the Parent:						
20. Basic & Fully Diluted (Sen)	2.02	3.06	7.59	11.36	(3.78)	-33%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2012

	(UNAUDITED) As At 31-03-2012 RM'000	(AUDITED) As At 31-03-2011 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	219,420	219,618
2. Investment in associate	2,894	1,249
3. Investment properties	66,702	66,702
4. Land held for property development	5,894	3,246
5. Investments	7,733	31
6. Trust account	1,403	1,334
7. Deferred tax assets	2,063	2,238
8. Prepaid lease payments	994	1,014
	307,103	295,432
9. Current assets		
9.1 Property development costs	109,905	107,092
9.2 Inventories	8,557	13,030
9.3 Trade and other receivables	32,842	43,299
9.4 Current tax assets	7,566	2,011
9.5 Cash and deposits	162,127	174,779
	320,997	340,211
10. TOTAL ASSETS	628,100	635,643
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	314,793	305,948
	556,917	548,072
13. Minority Interest	18,114	17,654
14. Total equity	575,031	565,726
15. Non-current liabilities		
15.1 Borrowings	1,264	1,290
15.2 Deferred tax liabilities	10,884	13,327
15.3 Club establishment fund	16,233	16,278
	28,381	30,895
16. Current liabilities		
16.1 Trade and other payables	23,577	37,062
16.2 Borrowings	982	879
16.3 Taxation	129	1,081
	24,688	39,022
17. TOTAL LIABILITIES	53,069	69,917
18. TOTAL EQUITY AND LIABILITIES	628,100	635,643
19. Net assets per share (RM)	2.30	2.26

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Year Ended 31 March 2012

(The figures have not been audited)

	Non-distributable					Distributable	Total	Minority	Total
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits		Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	A RM'000	B RM'000	A+B RM'000
1. 12 months ended 31 March 2012									
1.1 At 1 April 2011	242,124	1,225	50,745	(130,464)	11,040	373,402	548,072	17,654	565,726
1.2 Total comprehensive income for the period	-	-	(7,875)	-	-	26,248	18,373	460	18,833
1.3 Revaluation surplus/(deficits)	-	-	3,183	-	-	-	3,183	-	3,183
1.4 Dividends	-	-	-	-	-	(12,711)	(12,711)	-	(12,711)
At 31 March 2012	242,124	1,225	46,053	(130,464)	11,040	386,939	556,917	18,114	575,031
2. 12 months ended 31 March 2011									
2.1 At 1 April 2010	242,124	1,225	50,745	(130,464)	11,040	358,744	533,414	-	533,414
2.2 Total comprehensive income for the period	-	-	-	-	-	27,515	27,515	468	27,983
2.3 Minority interest arising from business combination	-	-	-	-	-	-	-	17,187	17,187
2.4 Dividends	-	-	-	-	-	(12,711)	(12,711)	-	(12,711)
At 31 March 2011	242,124	1,225	50,745	(130,464)	11,040	373,548	548,218	17,655	565,873

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Year Ended 31 March 2012

	12 months ended 31-03-2012 RM'000	12 months ended 31-03-2011 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	25,272	37,488
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,757	2,413
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(76)	(72)
1.2.3 Property, plant and equipment written off	4	78
1.2.4 Interest expenses	181	205
1.2.5 Interest income	(5,308)	(4,131)
1.2.6 Impairment loss on intangible assets	-	5,115
1.2.7 Provision for doubtful debts	20	-
1.2.8 Write-back trade creditors	(53)	-
1.2.9 Loss / (profit) from associate	(1,645)	59
1.3 Operating profit / (loss) before working capital changes	20,152	41,155
1.4 (Increase)/decrease in inventories and property development expenditure	(975)	76,010
1.5 (Increase)/decrease in receivables	10,441	12,307
1.6 Increase/(decrease) in payables	(13,432)	(14,456)
1.7 Cash generated from / (absorbed by) operations	16,186	115,016
1.8 Tax paid	(12,036)	(14,784)
1.9 Interest received	109	274
1.10 Interest paid	-	(57)
1.11 Net cash inflow / (outflow) from operating activities	4,259	100,449
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(69)	(61)
2.2 Purchase of property, plant and equipment	(400)	(624)
2.3 Purchase of investment	(7,701)	-
2.4 Purchase of investment in subsidiaries	-	(25,563)
2.5 Purchase of investment properties	-	(7,635)
2.6 Purchase of land held for property development	(13)	(4)
2.7 Proceeds from disposal of property, plant and equipment	79	200
2.8 Proceeds from disposal of investment properties	-	2,000
2.9 Proceeds from disposal of investment	-	44
2.10 Interest received	5,199	3,393
2.11 Net cash inflow / (outflow) from investing activities	(2,905)	(28,250)
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(45)	(782)
3.2 Payment of finance lease liabilities	(1,069)	(968)
3.3 Interest received	-	464
3.4 Interest paid	(181)	(155)
3.5 Dividends paid to shareholders of the Company	(12,711)	(12,711)
3.6 Net cash inflow / (outflow) from financing activities	(14,006)	(14,152)
4 Net increase / (decrease) in cash and cash equivalents	(12,652)	58,047
5 Cash and cash equivalents at 1 April 2011 / 2010	174,779	116,733
6 Cash and cash equivalents at 31 March 2012 / 2011	162,127	174,780
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	162,127	174,780

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard 134, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2011.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2011, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations Committee (IC) interpretations.

	Effective for financial periods beginning on or after
Revised FRSs	
FRS 3 : Business Combinations (Revised)	1 July 2010
FRS 127 : Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRS and Improvements to FRSs	
FRS 7 : Improving Disclosures about Financial Instruments	1 January 2011
Improvements to FRSs (2009)	1 July 2010
Improvements to FRSs (2010)	1 January 2011

FRS 3 : Business Combinations (Revised)

This standard introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These include changes that affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs and future reported results.

The Group and the Company will adopt this standard prospectively. The standard is expected to have impact on the Group and the Company's financial statements upon its initial application in respect of:-

- future acquisition of subsidiary; and
- future acquisition of a business arising from a transaction or other event that meets the definition of a business combination.

FRS 127: Consolidated and Separate Financial Statements (Revised)

This standard requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners and to be recorded in equity. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as loss of control of a subsidiary.

The Group and the Company will adopt this standard prospectively. The standard is expected to have impact on the Group and the Company's financial statements upon its initial application in respect of:-

- loss of control of subsidiary; and
- transactions with non-controlling interests.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

According to MASB, the MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope of IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15). Hence, the Group will be adopting the MFRS Framework beginning from the financial year 1 April 2013 to 31 March 2014.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2011 was not qualified.

3. Seasonal or cyclical factors

The business operations of the Group are generally affected by the prevailing market condition of the Malaysian property development and construction sectors that have historically shown long term cyclical trend.

4. Exceptional items

There were no exceptional items during the current period under review.

5. Changes in estimates

There were no changes in the nature and amount of estimates reported in prior interim periods of the current financial year or in estimates reported in prior financial year that have a material effect in the current periods under review.

6. Debt and equity securities

There were no issuance, cancellations, repurchases, resale and repayment of debt and equity securities for the current financial year-to-date.

7. Dividends paid

The Company's shareholders has approved at its 17th Annual General Meeting held on 8 September 2011 the declaration of a First and Final Dividend of 7% less 25% tax for the financial year ended 31 March 2011 (financial year ended 31 March 2010 : 7% less 25% tax). A depositor is qualified for entitlement to the said dividend only in respect of shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 September 2011 and shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB. The aforesaid dividend amounting to RM12,711,487 was paid on 30 September 2011.

8. Valuations of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

9. Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of current quarter to 17 May 2012, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

10. Segmental information

The segmental analysis for the period ended 31 March 2012 is tabulated below:

	Investment and services RM'000	Property development RM'000	Construction RM'000	Trading RM'000	Manufacturing RM'000	Quarrying RM'000	Eliminations RM'000	Consolidated RM'000
REVENUE								
External sales	7,247	64,116	-	3,332	446	2,782	-	77,923
Inter-segment sales	29,828	6,808	35,922	23,661	7,062	-	(103,281)	-
Total revenue	37,075	70,924	35,922	26,993	7,508	2,782	(103,281)	77,923
RESULTS								
Segment results	22,980	10,606	867	69	2,652	2,605	(21,301)	18,478
Interest income								5,308
Finance costs								(159)
Share of result of associated company								1,645
Profit before tax								25,272
Taxation								(6,439)
Profit for the period								18,833

Segmental reporting by geographical locations has not been presented as all the activities of the Group's operations are carried out in Malaysia only.

11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2012.

13. Capital commitments

No capital commitment was outstanding as at 31 March 2012.

14. Related party transactions

The significant related party transactions for the current financial year-to-date under review are as follows:

- a) Income from rental of premises for approximately RM0.14 million.
- b) Procurement of engineering consultancy services for approximately RM3.17 million.
- c) Rental expense of premises for approximately RM0.96 million.
- d) Procurement of insurance for approximately RM0.40 million.
- e) Procurement of building materials for approximately RM0.43 million.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (BMSB)**

1. Review of performance

(a) Current Year-To-date vs Previous Year-To-date

The Group recorded a profit before taxation for the period ended 31 March 2012 of RM25.27 million decreased by RM12.22 million or 33% as compared to preceding year's profit before taxation of RM37.49 million. The decrease of the Group's profit is mainly due to the substantial completion of a few phases of the Group's housing projects.

Performance of the respective operating business segments for the current year-to-date as compared to the preceding year to date is analysed as follows:

- (i) Property development – The sharp decrease of the profit before taxation was mainly due to the substantial completion of a few phases of the Group's housing projects.
- (ii) Manufacturing – No impairment loss on intangible assets was incurred in this current financial year as compared to previous year, resulting in an increase of the segment's profit in this current financial year.
- (iii) Quarrying – The profit before taxation doubled as a result of higher rate of sales of quarry products.
- (iv) There are no significant variations for other business segments.

(b) Current Quarter vs Previous Year Corresponding Quarter

The Group recorded a profit before taxation for the current 4th quarter of RM7.04 million decreased by RM2.80 million or 28% as compared the previous year corresponding quarter's profit before taxation of RM9.84 million. The decrease of the Group's profit is mainly due to the substantial completion of a few phases of the Group's housing projects.

Performance of the respective operating business segments for the current 4th quarter as compared to the previous year corresponding quarter is analysed as follows:

- (i) Property development – The sharp decrease of the profit before taxation was mainly due to the substantial completion of a few phases of the Group's housing projects.
- (ii) Quarrying – The profit before taxation increased as a result of higher rate of sales of quarry products.
- (iii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM7.04 million for the current quarter increased by 21% compared to RM5.81 million achieved in the immediate preceding quarter due to the accounting of associate's profits which has increased substantially as a result of the commencement of its property development project and the launching of a new phase of the Group housing development projects.

3. Current year prospects

In the annual report of Bank Negara Malaysia's ("BNM") 2011 Annual Report, Malaysia economy is projected to experience a steady growth at 4% - 5% in 2012 after a 5.1% expansion in 2011. Again, domestic demand is expected to remain resilient and will continue to be the anchor for growth in 2012.

With the introduction of Responsible Financing Practices ("RFP") by BNM in November 2011 which took effect from 1 January 2012, the financial institutions are required to assess borrowers on income after statutory deductions (income tax and EPF) and debt repayment obligations. This practice has inevitably reduced the affordability of potential house buyers in getting their prospective houses.

However, based on the current strong demand for landed properties, the Board of Directors is optimistic in the Group's future housing development projects, which mainly focus on the landed properties and as such, will not be affected significantly by the RFP. The Group's result is expected to improve further for the next financial year with the launching of new houses under the property development segment.

The operating environment for other business segments is expected to remain constant for the next financial year.

Barring any unforeseen circumstances, the Board of Directors is positive that the Group's performance for the next financial year will be satisfactory.

4. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee was published.

5. Notes to Condensed Consolidated Statement of Comprehensive Income

Profit before tax is arrived at after charging / (crediting) the following items:

	Current year quarter (RM'000)	Current year-to- date (RM'000)
Interest income	(1,187)	(5,308)
Other income	(309)	(1,154)
Interest expense	64	181
Depreciation and amortisation	458	1,285
Provision for doubtful debts	11	20
Bad debts written off	-	7
Inventories written off	N/A	N/A
(Gain) / Loss on disposal of unquoted / quoted investment	N/A	N/A
(Gain) / Loss on disposal of properties	N/A	N/A
Impairment of assets	N/A	N/A
(Gain) / Loss on translation of foreign exchange	N/A	N/A
(Gain) / Loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

6. Tax expense

	Current quarter ended 31 March		Year-to-date ended 31 March	
	2012	2011	2012	2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	(304)	2,327	5,560	10,132
Under / (Over) provision in prior year	20	1	(36)	28
Deferred	<u>2,327</u>	<u>(28)</u>	<u>915</u>	<u>(655)</u>
	<u>2,043</u>	<u>2,300</u>	<u>6,439</u>	<u>9,505</u>
Effective tax rate	<u>29%</u>	<u>23%</u>	<u>25%</u>	<u>25%</u>

The effective tax rate of the Group for the current quarter was higher than the statutory rate due to the provision for deferred taxation on the timing differences between the carrying amount and tax base of the property, plant and equipment. As for the previous year corresponding quarter, the effective tax rate were lower due to certain incomes which are not taxable.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 17 May 2012.

8. Borrowings

The borrowings as at 31 March 2012 are as follows: -

	Secured
	<u>RM'000</u>
Short Term	982
Long Term	<u>1,264</u>
	<u>2,246</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 31 March 2012 are as follows: -

	Current financial period	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	386,377	376,784
- Unrealised	25,263	22,972
	<u>411,640</u>	<u>399,756</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	1,589	(56)
	<u>413,229</u>	<u>399,700</u>
Less: Consolidation adjustments	(26,290)	(26,298)
Total group retained profits as per consolidated accounts	<u>386,939</u>	<u>373,402</u>

10. Material litigation

Apart from the following legal matter, 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.

- On 12 April 2004, an indirect subsidiary of the Group, 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.

On 10 February 2011, the case was decided in favour of SHL-M Sdn. Bhd., the Court declared that quit rent payable was as follows:-

Year	Amount per annum RM'000	Total amount RM'000
1994 - 2004	69	761
2005 - 2007	76	227
2008 - 2010	76	228
		1,216

The Court further ordered the State Authority to refund to SHL-M Sdn. Bhd. the excess sum of RM3,190,148/- with interest at the rate of 8.00% per annum.

However, the State Authority has since filed an appeal on 14 March 2011 against the decision vide Court of Appeal CA No. B-01-196-2011. SHL-M Sdn Bhd's application to strike out the appeal by State Authority was refused by the Court. The appeal is still pending hearing and the State Authority has filed the record of appeal on 4 April 2012.

2. Damai Service Hospital (HQ) Sdn. Bhd. ("Damai Service Hospital (HQ)"), DSH Management Sdn. Bhd. ("DSH Management") and its director, Dr Guna Sittampalam ("Dr. Guna") (collectively referred as "the Plaintiffs") have filed a legal suit under the Civil Suite No: 22NCVC-1098-11-2011 against SHL Realty Sdn. Bhd. and its director Dato' Ir Yap Chong Lee ("Dato' Yap") (collectively referred as "the Defendants") via the Plaintiffs' Statement of Claim ("SOC") dated 8 November 2011 and Amended SOC dated 30 January 2012.

The legal suit is in relation to the construction and establishment of a private hospital on a piece of freehold land held under Lot 21147, Mukim of Cheras, District of Hulu Langat, Selangor owned by SHL Realty ("the said private hospital").

The Plaintiffs alleged in their SOC and Amended SOC that the Defendants have made their representations fraudulently on the leasing and/or sale of the said private hospital to the Plaintiffs and that the Plaintiffs have spend a substantial amount of time, cost and effort in the said private hospital project.

The Defendants have filed the Defence and Counter-Claim ("DCC") dated 6 January 2012 and Amended DCC dated 28 February 2012, and vehemently denied the representations in the SOC and the Amended SOC and deny knowledge of the loss and/or damage as pleaded by the Plaintiffs.

The Board of SHL is of the view that the Defendants have a good defence to the legal suit filed by the Plaintiffs. For the current situation, the Directors of the Company are of the opinion that is impossible to assess the possible financial and operational impact of the legal suit on the SHL Group. The expected losses, if any, shall be determined upon the assessment of damages by the Court.

In consideration that the legal suit is premature, the Plaintiffs and Defendants have been advised by their respective solicitors to file for mediation.

11. Dividend

No dividend is declared as at the date of this announcement other than as stated in Note 7 to the interim financial report on dividend paid.

12. Earnings per share (Basic and fully diluted)

Earnings per share of the Group is calculated by dividing profit for the period attributable to ordinary equity holders of SHL Consolidated Bhd by the number of ordinary shares in issue during the said financial period.

For and on behalf of the Board
SHL CONSOLIDATED BHD.

Dato' Yap Teiong Choon
Executive Director
23 May 2012