

SHL Consolidated Bhd.

and its Subsidiaries

(Incorporated in Malaysia)

Report and Financial Statements

31 March 2012

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SHL Consolidated Bhd.

(Incorporated in Malaysia)

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
Bangkok Bank Berhad

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

Directors' Report for the year ended
31 March 2012

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 2012.

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, renting out of plant and machineries, the ownership and operation of a golf resort, the manufacture of clay bricks, supply of finished brickworks of wall and other brick structures, 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.

Financial results

	Group	Company
	RM'000	RM'000
Profit before taxation	25,273	21,534
Malaysian taxation	(6,309)	(5,419)
Profit for the year	18,964	16,115
Other comprehensive income, net of tax	3,182	-
Total comprehensive income for the year	22,146	16,115
Total comprehensive income for the year attributable to:		
• equity holders of the Company	21,686	16,115
• non-controlling interests	460	-
	22,146	16,115

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.

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:-

	RM'000
<i>Dividend paid:</i>	
Final dividend of 7 Sen gross per share less tax in respect of financial year ended 2011	<u>12,712</u>
<i>Dividend proposed:</i>	
Final dividend of 8 Sen gross per share less tax in respect of financial year ended 2012	<u>14,527</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
Chin Yu Tow @ Cheng Yu Thou
Wong Tiek Fong
Wong Yew Mei (Alternate Director to Wong Tiek Fong)
Souren Norendra

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	Ordinary shares of RM1/- each			31 March 2012
	1 April 2011	Addition	Disposal	
Direct				
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	3,224,319	6,200	-	3,230,519
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
Indirect				
Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah	21,222,437	-	-	21,222,437
Dato' Yap Teiong Choon	57,659,844	-	-	57,659,844
Dato' Ir. Yap Chong Lee	82,116,643	72,834,655	68,992,155	85,959,143

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)*

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 statements of comprehensive income and statements of financial position 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)

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,

Dato' Yap Teiong Choon

Dato' Ir. Yap Chong Lee

Kuala Lumpur,
18 July 2012

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 11 to 91 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 2012* and of their financial performance, changes in equity and cash flows for the year ended on that date.

The information set out in Note 41 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

On behalf of the Board,

Dato' Yap Teiong Choon

Dato' Ir. Yap Chong Lee

Kuala Lumpur,
18 July 2012

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 11 to 91 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 18 July 2012 }

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.

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

Report on the Financial Statements

We have audited the accompanying financial statements of **SHL Consolidated Bhd.**, which comprise the statements of financial position as at 31 March 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 11 to 91.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors of the Company determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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.

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

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 2012 and of their financial performance, changes in equity and cash flows for the year then ended.

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 Reporting Responsibilities

The supplementary information set out in Note 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (MIA Guidance) and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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.

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

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
1367/6/13(J/PH)
Chartered Accountant

Kuala Lumpur,
18 July 2012

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Statements of Comprehensive Income for the year ended
31 March 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Revenue	5	77,957	190,167	22,022	79,937
Cost of sales		(53,624)	(142,443)	-	-
Gross profit		24,333	47,724	22,022	79,937
Other operating income		6,434	5,759	-	-
Distribution costs		(1,458)	(2,434)	-	-
Administration expenses		(5,522)	(8,283)	(488)	(626)
Impairment losses on:					
• investment in subsidiaries		-	-	-	(27,035)
• intangible assets		-	(5,115)	-	-
		-	(5,115)	-	(27,035)
Profit from operations		23,787	37,651	21,534	52,276
Finance costs		(159)	(158)	-	-
Profit/(loss) from associate		1,645	(8)	-	-
Profit before taxation	6	25,273	37,485	21,534	52,276
Taxation	7	(6,309)	(9,647)	(5,419)	(2,863)
Profit for the year		18,964	27,838	16,115	49,413
Other comprehensive income, net of tax:					
• effect of a change in imposition of tax rate relating to revaluation of land		3,182	-	-	-
Total comprehensive income for the year		22,146	27,838	16,115	49,413
Profit for the year attributable to:					
• equity holders of the Company		18,504	27,370	16,115	49,413
• non-controlling interests		460	468	-	-
		18,964	27,838	16,115	49,413
Total comprehensive income for the year attributable to:					
• equity holders of the Company		21,686	27,370	16,115	49,413
• non-controlling interests		460	468	-	-
		22,146	27,838	16,115	49,413
Earnings per share	8	Sen	Sen		
Basic and fully diluted		7.64	11.30		

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

SHL Consolidated Bhd.
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Statements of Financial Position as at 31 March 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	9	219,420	219,618	-	-
Prepaid lease payments	10	993	1,014	-	-
Investment in subsidiaries	11	-	-	420,187	420,187
Investment in associate	12	2,894	1,249	-	-
Investment properties	13	66,702	66,702	-	-
Land held for property development	14	5,895	3,246	-	-
Intangible assets	15	-	-	-	-
Investments	16	7,732	31	-	-
Trust account		1,433	1,334	-	-
Deferred tax assets	17	4,155	2,238	-	-
		309,224	295,432	420,187	420,187
Current assets					
Prepaid lease payments	10	28	28	-	-
Amounts due from subsidiaries	18	-	-	90,802	103,602
Property development costs	19	109,905	107,092	-	-
Inventories	20	8,558	13,030	-	-
Trade receivables	21	24,142	35,385	-	-
Other receivables	22	8,207	7,914	73	73
Current tax assets		5,554	1,983	255	279
Cash and deposits	23	162,126	174,779	17,160	927
		318,520	340,211	108,290	104,881
		627,744	635,643	528,477	525,068

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

SHL Consolidated Bhd.
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(Incorporated in Malaysia)

Statements of Financial Position as at 31 March 2012

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	242,124	242,124	242,124	242,124
Reserves	25	314,922	305,948	184,891	181,488
		557,046	548,072	427,015	423,612
Non-controlling interests		18,114	17,654	-	-
TOTAL EQUITY		575,160	565,726	427,015	423,612
Non-current liabilities					
Deferred tax liabilities	17	10,832	13,327	-	-
Finance lease liabilities	26	1,267	1,290	-	-
Club establishment fund	27	16,233	16,278	-	-
		28,332	30,895	-	-
Current liabilities					
Amounts due to subsidiaries	18	-	-	101,437	101,437
Trade payables	28	16,646	31,784	-	-
Other payables	29	6,467	5,278	25	19
Current tax liabilities		159	1,081	-	-
Finance lease liabilities	26	980	879	-	-
		24,252	39,022	101,462	101,456
TOTAL LIABILITIES		52,584	69,917	101,462	101,456
TOTAL EQUITY AND LIABILITIES		627,744	635,643	528,477	525,068

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

SHL Consolidated Bhd.
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Statements of Changes in Equity for the year ended 31 March 2012

Group 2012	Note	Share capital RM'000	Share premium RM'000	*Other reserves RM'000	Retained profits RM'000	Total attributable to equity holders of the Company RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 April 2011		242,124	1,225	(68,679)	373,402	548,072	17,654	565,726
Total comprehensive income for the year		-	-	3,182	18,504	21,686	460	22,146
Transfer within reserves:								
• realisation of revaluation surplus		-	-	(8,286)	8,286	-	-	-
Transaction with owners:								
• dividends	30	-	-	-	(12,712)	(12,712)	-	(12,712)
At 31 March 2012		242,124	1,225	(73,783)	387,480	557,046	18,114	575,160
2011								
At 1 April 2010		242,124	1,225	(68,679)	358,744	533,414	-	533,414
Total comprehensive income for the year		-	-	-	27,370	27,370	468	27,838
Transaction with owners:								
• dividends	30	-	-	-	(12,712)	(12,712)	-	(12,712)
• non-controlling interests arising from business combinations		-	-	-	-	-	17,186	17,186
At 31 March 2011		242,124	1,225	(68,679)	373,402	548,072	17,654	565,726

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

SHL Consolidated Bhd.
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Statements of Changes in Equity for the year ended 31 March 2012

***Analysis of other reserves:**

Group 2012	Revaluation surplus RM'000	Capital reserves RM'000	Merger deficit RM'000	Total RM'000
At 1 April 2011	50,745	11,040	(130,464)	(68,679)
Total comprehensive income for the year	3,182	-	-	3,182
Transfer within reserves:				
• realisation of revaluation surplus	(8,286)	-	-	(8,286)
At 31 March 2012	45,641	11,040	(130,464)	(73,783)

2011

At 1 April 2010	50,745	11,040	(130,464)	(68,679)
Total comprehensive income for the year	-	-	-	-
At 31 March 2011	50,745	11,040	(130,464)	(68,679)

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

SHL Consolidated Bhd.
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Statements of Changes in Equity for the year ended 31 March 2012

Company 2012	Note	Share capital RM'000	Share premium RM'000	*Other reserves RM'000	Retained profits RM'000	Total equity RM'000
At 1 April 2011		242,124	1,225	27,738	152,525	423,612
Total comprehensive income for the year		-	-	-	16,115	16,115
Transaction with owners:						
• dividends	30	-	-	-	(12,712)	(12,712)
At 31 March 2012		242,124	1,225	27,738	155,928	427,015

2011

At 1 April 2010		242,124	1,225	27,738	115,824	386,911
Total comprehensive income for the year		-	-	-	49,413	49,413
Transaction with owners:						
• dividends	30	-	-	-	(12,712)	(12,712)
At 31 March 2011		242,124	1,225	27,738	152,525	423,612

***Analysis of other reserves:**

Company 2012	Merger reserve RM'000	Capital reserve RM'000	Total RM'000
At 1 April 2011 and 31 March 2012	4,377	23,361	27,738

2011

At 1 April 2010 and 31 March 2011	4,377	23,361	27,738
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The annexed notes form an integral part of the financial statements.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Statements of Cash Flows for the year ended 31 March 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from operating activities					
Profit before taxation		25,273	37,485	21,534	52,276
Adjustments for:					
Depreciation and amortisation		1,757	2,410	-	-
Gain on disposal of property, plant and equipment		(195)	(236)	-	-
Derecognition of property, plant and equipment		5	7	-	-
Impairment losses on subsidiaries		-	-	-	27,035
Loss on disposal of investment properties		-	80	-	-
Impairment loss on intangible assets		-	5,115	-	-
Gain on disposal of investments		-	(3)	-	-
Interest expenses		178	187	-	-
Interest income		(5,349)	(4,188)	(22)	(82)
Dividend income		-	-	(22,000)	(79,855)
Gain on bargain purchase		-	(217)	-	-
(Profit)/loss from associate		(1,645)	8	-	-
Operating profit/(loss) before working capital changes		20,024	40,648	(488)	(626)
(Increase)/decrease in inventories and property development costs	31	(977)	76,629	-	-
(Increase)/decrease in receivables		10,858	15,219	12,800	(26,983)
Increase/(decrease) in payables		(13,949)	(23,581)	6	(15,904)
Cash generated from/(absorbed by) operations		15,956	108,915	12,318	(43,513)
Tax paid		(12,171)	(12,095)	(5,500)	(2,933)
Tax refunded		139	248	105	105
Interest paid		-	(75)	-	-
Net cash from/(used in) operating activities		3,924	96,993	6,923	(46,341)

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

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Statements of Cash Flows for the year ended 31 March 2012**

	Note	Group		Company	
		2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Cash flows from investing activities					
Claim received from trust account		(99)	(87)	-	-
Purchase of:					
• property, plant and equipment	32	(394)	(625)	-	-
• prepaid lease payments		(7)	-	-	-
• investment in subsidiaries		-	-	-	(25,563)
• investment properties		-	(7,635)	-	-
• land held for property development		(13)	(5)	-	-
• investments		(7,701)	-	-	-
Net cash flow on acquisition of subsidiaries	11.1	-	(22,599)	-	-
Proceeds from disposal of:					
• property, plant and equipment		199	311	-	-
• investment properties		-	2,000	-	-
• investments		-	96	-	-
Interest received		5,441	4,188	22	82
Dividends received		-	-	22,000	79,855
Net cash from/(used in) investing activities		(2,574)	(24,356)	22,022	54,374
Cash flows from financing activities					
Repayment of club members' deposits		(45)	(831)	-	-
Payment of finance lease liabilities		(1,068)	(928)	-	-
Interest paid		(178)	(120)	-	-
Dividends paid to shareholders of the Company		(12,712)	(12,712)	(12,712)	(12,712)
Net cash from/(used in) financing activities		(14,003)	(14,591)	(12,712)	(12,712)
Net increase/(decrease) in cash and cash equivalents		(12,653)	58,046	16,233	(4,679)
Cash and cash equivalents at 1 April		174,779	116,733	927	5,606
Cash and cash equivalents at 31 March		162,126	174,779	17,160	927
Analysis of cash and cash equivalents					
Cash and deposits		162,126	174,779	17,160	927

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

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

Notes to the Financial Statements**31 March 2012**

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, renting out of plant and machineries, the ownership and operation of a golf resort, the manufacture of clay bricks, supply of finished brickworks of wall and other brick structures, 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 18 July 2012.

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

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)*

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)*

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)*

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

The Group recognises property development and contract revenue and costs in profit or loss 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 statement of financial position 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 Financial Reporting Standards (FRSs)****A. Revised FRSs, Amendments to FRSs and Improvements to FRSs that are effective for current financial year**

The following standards are applicable to the Group and the Company, which are effective for the Group and the Company's financial year beginning on 1 April 2011:-

Revised FRSs

FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements (Revised)

Amendments to FRSs and Improvements to FRSs

FRS 7	Financial Instruments: Disclosures
FRS 138	Intangible Assets
Improvements to FRSs (2010)	

The Group and the Company have adopted the above standards prospectively on 1 April 2011. The initial application of these standards has immaterial impact on the financial statements of the Group and the Company, except those disclosed below:-

Standard	Impact of initial application
FRS 3	<p>This standard introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised.</p> <p>The revised FRS 3 applies prospectively to acquisitions occurring on or after 1 April 2011, and therefore has no impact on the financial statements of the Group and the Company, other than a change in accounting policy as disclosed in Note 4.3.</p>
FRS 127	<p>This standard revises the accounting for:</p> <ul style="list-style-type: none"> ■ changes in the level of ownership interest in a subsidiary; ■ loss of control of a subsidiary. <p>The revised FRS 127 applies prospectively to loss of control occurring on or after 1 April 2011, and therefore has no impact on the financial statements of the Group and the Company, other than a change in accounting policy as disclosed in Note 4.3.</p>
Amendments to FRS 7	<p>The application of the amended FRS 7 has immaterial impact on the financial statements of the Group and the Company, other than enhanced disclosures about fair value measurement and liquidity risk in Note 34 to the financial statements.</p>

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***B. New and revised FRSs and Amendments to FRSs 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 that are expected to have application to the Group and the Company's operations. These standards have been issued by the MASB, but yet to be effective:-

New and revised FRSs		Effective for financial periods beginning on or after
FRS 9	Financial Instruments	1 January 2015
FRS 10	Consolidated Financial Statements	1 January 2013
FRS 12	Disclosure of Interests in Other Entities	1 January 2013
FRS 13	Fair Value Measurement	1 January 2013
FRS 119	Employee Benefits (Revised)	1 January 2013
FRS 124	Related Party Disclosures (Revised)	1 January 2012
FRS 127	Separate Financial Statements (Revised)	1 January 2013
FRS 128	Investment in Associates and Joint Ventures (Revised)	1 January 2013
Amendments to FRSs		
FRS 7	Financial Instruments: Disclosures	1 January 2012
FRS 7	Financial Instruments: Disclosures	1 April 2012
FRS 7	Financial Instruments: Disclosures	1 January 2013
FRS 101	Presentation of Financial Statements	1 July 2012
FRS 112	Income Taxes	1 January 2012
FRS 132	Financial Instruments: Presentation	1 January 2014

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B. New and revised FRSs and Amendments to FRSs that are yet to be effective for current financial year (continued)

The initial application of these standards is expected to have immaterial impact on the Group and the Company's financial statements, except those disclosed below:-

Standard	Impact of initial application
FRS 9	<p>FRS 9 specifies the requirements for the classification and measurement of financial assets and financial liabilities.</p> <p>In March 2012, MASB issued the amendments to FRS 9 deferring the effective date of FRS 9 from 1 January 2013 to 1 January 2015.</p> <p>The amendments to FRS 9 also provide relief from the requirement to restate comparative financial statements on the initial application of FRS 9. Originally, the relief was only made available to companies that opt to apply FRS 9 prior to 2012.</p> <p>The initial application of FRS 9 may have material impact on amounts reported in respect of the Group and the Company's financial assets and financial liabilities. However, it is impracticable to provide reasonable estimate of that effect until a detailed review has been completed.</p>
FRS 10	<p>This standard sets out the requirements on how to apply the control principles in the preparation of consolidated financial statements.</p> <p>The initial application of FRS 10 may have material impact on the consolidated financial statements. The Group and the Company are in the process of making an assessment of the impact of this standard.</p>
FRS 12	<p>FRS 12 is a combined disclosure standard for interests in subsidiaries, associates, joint ventures and unconsolidated structured entities.</p> <p>The initial application of FRS 12 is expected to have immaterial impact on the Group and the Company's financial statements, other than enhanced related party disclosures in the financial statements.</p>

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***B. New and revised FRSs and Amendments to FRSs that are yet to be effective for current financial year (continued)**

Standard	Impact of initial application
FRS 13	<p>The standard defines fair value and sets out a framework for:</p> <ul style="list-style-type: none"> ■ measurement of fair value; and ■ disclosure requirements about fair value. <p>The initial application of this standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.</p>
FRS 124	<p>This standard:</p> <ul style="list-style-type: none"> ■ simplifies the definition of a related party; ■ clarifies its intended meaning and eliminates inconsistencies from the definition; and ■ gives partial exemption from disclosure for government-related entities. <p>The initial application of FRS 124 is expected to have immaterial impact on the Group and the Company's financial statements, other than more extensive related party disclosures.</p>
Amendments to FRS 7	<p>The amendments increase the disclosure requirements for transactions involving transfer of financial assets.</p> <p>In March 2012, MASB issued additional amendments to FRS 7 requiring:</p> <ul style="list-style-type: none"> ■ additional disclosures to help investors understand the effect of the initial application of FRS 9 on the classification and measurement of financial instruments; and ■ enhanced disclosures to: <ul style="list-style-type: none"> • help financial statements users to better assess the effect or potential effect of offsetting arrangements on a Company's financial position; • improve transparency in the reporting of how companies mitigate credit risk, including disclosure of related collateral pledged or received. <p>The initial application of FRS 7 is expected to have immaterial impact on the Group and the Company's financial statements, other than additional disclosures in the financial statements.</p>

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***B. New and revised FRSs and Amendments to FRSs that are yet to be effective for current financial year (continued)**

Standard	Impact of initial application
Amendments to FRS 101	<p>The amendments to FRS 101:</p> <ul style="list-style-type: none"> ■ retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements; and ■ require additional disclosures about reclassification adjustments in the other comprehensive income section. <p>The amendments are expected to have immaterial impact on the Group and the Company's financial statements upon their initial application, other than a change in presentation of items of comprehensive income.</p>

C. IC Interpretation and Amendments to IC Interpretation that are withdrawn in current financial year

- **IC Interpretation 15 Agreements for the Construction of Real Estate**
- **Amendments to IC Interpretation 15 Agreements for the Construction of Real Estate**

This interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue. This IC Interpretation is to be applied retrospectively.

The amendments to this interpretation merely defer the effective date and consequential amendments of this interpretation from 1 July 2010 to 1 January 2012.

IC Interpretation 15 has been withdrawn by the MASB in conjunction with the transition to new MFRSs as disclosed in Note 4.2 to the financial statements. FRS 201₂₀₀₄ will be the extant standard that sets the accounting for property development activities upon the withdrawal of IC Interpretation 15.

The Group and the Company are expected to adopt IC Interpretation 15 for the financial period beginning on 1 April 2014 upon its transition to MFRSs.

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4.2 Malaysian Financial Reporting Standards (MFRSs)

To converge with International Financial Reporting Standards ('IFRSs') in 2012, the MASB had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ('MFRSs'), which are mandatory for financial periods beginning on or after 1 January 2012, with the exception of transitioning entities.

Transitioning entities include:-

(a) entities that are within the scope of:

- MFRS 141 Agriculture; and
- IC Interpretation 15 Agreements for Construction of Real Estate

(b) the parent, significant investor and venturer of entities as stated in (a) above.

On 30 June 2012, the MASB has announced that, all transitioning entities are allowed to further defer the adoption of MFRSs for additional two years. As a result, adoption of the MFRSs by transitioning entities is mandatory for financial periods beginning on or after 1 January 2014.

The Group and the Company qualify as transitioning entities and thus expect to adopt the MFRS Framework for the financial period beginning on 1 April 2014. The Group and the Company are making an assessment of the financial impact and effects on disclosures and measurement ensuing from such convergence.

4.3 Consolidated 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 consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries are consolidated using the acquisition method of accounting, except for those subsidiaries acquired under common control.

Under the acquisition method of accounting, the consideration transferred is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Contingent consideration is measured at fair value as part of the consideration transferred with subsequent adjustment resulting from events after the acquisition date recognised in profit or loss. Acquisition related costs are recognised as expenses in profit or loss in the period in which they are incurred.

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

(i) Subsidiaries (continued)

If a business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured to the acquisition-date fair value. Any resulting gain or loss is recognised in profit or loss.

Non-controlling interests that are present ownership interests entitling their holders to a proportionate share of the acquiree's net assets in the event of liquidation may be initially measured either:

- at fair value; or
- at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value.

Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at acquisition-date fair value. Any excess of (a) over (b) below is recognised as goodwill in the statements of financial position:-

(a) the sum of:

- the fair value of consideration transferred;
- the amount of non-controlling interests in the acquiree (if any); and
- the fair value of Group's previously held equity interests in the acquiree (if any).

(b) the Group's share of the fair value of the identifiable net assets acquired at the acquisition date.

In instances where (b) exceeds (a), the excess is recognised as a gain on bargain purchase directly in profit or loss on the acquisition date.

All intragroup transactions, balances and unrealised gains and losses are eliminated in full. Intragroup unrealised losses may indicate an impairment that requires recognition in the consolidated financial statements.

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

(i) Subsidiaries (continued)Loss of control

Upon a loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any gain or loss arising from the loss of control of a subsidiary is recognised in profit or loss and measured as the difference between:

- aggregate of the fair value of the consideration received and the fair value of any retained interest and
- previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions with non-controlling interests

Non-controlling interests represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly by the Group. It is measured at:-

- the non-controlling interests' share of the fair value of the subsidiary's identifiable assets and liabilities at the acquisition date; and
- changes in the subsidiary's equity since that date.

Total comprehensive income is attributed to the Group and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary without loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to the Group.

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

(ii) Business combination under common control

Business combinations under common control are accounted for using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are recognised basing on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party prepares no consolidated financial statements.

The difference in the cost of combination over the aggregate carrying amounts of the assets and liabilities of the combining entities as at the date of the combination is recognised directly in equity. Transaction costs for the combination are recognised as expenses in the profit or loss.

(iii) Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but has no control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially measured at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment loss.

The Group assesses at each reporting date whether there is any objective evidence that an investment in the associate is impaired. If this is the case, the Group measures the amount of impairment as the difference between the recoverable amount of the associate and its carrying amount and recognises the amount in profit or loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in reserves is recognised in other comprehensive income. Where necessary, adjustments are made to the results and net assets of associates to ensure consistency of accounting policies with those of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group discontinues recognising further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

(iii) Associates (continued)

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

When significant influence ceases, the disposal proceeds, if any, and the fair value of any retained investment are compared to the carrying amount of the investment as at that date. The difference together with any accumulated exchange differences that relate to the associate is recognised in the profit or loss as gain or loss on disposal of the associate. The remaining investment retained in the previous associate is subsequently accounted for as an available-for-sale financial asset in accordance with FRS 139.

4.4 Revenue recognition

Revenue is recognised to the extent that:-

- it is probable that the economic benefits will flow to the Group and the Company; and
- it can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:-

- (i) Investment income
Dividend income from investments is recognised in profit or loss 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.

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

4.5 Employee benefits**(i) Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as expenses 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 expenses in profit or loss as incurred.

4.6 Borrowing costs

Borrowing costs incurred to finance the construction of any qualifying assets are capitalised as part of the cost of the assets during the period of time that is required to complete and prepare the asset for its intended use.

All other borrowing costs are recognised as expenses in profit or loss in which they are incurred.

4.7 Income taxes

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

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or in other comprehensive income.

Current tax

The current tax is the amount of income taxes payable in respect of the taxable profit for a period. The Group and the Company's liabilities for current tax are calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the carrying amounts of assets and liabilities in the financial statements and their tax bases. No deferred tax is recognised for the temporary differences arising from:-

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities in a transaction other than a business combination and that affects neither accounting or taxable profit or loss.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax asset is reviewed at each reporting 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 assets is realised.

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.

4.8 Foreign currencies

The financial statements are presented 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 reporting date, non-monetary items are translated at 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 there translation of monetary assets and liabilities at closing rate are recognised in profit or loss, except for foreign currency translation differences arising on the retranslation of available-for-sale equity instruments, which are recognised in other comprehensive income.

Foreign currency translation differences for non-monetary items such as investment properties held at fair value through profit or loss, are recognised in profit or loss 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 profit or loss, where appropriate, as part of the revaluation surpluses or deficits.

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

	Period end rate	
	2012	2011
	RM	RM
United States (US\$1)	3.12	3.02

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4.9 Revaluations

The Group and the Company adopt the policy to revalue the 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.

A revaluation surplus is recognised in other comprehensive income and accumulated in equity under revaluation surplus, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss.

A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the revaluation surplus, in which case the decrease is recognised in other comprehensive income and it reduces the amount accumulated in equity under revaluation surplus.

On disposal of revalued asset, amount in revaluation surplus relating to that asset is transferred to retained profits.

4.10 Impairment of assets**(i) Non-financial assets**

The carrying amounts of assets, except assets classified as construction contracts, property development costs, inventories, deferred tax assets and financial assets, are assessed 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 recognised in profit or loss immediately, unless the asset is measured 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.

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(i) Non-financial assets (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 profit or loss immediately, unless the asset is measured at revalued amount. A reversal of an impairment loss on a revalued asset is recognised in other comprehensive income and it increases the amount accumulated in equity under revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in profit or loss, a reversal of that impairment loss is recognised as income in profit or loss.

(ii) Financial assets

The Group and the Company assess as at each reporting date whether there is any objective evidence that a financial asset is impaired.

Available-for-sale financial assets

(a) ***Quoted instruments:***

● Equity instruments:

In the case of equity investments classified as available-for-sale, objective evidence of impairment includes:

- significant financial difficulty of the issuer or obligor;
- information about significant changes with an adverse effect that has taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may be impaired; and
- significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss.

No reversal of impairment losses in profit or loss on available-for-sale equity investments in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

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(a) Quoted instruments: (continued)● Debt instruments:

In the case of debt instruments classified as available-for-sale, impairment is assessed basing on the same criteria as financial assets measured at amortised cost. However, the amount recognised for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Further interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognised as part of finance income.

If a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed in profit or loss.

(b) Unquoted instruments:

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets measured at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

No reversal is made for such impairment losses in subsequent periods.

Loans and receivables

To assess whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as:-

- probability of insolvency;
- significant financial difficulties of the debtor; and
- default or significant delay in payments

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Loans and receivables (continued)

For certain categories of financial assets, such as trade receivables, assets that are assessed to be unimpaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables includes:-

- the Group and the Company's past experience of collecting payments;
- an increase in the number of delayed payments in the portfolio past the average credit period; and
- observable changes in national or local economic conditions that correlate with default on receivables

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is derecognised from the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset is equal to or below its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

4.11 Property, plant and equipment

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

Depreciation is recognised in profit or loss 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.

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4.11 Property, plant and equipment (continued)

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 recognised in profit or loss.

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 profit or loss as an expense as incurred.

4.12 Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at cost less accumulated impairment losses.

On loss of control of a subsidiary or significant influence of an associate, the difference between the fair value of considerations received, if any, and its carrying amount is recognised as gain or loss on derecognition in profit or loss.

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 measured at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss 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 profit or loss in the period of disposal or retirement.

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4.13 Investment properties (continued)

Transfer is 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 profit or loss. 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 profit or loss.

4.14 Intangible assets**(i) Goodwill**

Goodwill is measured at cost less accumulated impairment losses.

Goodwill arising from a business combination represents the excess of (a) over (b):-

- (a) the sum of:
- the fair value of consideration transferred;
 - the amount of non-controlling interests in the acquiree (if any); and
 - the fair value of the Group's previously held equity interest in the acquiree
- (b) the Group's share of the fair value of the identifiable net assets acquired at the acquisition date.

Goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, for the purposes of impairment testing.

In disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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

4.14 Intangible assets (continued)**(ii) Research and development**

Research expenditure is recognised as an expense in profit or loss 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 expenses in profit or loss as incurred. No reversal is made for such development expenditure in subsequent periods.

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 profit or loss 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 measured 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 unable to be reliably determined, property development revenue is recognised only to the extent of the recoverable costs. Revenue recognition commences when a 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.

Land held for property development

Land held for property development is measured 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.

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4.16 Property development activities (continued)Property development costs

Property development costs are measured 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 expenses 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 losses, the expected losses are recognised as expenses fully in profit or loss.

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 recognised in the accounting period in which the revisions are made.

Accrued and progress billings

The excess of revenue recognised in profit or loss over the billings to purchasers is presented as an asset and classified as accrued billings.

The excess of billings to purchasers over revenue recognised in profit or loss is presented as a liability and classified as progress billings.

Completed property units

Completed property units that remain unsold are transferred to inventories.

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

Transfer of land

Where a land classified as property, plant and equipment is measured 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 unable to be reliably determined, revenue is recognised to the extent of the recoverable costs and no profit is recognised. In all cases, expected losses are recognised as expenses fully in profit or loss.

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 recognised in the accounting period in which the revisions are made.

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 contracts measured at costs plus attributable profits less expected losses and progress billings are presented as an asset and classified as amount due from contract customers.

The excess of progress billings over costs plus attributable profits less expected losses is presented as a liability and classified as amount due to contract customers.

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

4.18 Inventories

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

Category	Basis
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.

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.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***4.19 Financial instruments**

Financial instruments are any contracts that give rise to both:-

- a financial asset of one entity; and
- a financial liability or equity instrument of another entity

Financial instruments are offset when the Group and the Company have:-

- a legally enforceable right to set off the recognised amounts; and
- an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously

(i) Financial assets

The Group and the Company classify their financial assets at initial recognition into four categories, basing on the nature and purpose of the financial assets:-

- Financial assets at fair value through profit or loss
- Available-for-sale financial assets
- Held-to-maturity investments
- Loans and receivables

At the reporting date, the Group and the Company have only financial assets categorised as the following:-

Category	Nature and purpose
(a) Available-for-sale financial assets	Financial assets that are either: <ul style="list-style-type: none"> • designated as available-for-sale upon initial recognition; or • precluded from classifying into any of the other three categories. Available-for-sale financial assets include equity and debt securities.
(b) Loans and receivables	Financial assets with fixed or determinable payments that are unquoted in an active market.

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value plus transactions costs.

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(i) Financial assets (continued)

Subsequent recognition and measurement

Category	Recognition and measurement principle
(a) Available-for-sale financial assets	<p>These financial assets are subsequently measured at fair value.</p> <p>Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except the following which are recognised in profit or loss:</p> <ul style="list-style-type: none"> • impairment losses; • foreign exchange gains and losses on debt instruments; • gains and losses of hedged items attributable to hedge risks of fair value hedges; • interest calculated for a debt instrument using the effective interest method. <p>The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.</p> <p>Investment in equity instruments that have no quoted market price in an active market and whose fair value are unable to be reliably determined are measured at cost less accumulated impairment losses.</p>
(b) Loans and receivables	<p>These financial assets are measured at amortised cost using effective interest method, less impairment.</p> <p>Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.</p>

Derecognition

A financial asset is derecognised when, and only when:-

- the contractual rights to the cash flows from the financial asset expire; or
- the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the profit or loss.

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

The Group and the Company classify their financial liabilities at initial recognition into two categories, basing on the nature and purpose for which they are issued:-

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

At the reporting date, the Group and the Company have only financial liabilities categorised as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Accounting principle	Methodology
Classification	<p>These are financial liabilities other than those classified into financial liabilities at fair value through profit or loss.</p> <p>Financial liabilities at amortised cost include amounts due to subsidiaries, trade payables, other payables, finance lease liabilities and club establishment fund.</p>
Initial recognition and Measurement	<p>Financial liabilities at amortised cost are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.</p> <p>When financial liabilities at amortised cost are recognised initially, they are measured at fair value plus transactions costs.</p>
Subsequent recognition and measurement	<p>Financial liabilities at amortised cost are subsequently measured at amortised cost using the effective interest method.</p> <p>Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.</p>
Derecognition	<p>A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires.</p> <p>On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.</p>

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

(iii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

4.20 Financial guarantee contracts

The Group and the Company have issued corporate guarantee to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Group and the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially measured at their fair values plus transaction costs in the statements of financial position. Subsequent to initial measurement, financial guarantees are amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Group and the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, an estimate of the obligation is made and recognised as a provision in the statements of financial position.

4.21 Leases**(i) Finance leases**

Leases in which the Group and the Company assume substantially all the risks and rewards of ownership are classified as finance leases. An item of property, plant and equipment leased by way of finance lease is measured 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; otherwise, the incremental borrowing rate of the Group and the Company is used.

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

Leases under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as expenses in profit or loss on a straight line basis over the lease term.

Leasehold land held for own use is classified as an operating lease and the up-front payment represents prepaid lease payments. These up-front payments are recognised as expenses in profit or loss to match the inflow of benefits accrued.

Leasehold buildings held for own use remain classified as 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 the Company. The leasehold buildings are depreciated on a straight line basis over their lease terms.

4.22 Provisions

Provisions are recognised in the statement of financial position 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.

4.23 Cash and cash equivalents

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

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Property development	64,305	180,598	-	-
Sales of goods	6,413	1,242	-	-
Services rendered	4,990	6,499	-	-
Dividend income	-	-	22,000	79,855
Others	2,249	1,828	22	82
	77,957	190,167	22,022	79,937

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:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>After charging all expenses including:</i>				
Directors' fee	120	128	120	128
Auditors' remuneration:-				
Audit fees:				
• current year	114	109	21	15
• adjustments for prior years	8	(104)	-	(6)
Other professional fees	53	32	1	2
Staff costs:				
Directors' emoluments:				
• salaries and bonus	1,732	1,796	-	-
• defined contribution plans	203	204	-	-
• others	115	112	9	9
	2,050	2,112	9	9
Other employees' emoluments and benefits:				
• salaries and bonus	9,300	9,880	-	-
• defined contribution plans	1,039	1,071	-	-
• others	909	954	-	-
	11,248	11,905	-	-
Rent of land and buildings	48	546	160	160
Interest expenses:				
• finance lease	178	137	-	-
• others	-	50	-	-
	178	187	-	-
Depreciation	1,729	2,382	-	-
Amortisation of prepaid lease payments	28	28	-	-
Allowance for impairment on receivables	20	59	-	-
Bad debts written off	-	71	-	-
Impairment loss on subsidiaries	-	-	-	27,035
Property development expenses:				
• property development costs	46,076	115,087	-	-
• inventories	3,217	29,391	-	-
• adjustment for prior years' expenses	-	230	-	-
	49,293	144,708	-	-
Direct operating expenses of investment properties which generated rental income	871	877	-	-
Direct operating expenses of investment properties which generated no rental income	7	303	-	-
Derecognition of property, plant and equipment	5	7	-	-
Loss on disposal of investment properties	-	80	-	-

SHL Consolidated Bhd.
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6. **Profit before taxation** (continued)

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>And crediting all income including:</i>				
Gross dividends from subsidiaries	-	-	22,000	79,855
Rent of land and buildings				
from investment properties	2,198	1,586	-	-
Interest income	5,349	4,188	22	82
Gain on disposal of:				
• property, plant and equipment	195	236	-	-
• investments	-	3	-	-
Gain on bargain purchase	-	217	-	-

7. **Taxation**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Malaysian:				
<i>Current tax expense/(income):</i>				
• current year	5,430	10,139	5,419	2,863
• adjustment for previous year	2,109	20	-	-
	7,539	10,159	5,419	2,863
<i>Deferred tax expense/(income):</i>				
Origination and reversal of				
temporary differences:				
• current year	890	(514)	-	-
• adjustment for previous year	(2,120)	2	-	-
	(1,230)	(512)	-	-
	6,309	9,647	5,419	2,863

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

The tax reconciliation is as follows:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Taxation based on Malaysian application statutory tax rate of 25%	6,318	9,371	5,383	13,069
Disallowable expenses for tax purposes	467	685	36	6,824
Non-taxable income for tax purposes	(472)	(179)	-	(17,030)
Taxes for previous year	(11)	22	-	-
Effect of controlled transfer assets	-	(52)	-	-
Benefit from previously unrecognised deferred tax assets	(2)	(227)	-	-
Unrecognised deferred tax assets	37	-	-	-
Others	(28)	27	-	-
Taxation recognised in profit or loss	<u>6,309</u>	<u>9,647</u>	<u>5,419</u>	<u>2,863</u>

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

	Group	
	2012	2011
	RM'000	RM'000
<i>Current tax expense:</i>		
Unabsorbed capital allowances	2	204
Unutilised tax losses	-	23
	<u>2</u>	<u>227</u>

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 RM18,504,000/- (2011: RM27,370,000/-) and the number of ordinary shares outstanding during the financial year of RM242,124,000/- (2011: 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.

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

Group 2012	*Land & buildings RM'000	Plant & machinery RM'000	Motor vehicles RM'000	Furniture, fittings & equipment RM'000	Total RM'000
<i>Cost/valuation:</i>					
At 1 April 2011	163,607	73,435	7,255	5,279	249,576
Additions	-	1,199	256	85	1,540
Disposals	-	(578)	(298)	(11)	(887)
Derecognition	-	(142)	(28)	(1,591)	(1,761)
At 31 March 2012	163,607	73,914	7,185	3,762	248,468
<i>Accumulated depreciation:</i>					
At 1 April 2011	200	20,502	4,968	4,288	29,958
Charge for the year	200	566	733	230	1,729
Disposals	-	(578)	(298)	(7)	(883)
Derecognition	-	(142)	(28)	(1,586)	(1,756)
At 31 March 2012	400	20,348	5,375	2,925	29,048
<i>Carrying amount:</i>					
At 31 March 2012	163,207	53,566	1,810	837	219,420

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

Group 2011	*Land & buildings RM'000	Plant & machinery RM'000	Motor vehicles RM'000	Furniture, fittings & equipment RM'000	Total RM'000
<i>Cost/valuation:</i>					
At 1 April 2010	163,607	88,027	8,193	10,998	270,825
Additions	-	93	1,160	142	1,395
In respect of subsidiary acquired	-	-	-	169	169
Disposals	-	(4,911)	(1,253)	(10)	(6,174)
Derecognition	-	(9,774)	(845)	(6,020)	(16,639)
At 31 March 2011	163,607	73,435	7,255	5,279	249,576
<i>Accumulated depreciation:</i>					
At 1 April 2010	-	33,970	6,317	9,964	50,251
Charge for the year	200	1,218	678	286	2,382
In respect of subsidiary acquired	-	-	-	56	56
Disposals	-	(4,911)	(1,182)	(6)	(6,099)
Derecognition	-	(9,775)	(845)	(6,012)	(16,632)
At 31 March 2011	200	20,502	4,968	4,288	29,958
<i>Carrying amount:</i>					
At 31 March 2011	163,407	52,933	2,287	991	219,618

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9. **Property, plant and equipment** (continued)

**Analysis of land & buildings:*

Freehold land & buildings

	Group	
	2012	2011
	RM'000	RM'000
<i>Cost / valuation:</i>		
At 1 April and 31 March	163,607	163,607
<i>Accumulated depreciation:</i>		
At 1 April	200	-
Charge for the year	200	200
At 31 March	400	200
<i>Carrying amount:</i>		
At 31 March	163,207	163,407

Analysis of valuation of land & buildings:

	Group	
	2012	2011
	RM'000	RM'000
Freehold land and buildings:		
• at cost	53	53
• at 2010 valuation	163,554	163,554
	163,607	163,607

If the freehold land and buildings had been carried under the cost model, they would have been recognised at the following amounts:-

	Group	
	2012	2011
	RM'000	RM'000
Freehold land and buildings:		
At cost	26,818	26,818
Accumulated depreciation	2,758	2,591
Carrying amount	24,060	24,227

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

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9. **Property, plant and equipment** (continued)

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

	Group	
	2012	2011
	RM'000	RM'000
Plant & machinery	1,508	799
Motor vehicles	1,810	2,287
	3,318	3,086

10. **Prepaid lease payments**

Group	Long	Short	Total
2012	leasehold	leasehold	RM'000
	land	land	RM'000
	RM'000	RM'000	
<i>Carrying amount:</i>			
At 1 April 2011	752	290	1,042
Addition	7	-	7
Amortisation for the year	(10)	(18)	(28)
At 31 March 2012	749	272	1,021
<i>Analysed between:</i>			
Current	10	18	28
Non-current	739	254	993
	749	272	1,021
2011			
<i>Carrying amount:</i>			
At 1 April 2010	762	308	1,070
Amortisation for the year	(10)	(18)	(28)
At 31 March 2011	752	290	1,042
<i>Analysed between:</i>			
Current	10	18	28
Non-current	742	272	1,014
	752	290	1,042

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11. **Investment in subsidiaries**

Unquoted shares

	Company	
	2012	2011
	RM'000	RM'000
<i>At cost:</i>		
At 1 April	452,205	426,642
Addition	-	25,563
At 31 March	452,205	452,205
<i>Accumulated impairment losses:</i>		
At 1 April	32,018	4,983
Charge for the year	-	27,035
At 31 March	32,018	32,018
<i>Carrying amount:</i>		
At 31 March	420,187	420,187

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
		2012 %	2011 %	
§ 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, earthworks and infrastructure works, renting out of plant and machineries, 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

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
		2012 %	2011 %	
§ Sin Heap Lee Company Sdn. Berhad	3,900,000	100	100	Rental of properties, marketing agent of bricks and building materials
§ 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 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 (Note 11.3)	1,000,000	100	100	Property development
Sukma Pesona Sdn. Bhd.	500,000	100	100	Property development
SHL Infra Sdn. Bhd.	4,000,000	100	100	Earthworks and infrastructure works
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
		2012 %	2011 %	
Mercantile Corporation (M) Sdn. Bhd. (Note 11.3)	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	Property maintenance services
Senick Sdn. Bhd.	5	100	100	Granite quarrying and manufacturing of aggregates
Goodstock Land Sdn. Bhd.	1,500,000	60	60	Letting of properties
Subsidiary of Sin Heap Lee Development Sdn. Bhd.				
SHL-M Sdn. Bhd.	45,000,000	100	100	Property development
Subsidiary of SHL-M Sdn. Bhd.				
* 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 year 2011, the Company conducted an impairment review on the investment of subsidiaries, which had resulted in the recognition of impairment losses on certain subsidiaries totalling RM27,035,000/-.

The impairment losses were determined with reference to the fair value less cost to sell basing on the best information available to reflect the amount that the Company could obtain from the disposal of subsidiaries in an arm's length transaction between knowledgeable willing parties.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***11. Investment in subsidiaries (continued)****11.1 Acquisition of a subsidiary**

In May 2010, the Group acquired a new subsidiary, Goodstock Land Sdn. Bhd., a company incorporated in Malaysia, for a cash consideration of RM25,563,000/-.

The details of assets acquired, liabilities assumed and cash flows arising from the acquisition were as follows:-

	Group 2011 RM'000
Property, plant and equipment	113
Investment properties	45,000
Receivables	3,609
Current tax assets	80
Cash and deposits	2,964
Payables	(715)
Borrowings	(6,000)
Deferred tax liabilities	(2,085)
Non-controlling interests	(17,186)
Share of net assets acquired	25,780
Negative goodwill	(217)
Total purchase consideration	25,563
<u>Less: Cash and deposits</u>	<u>(2,964)</u>
Net cash flow on acquisition	<u>22,599</u>

The fair values of the subsidiary identifiable assets and liabilities approximated their carrying amounts. Accordingly, no fair value adjustments were made to account for the acquisition.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*11.1 *Acquisition of a subsidiary (continued)*

The effects of the acquisition on the financial position at the end of previous year were as follows:-

	Group 2011 RM'000
Property, plant and equipment	102
Investment properties	45,000
Receivables	233
Current tax assets	217
Cash and deposits	1,498
Payables	(823)
Deferred tax liabilities	(2,092)
Non-controlling interests	(17,654)
Increase in Group's net assets	<u>26,481</u>

The effects of the acquisition on the financial results in previous year were as follows:-

	Group 2011 RM'000
Revenue	2,306
Cost of sales	(577)
Gross profit	<u>1,729</u>
Other operating income	40
Administration expenses	(286)
Profit from operations	<u>1,483</u>
Finance costs	(20)
Profit before taxation	<u>1,463</u>
Taxation	(294)
Profit for the year	<u>1,169</u>
Non-controlling interests	(468)
Increase in Group's profit	<u>701</u>

11.2 *Derecognition of a subsidiary*

In March 2011, the Group derecognised its subsidiary, SHL Ventures Sdn. Bhd. as the subsidiary had been struck off pursuant to Section 308(1) of the Companies Act 1965. The derecognition had insignificant impact on the financial results, financial position and cash flows to the Group.

11.3 *Winding up of subsidiaries*

Mercantile Corporation (M) Sdn. Bhd. and H.S.C. Sdn. Berhad are in the process of Members' Voluntary Winding Up pursuant to Section 254 of the Companies Act 1965. The two subsidiaries shall be dissolved on 26 July 2012.

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12. **Investment in associate**

	Group	
	2012	2011
	RM'000	RM'000
Unquoted shares, at cost	1,305	1,305
Share of post-acquisition profits/(losses)	1,589	(56)
	2,894	1,249
Share of net assets	2,894	1,249

There is no 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:-

Name of company (Incorporated in Malaysia)	Effective holding		Principal activities
	2012	2011	
	%	%	
Opt Ventures Sdn. Bhd.	30	30	Property development

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

	Group	
	2012	2011
	RM'000	RM'000
Assets	22,470	12,289
Liabilities	(19,576)	(11,040)
Net tangible assets	2,894	1,249
Revenue	8,212	-
Profit/(loss) for the year	1,645	(8)

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13. **Investment properties**

	Group	
	2012	2011
	RM'000	RM'000
At 1 April	66,702	16,147
Addition from subsequent expenditure	-	7,635
In respect of subsidiary acquired	-	45,000
Disposal	-	(2,080)
At 31 March	66,702	66,702

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.

The fair values of the investment properties approximate the carrying amounts.

14. **Land held for property development**

Group	Land	Development	Total
2012	costs	costs	RM'000
	RM'000	RM'000	RM'000
<i>At cost:</i>			
At 1 April 2011	3,218	28	3,246
Additions	4	9	13
Transfer from property development costs	2,636	-	2,636
At 31 March 2012	5,858	37	5,895
 2011			
<i>At cost:</i>			
At 1 April 2010	4,419	27	4,446
Additions	4	1	5
Transfer to property development costs	(1,205)	-	(1,205)
At 31 March 2011	3,218	28	3,246

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15. **Intangible assets**

Group 2012	Goodwill RM'000	Development costs RM'000	Total RM'000
<i>Cost:</i>			
At 1 April 2011 and 31 March 2012	8,145	-	8,145
<i>Accumulated amortisation and impairment losses:</i>			
At 1 April 2011 and 31 March 2012	8,145	-	8,145
<i>Carrying amount:</i>			
At 31 March 2012	-	-	-
2011			
<i>Cost:</i>			
At 1 April 2010	8,166	23,630	31,796
Derecognition	(21)	(23,630)	(23,651)
At 31 March 2011	8,145	-	8,145
<i>Accumulated amortisation and impairment losses:</i>			
At 1 April 2010	8,166	18,515	26,681
Impairment loss for the year	-	5,115	5,115
Derecognition	(21)	(23,630)	(23,651)
At 31 March 2011	8,145	-	8,145
<i>Carrying amount:</i>			
At 31 March 2011	-	-	-

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16. **Investments**

	Group	
	2012	2011
	RM'000	RM'000
<i>Unquoted in Malaysia, at cost:</i>		
• redeemable preference shares	7,701	-
• shares	7	7
• club membership	24	24
	7,732	31
	7,732	31

17. **Deferred tax assets and liabilities**

Deferred tax assets and liabilities shown in the statement of financial position after appropriate offsetting are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Deferred tax assets	(4,155)	(2,238)
Deferred tax liabilities	10,832	13,327
	6,677	11,089
	6,677	11,089

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:-

Group	Property,	Revaluation	Unabsorbed	Unabsorbed	Unabsorbed	Property	Land held	Total		
2012	plant and	surplus on	Unabsorbed	capital	building	development	for	Total		
	equipment	land and	tax losses	allowances	allowances	costs	property	RM'000		
	RM'000	buildings	RM'000	RM'000	RM'000	RM'000	development	RM'000		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
At 1 April 2011	13,917	-	5,483	(50)	(8,102)	-	1,039	(435)	(763)	11,089
Amount recognised in:										
• profit or loss	(285)	-	(28)	-	950	(405)	508	(1,970)	-	(1,230)
• other comprehensive income	-	-	(3,182)	-	-	-	-	-	-	(3,182)
• transfer	-	-	-	-	-	-	686	(686)	-	-
	13,632	-	2,273	(50)	(7,152)	(405)	2,233	(3,091)	(763)	6,677
At 31 March 2012	13,632	-	2,273	(50)	(7,152)	(405)	2,233	(3,091)	(763)	6,677

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17. **Deferred tax assets and liabilities (continued)**

Group 2011	Property, plant and equipment RM'000	Development costs RM'000	Revaluation surplus on land and buildings RM'000	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Unabsorbed industrial building allowances RM'000	Investment properties RM'000	Property development costs RM'000	Land held for property development RM'000	Total RM'000
At 1 April 2010	13,946	1,172	5,510	(50)	(8,279)	-	(1,040)	(980)	(763)	9,516
Amount recognised in profit or loss In respect of subsidiary acquired	(35)	(1,172)	(27)	-	177	-	-	545	-	(512)
	6	-	-	-	-	-	2,079	-	-	2,085
At 31 March 2011	13,917	-	5,483	(50)	(8,102)	-	1,039	(435)	(763)	11,089

Unrecognised deductible temporary differences

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

	Group	
	2012 RM'000	2011 RM'000
Unabsorbed capital allowances	8,950	7,372
Unutilised tax losses	5,317	5,381
	<u>14,267</u>	<u>12,753</u>

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 can utilise the benefits therefrom.

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/- (2011: 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 unsecured outstanding amounts are non-interest-bearing and repayable on demand.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***19. Property development costs**

Group 2012	Land costs RM'000	Development costs RM'000	Total RM'000
<i>At cost:</i>			
At 1 April 2011	137,492	448,907	586,399
Additions	426	52,386	52,812
Transfer	150	(150)	-
Transfer to inventories	(431)	(856)	(1,287)
Transfer to land held for property development	(2,636)	-	(2,636)
Derecognition on completion of projects	(31,260)	(21,925)	(53,185)
At 31 March 2012	103,741	478,362	582,103
<i>Cost recognised in profit or loss:</i>			
At 1 April 2011	62,132	417,175	479,307
Charge for the year	11,308	34,768	46,076
Transfer	892	(892)	-
Derecognition on completion of projects	(31,260)	(21,925)	(53,185)
At 31 March 2012	43,072	429,126	472,198
<i>Carrying amount:</i>			
At 31 March 2012	60,669	49,236	109,905
2011			
<i>At cost:</i>			
At 1 April 2010	127,558	422,623	550,181
Additions	2,634	61,290	63,924
Transfer	8,789	(8,789)	-
Transfer from land held for property development	1,205	-	1,205
Reversal	-	(1,628)	(1,628)
Derecognition on completion of projects	(2,694)	(24,589)	(27,283)
At 31 March 2011	137,492	448,907	586,399
<i>Cost recognised in profit or loss:</i>			
At 1 April 2010	52,342	339,161	391,503
Charge for the year	12,484	102,603	115,087
Derecognition on completion of projects	(2,694)	(24,589)	(27,283)
At 31 March 2011	62,132	417,175	479,307
<i>Carrying amount:</i>			
At 31 March 2011	75,360	31,732	107,092

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19. **Property development costs** (continued)
Included in the property development costs are:-

	Group	
	2012	2011
	RM'000	RM'000
Interest expenses capitalised	-	8

20. **Inventories**

	Group	
	2012	2011
	RM'000	RM'000
<i>At cost:</i>		
Completed property units	1,287	2,037
Raw materials	42	100
Goods for resale	206	221
Work in progress	38	123
Finished goods	4,492	6,864
Spare parts	1,078	1,090
	7,143	10,435
<i>At net realisable value:</i>		
Completed property units	1,415	2,595
	8,558	13,030

21. **Trade receivables**

	Group	
	2012	2011
	RM'000	RM'000
Amount due from associate	6,359	9,052
Trade debtors	8,558	22,977
	14,917	32,029
Less: Allowance for impairment	(135)	(169)
	14,782	31,860
Amount due from customers for contract works	9,360	3,525
	24,142	35,385

Trade receivables are non-interest-bearing and are generally on 14 to 90-day (2011: 14 to 90-day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*21. **Trade receivables** (continued)

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

	Group	
	2012	2011
	RM'000	RM'000
Cost	9,360	3,525
Attributable profits/(losses)	-	-
Amount due from customers for contract works	9,360	3,525
<i>Analysed as:-</i>		
Amount due from customers for contract works	9,360	3,525
Amount due to customers for contract works (Note 28)	-	-
	9,360	3,525

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Neither past due nor impaired	7,275	21,353
Past due unimpaired:		
• 1 to 30 days past due	634	191
• over 30 days past due	6,873	10,316
	7,507	10,507
Impaired	135	169
	14,917	32,029

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***21. Trade receivables (continued)**Receivables that are past due unimpaired

Trade receivables that are past due unimpaired relate to customers that have good track record with the Group. Based on past experiences and no adverse information to date, the Directors of the Group are of the opinion that no allowance for impairment is necessary in respect of these balances as there has been no significant change in the credit quality and the balances are still considered fully collectible.

Receivables that are impaired

These receivables are impaired individually at the reporting date. The movements of the allowance accounts used to record the impairment are as follows:-

	Group	
	2012	2011
	RM'000	RM'000
Movements in allowance accounts:		
At 1 April	169	135
Charge for the year	24	59
Derecognition	(53)	(25)
Reversal	(5)	-
At 31 March	135	169

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that:

- are in significant financial difficulties and;
- have defaulted on payments.

These receivables are unsecured by any collateral or credit enhancements.

22. Other receivables

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Advances	300	421	-	-
Deposits	5,298	4,993	53	53
Other debtors	1,664	1,497	-	-
	7,262	6,911	53	53
Prepayments	945	1,003	20	20
	8,207	7,914	73	73

The unsecured advances are non-interest-bearing and repayable on demand.

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23. **Cash and deposits**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Deposits with licensed banks	111,898	109,188	621	886
Cash and bank balances:				
• housing development accounts	26,281	47,356	-	-
• others	23,947	18,235	16,539	41
	50,228	65,591	16,539	41
	162,126	174,779	17,160	927

Housing Development Accounts are held and maintained pursuant to Section 7A of the Housing Development Act, 1966. These accounts are restricted from use in other operations.

24. **Share capital**

	Number of ordinary shares of RM1/- each		Amount	Amount
	2012 '000	2011 '000	2012 RM'000	2011 RM'000
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**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Non-distributable:</i>				
Share premium	1,225	1,225	1,225	1,225
Revaluation surplus	45,641	50,745	-	-
Merger reserve	-	-	4,377	4,377
Capital reserves	11,040	11,040	23,361	23,361
Merger deficit	(130,464)	(130,464)	-	-
	(72,558)	(67,454)	28,963	28,963
<i>Distributable:</i>				
Retained profits	387,480	373,402	155,928	152,525
	314,922	305,948	184,891	181,488

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:-

	RM'000
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**

	Group	
	2012	2011
	RM'000	RM'000
Minimum lease payments:		
• 1 year or less	1,125	996
• 5 years or less but over 1 year	1,365	1,465
	<u>2,490</u>	<u>2,461</u>
Future finance charge on finance leases	(243)	(292)
Present value of finance lease liabilities	<u>2,247</u>	<u>2,169</u>
Present value of finance lease liabilities:		
• 1 year or less	980	879
• 5 years or less but over 1 year	1,267	1,290
	<u>2,247</u>	<u>2,169</u>

The repayment periods of the finance lease liabilities range from 2 to 7 years (2011: 2 to 7 years) at the inception of the leases. Interest is levied at rates ranging from 2.49% to 6.97% (2011: 3.00% to 6.97%) 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. **Club establishment fund**

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

28. **Trade payables**

	Group	
	2012	2011
	RM'000	RM'000
Amount due to customers for contract works (note 21)	-	-
Trade creditors	16,646	31,784
	<u>16,646</u>	<u>31,784</u>

Trade payables are non-interest-bearing and are normally on 30 to 75-day (2011: 30 to 75-day) terms.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***29. Other payables**

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Accrued expenses	1,674	1,719	20	17
Others	4,793	3,559	5	2
	<u>6,467</u>	<u>5,278</u>	<u>25</u>	<u>19</u>

30. Dividends

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Paid and payable:</i>				
In respect of financial year ended 31 March 2011/2010:				
• final dividend of 7 Sen gross per share less tax	12,712	12,712	12,712	12,712
	<u>12,712</u>	<u>12,712</u>	<u>12,712</u>	<u>12,712</u>
<i>Proposed:</i>				
In respect of financial year ended 31 March 2012/2011:				
• final dividend of 8 Sen (2011: 7 Sen) gross per share less tax	14,527	12,712	14,527	12,712
	<u>14,527</u>	<u>12,712</u>	<u>14,527</u>	<u>12,712</u>

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.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***31. Analysis of movement of inventories and property development costs**

	Group	
	2012	2011
	RM'000	RM'000
Net movement	977	(76,629)
Interest capitalised	-	8
Transfer from land held for property development	-	1,205
	<u>977</u>	<u>(75,416)</u>

32. Analysis of acquisition of property, plant and equipment

	Group	
	2012	2011
	RM'000	RM'000
Cash payment	394	625
Finance lease arrangement	1,146	770
	<u>1,540</u>	<u>1,395</u>

33. Capital management

The primary objective of the management of the Group and the Company's capital structure is to maintain an efficient mix of debt and equity in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue business opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Directors regularly review the Group and the Company's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Group and the Company monitor capital using a gearing ratio, which is total debt divided by total capital.

The Group and the Company are in no breach of any gearing covenants during the financial years ended 31 March 2012 and 31 March 2011. In the same period, no significant changes were made in the objectives, policies and processes relating to the management of the Group and the Company's capital structure.

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33. **Capital management** (continued)

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Finance lease liabilities	2,247	2,169	-	-
Total debts	2,247	2,169	-	-
Share capital	242,124	242,124	242,124	242,124
Reserves	314,922	305,948	184,891	181,488
Total capital	557,046	548,072	427,015	423,612
Gearing ratio (times)	0.004	0.004	-	-

34. **Financial instruments**

34.1 **Liquidity risk**

Liquidity risk refers to the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due.

The table below summarises the maturity profile of the Group and the Company's financial liabilities as at the reporting date based on contractual undiscounted repayment obligations:-

Group 2012	Within one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• trade payables	16,646	-	-	16,646
• other payables	6,467	-	-	6,467
• club establishment fund	-	-	16,233	16,233
	23,113	-	16,233	39,346
Interest-bearing:				
• finance lease liabilities:				
○ principal	980	1,267	-	2,247
○ interest	145	98	-	243
	1,125	1,365	-	2,490

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***34.1 Liquidity risk (continued)**

Group	Within	One to	More than	Total
2011	one year	five years	five years	RM'000
	RM'000	RM'000	RM'000	RM'000
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• trade payables	31,784	-	-	31,784
• other payables	5,278	-	-	5,278
• club establishment fund	-	-	16,278	16,278
	<u>37,062</u>	<u>-</u>	<u>16,278</u>	<u>53,340</u>
Interest-bearing:				
• finance lease liabilities:				
○ principal	879	1,290	-	2,169
○ interest	117	175	-	292
	<u>996</u>	<u>1,465</u>	<u>-</u>	<u>2,461</u>
Company				
2012				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• amount due to subsidiaries	101,437	-	-	101,437
• other payables	25	-	-	25
	<u>101,462</u>	<u>-</u>	<u>-</u>	<u>101,462</u>
2011				
<i>Financial liabilities:</i>				
Non-interest-bearing:				
• amount due to subsidiaries	101,437	-	-	101,437
• other payables	19	-	-	19
	<u>101,456</u>	<u>-</u>	<u>-</u>	<u>101,456</u>

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***34. Financial instruments (continued)****34.2 Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates.

Sensitivity analysis for interest rate risk

No sensitivity analysis has been presented as the Group and the Company's exposure to interest rate risk on the following interest-bearing instruments is insignificant:-

■ Fixed rate instruments

These comprise short-term deposits and finance lease liabilities. The effective interest rates during the year are as follows:-

	Group		Company	
	2012	2011	2012	2011
	%	%	%	%
Short-term deposits	2.70 – 3.48	2.00 – 3.20	2.75 – 3.20	2.25 – 2.85
Finance lease liabilities	2.49 – 6.97	3.00 – 6.97	-	-

34.3 Credit risk

Credit risk is the potential loss from a transaction in the event of default by the counterparty.

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by:-

- the carrying amount of each class of financial assets recognised in the statements of financial position; and
- utilised amounts of RM6,567,000/- (2011: RM2,755,000/-) relating to a corporate guarantee given by the Company to banks for credit facilities granted to subsidiaries, as disclosed in Note 36 to the financial statements.

Credit risk 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.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***34. Financial instruments (continued)****34.4 Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument can be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

As at the reporting date, the fair values of the Group and the Company's financial instruments approximate their carrying amounts unless it is impracticable to determine these values with sufficient reliability.

Unquoted equity securities

No fair value information has been disclosed for investment in unquoted securities of the Group as it is impracticable to estimate their fair values of the unquoted securities of the Group in the absence of quoted market prices in an active market. The Group believes that the carrying amounts represent recoverable amounts and the Group has no intention to dispose of the unquoted securities at the reporting date.

Methods and assumptions used to estimate fair values

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

Financial instruments	Fair values determination
<ul style="list-style-type: none"> • Trade and other receivables • Cash and deposits • Trade and other payables • Amounts due from/(to) Subsidiaries 	The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these instruments.
<ul style="list-style-type: none"> • Finance lease liabilities 	<p>The carrying amounts of short-term finance lease liabilities approximate fair values because of the short period to maturity of these instruments.</p> <p>The fair values of long-term finance lease liabilities are estimated based on the current rates available for finance lease liabilities with the same maturity profile. The carrying amount of the long-term finance lease liabilities are reasonable approximations of fair values due to the insignificant impact of discounting.</p>
<ul style="list-style-type: none"> • Trust account • Club establishment fund 	The carrying amounts of these financial instruments approximate fair values, which represent the estimated amounts of the Group would receive or refund to members upon termination of investment contract.

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34. **Financial instruments** (continued)

34.5 **Fair value hierarchy**

No fair value hierarchy is presented as the Group and the Company have no financial instruments that are measured at fair value subsequent to initial measurement.

34.6 **Financial instruments by category**

The table below provides an analysis of financial instruments categorised as follows:-

Group 2012	Note	Available- for-sale financial assets RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total carrying amount RM'000
<i>Financial assets:</i>					
• investments	16	7,732	-	-	7,732
• trust account		-	1,433	-	1,433
• trade receivables	21	-	14,782	-	14,782
• other receivables	22	-	7,262	-	7,262
• cash and deposits	23	-	162,126	-	162,126
		7,732	185,603	-	193,335
<i>Financial liabilities:</i>					
• finance lease liabilities	26	-	-	2,247	2,247
• club establishment fund	27	-	-	16,233	16,233
• trade payables	28	-	-	16,646	16,646
• other payables	29	-	-	6,467	6,467
		-	-	41,593	41,593
		-	-	41,593	41,593

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34.6 **Financial instruments by category (continued)**

Group	Note	Available- for-sale financial assets RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total carrying amount RM'000
<i>Financial assets:</i>					
• investments	16	31	-	-	31
• trust account		-	1,334	-	1,334
• trade receivables	21	-	31,860	-	31,860
• other receivables	22	-	6,911	-	6,911
• cash and deposits	23	-	174,779	-	174,779
		31	214,884	-	214,915
<i>Financial liabilities:</i>					
• finance lease liabilities	26	-	-	2,169	2,169
• club establishment fund	27	-	-	16,278	16,278
• trade payables	28	-	-	31,784	31,784
• other payables	29	-	-	5,278	5,278
		-	-	55,509	55,509
Company					
2012					
<i>Financial assets:</i>					
• amounts due from subsidiaries	18	-	90,802	-	90,802
• other receivables	22	-	73	-	73
• cash and deposits	23	-	17,160	-	17,160
		-	108,035	-	108,035
<i>Financial liabilities:</i>					
• amounts due to subsidiaries	18	-	-	101,437	101,437
• other payables	29	-	-	25	25
		-	-	101,462	101,462

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34.6 **Financial instruments by category** (continued)

Company 2011	Note	Available- for-sale financial assets RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total carrying amount RM'000
<i>Financial assets:</i>					
• amounts due from subsidiaries	18	-	103,602	-	103,602
• other receivables	22	-	53	-	53
• cash and deposits	23	-	927	-	927
		-	104,582	-	104,582
<i>Financial liabilities:</i>					
• amounts due to subsidiaries	18	-	-	101,437	101,437
• other payables	29	-	-	19	19
		-	-	101,456	101,456

35. **Commitments**

Non-cancellable operating lease commitments - Group as lessor:

	Group	
	2012 RM'000	2011 RM'000
Future minimum rental receivable:		
• 1 year or less	3,662	2,540
• 5 years or less but over 1 year	4,971	5,057
	8,633	7,597

The Group entered into commercial property leases on its portfolio of investment property consisting of commercial buildings. These leases have non-cancellable lease terms of 3 years (2011: 3 years).

36. **Contingent liabilities**

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
<i>Unsecured:</i>				
Corporate guarantees given to banks for credit facilities granted to subsidiaries	-	-	6,567	2,755

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***37. Segment reporting**

Management has determined the operating segments based on reports reviewed by the Board of Directors and the working group that makes strategic decisions.

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.

Group 2012	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								
Revenue from								
external customers	7,239	64,304	-	3,180	452	2,782	-	77,957
Inter segment revenue	11,899	6,808	31,988	23,523	7,056	-	(81,274)	-
Total revenue	19,138	71,112	31,988	26,703	7,508	2,782	(81,274)	77,957
Results								
Segment results	1,453	10,375	777	12	2,600	2,604	-	17,821
Unallocated income								1,085
Unallocated expenses								(468)
Operating profit								18,438
Interest income								5,349
Finance costs								(159)
Profit from associate								1,645
Taxation								(6,309)
Profit after taxation								18,964
Non-controlling interests								(460)
Profit for the year								18,504
Assets								
Segment assets	142,218	238,196	31,251	8,193	79,780	18,094	(22,295)	495,437
Investment in associate		2,894						2,894
Unallocated assets								129,413
Total assets								627,744
Liabilities								
Segment liabilities	2,554	20,934	14,126	6,512	381	526	(21,944)	23,089
Unallocated liabilities								29,495
Total liabilities								52,584
Others								
Capital expenditure	1,244	49	260	-	7	-	-	1,560
Non-cash expenses:								
• depreciation and amortisation	835	472	213	-	219	18	-	1,757
• derecognition of property, plant and equipment	5	-	-	-	-	-	-	5

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37. **Segment reporting (continued)**

Group 2011	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								
Revenue from								
external customers	6,295	180,598	-	1,085	402	1,787	-	190,167
Inter segment revenue	12,036	1,110	55,700	16,390	3,073	-	(88,309)	-
Total revenue	18,331	181,708	55,700	17,475	3,475	1,787	(88,309)	190,167
Results								
Segment results	28,872	31,234	2,640	(164)	(4,519)	1,565	-	59,628
Unallocated income								1,413
Unallocated expenses								(27,578)
Operating profit								33,463
Interest income								4,188
Finance costs								(158)
Loss from associate								(8)
Taxation								(9,647)
Profit after taxation								27,838
Non-controlling interests								(468)
Profit for the year								27,370
Assets								
Segment assets	125,276	284,879	30,026	4,868	80,819	18,233	(23,220)	520,881
Investment in associate								1,249
Unallocated assets								113,513
Total assets								635,643
Liabilities								
Segment liabilities	2,113	33,828	17,931	3,510	889	525	(21,753)	37,043
Unallocated liabilities								32,874
Total liabilities								69,917
Others								
Capital expenditure	8,185	511	339	-	-	-	-	9,035
Non-cash expenses:								
• depreciation and amortisation	824	490	154	-	925	17	-	2,410
• derecognition of property, plant and equipment	5	1	-	-	1	-	-	7
• impairment loss on intangible assets	-	-	-	-	5,115	-	-	5,115

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38. **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:-

Related parties	Relationship	Period of business relationship
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.	18 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.	29 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. The Directors ceased to have an interest in Unique Mix Sdn. Bhd. on 19 April 2011.	13 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. In May 2010, it becomes a subsidiary of SHL Consolidated Bhd.	29 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.	23 years

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*38. **Related party disclosures** (continued)

Related parties	Relationship	Period of business relationship
Marusin 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
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.	14 years
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.	29 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.	18 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.	26 years
Integrated Perunding Sdn. Bhd.	A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest.	29 years
Sepakat Setia Perunding (Sendirian) Bhd.	A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest.	29 years

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***38. Related party disclosures (continued)****38.1 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:

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Dividend income:</i>				
Kajang Granite Quarry Sdn. Bhd.	-	-	-	16,267
SHL Realty Sdn. Bhd.	-	-	-	7,500
Sin Heap Lee Company Sdn. Bhd.	-	-	-	32,969
Ho Sin & Son Enterprise Sdn. Bhd.	-	-	-	4,932
Goodstock Tawau Sdn. Bhd.	-	-	-	195
Wilayah Builders Sdn. Bhd.	-	-	-	411
SHL Infra Sdn. Bhd.	-	-	600	2,000
Mayang Kiara Sdn. Bhd.	-	-	-	6,400
Sukma Pesona Sdn. Bhd.	-	-	-	9,181
Sin Heap Lee Construction Sdn. Bhd.	-	-	16,000	-
Sin Heap Lee Development Sdn. Bhd.	-	-	5,400	-
	-	-	22,000	79,855
<i>Rental of premises:</i>				
Goodstock Land Sdn. Bhd.	-	-	160	146
<i>Unsecured corporate guarantee:</i>				
Maximum principal amount of corporate guarantee given to bankers for banking facilities granted to:				
▪ Sin Heap Lee Company Sdn. Bhd.	-	-	17,645	17,645
▪ Sin Heap Lee Brickworks Sdn. Bhd.	-	-	18,000	17,000
▪ Sin Heap Lee Construction Sdn. Bhd.	-	-	57,000	57,000
▪ Sin Heap Lee Development Sdn. Bhd.	-	-	6,000	6,000
	-	-	98,645	97,645

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*38.1 *Related party transactions (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	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Expenses:</i>				
<i>Engineering consultancy services</i>				
Integrated Perunding Sdn. Bhd.	2,856	980	-	-
<hr/>				
<i>Procurement of building materials</i>				
Unique Mix Sdn. Bhd.	427	2,094	-	-
<hr/>				

38.2 *Related party balances*

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Trade payables:</i>				
Unique Mix Sdn. Bhd.	-	321	-	-
<hr/>				
<i>Amounts due from subsidiaries:</i>				
Sin Heap Lee Development Sdn. Bhd.	-	-	85,995	98,795
Sin Heap Lee Brickworks Sdn. Bhd.	-	-	3,592	3,592
SHL Corporate Services Sdn. Bhd.	-	-	1,215	1,215
	-	-	90,802	103,602
<hr/>				

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
<i>Amounts due to subsidiaries:</i>				
Sin Heap Lee Construction Sdn. Bhd.	-	-	100,244	100,244
Mercantile Corporation (M) Sdn. Bhd.	-	-	188	188
Goodstock Land Sdn. Bhd.	-	-	13	13
H.S.C. Sdn. Berhad	-	-	992	992
	-	-	101,437	101,437
<hr/>				

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***38. Related party disclosures (continued)****38.3 Directors' remunerations**

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

	Group		Company	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Non-executive Directors	80	62	80	88
Executive Directors	40	40	40	40
Total Directors' fees	120	102	120	128
Non-executive Directors	609	603	9	9
Executive Directors	1,441	1,509	-	-
Total Directors' other emoluments	2,050	2,112	9	9
Total Directors' remunerations	2,170	2,214	129	137

39. 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.

(a) On 12 April 2004, an indirect subsidiary of the Group, SHL-M Sdn. Bhd. instituted legal proceedings against the Director of Lands and Mines Selangor (State Authority) relating to the revision of quit rent rate. Both parties had different interpretations on the quit rent rate. SHL-M Sdn. Bhd. sought from the State Authority the following:-

- declaring the invalidity of quit rent totalling RM583,680/- per year which the State Authority had 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.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*39. **Material litigations** (continued)

- (a) 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
		<u>1,216</u>

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

However, the State Authority has since lodged an appeal on 14 March 2011 against the decision vide Court of Appeal CA No. B-01-196-2011.

On 21 June 2011, SHL-M Sdn. Bhd. filed the following Affidavits at the Shah Alam High Court:-

- (i) an Affidavit objecting the State Authority's Appeal against the Court Order dated 10 February 2011 on the grounds that it was filed out of time.
- (ii) an Affidavit objecting the State Authority's Application for Stay of Execution of the Court Order dated 10 February 2011.

The above Affidavits objecting the State Authority's Appeal were refused.

The State Authority's Appeal is still pending a hearing and a record of Appeal has been filed by the State Authority on 4 April 2012.

- (b) A subsidiary of the Group, SHL Realty Sdn. Bhd. is defending an action brought by certain parties in Malaysia. The legal action relates to the leasing and/or sale of a private hospital owned by the subsidiary.

Based on the legal advice, the Directors are of the opinion that:

- the subsidiary and its Director have a good defence to the said legal action;
- it is impossible to assess the possible financial and operational impact of the legal action at this preliminary stage

As the legal action is premature, the subsidiary and the plaintiffs have been advised by their respective solicitors to file for mediation.

The Court has fixed the matter for trial on 10 September 2012, 11 September 2012, 12 September 2012 and 29 September 2012.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***40. Comparative information**

The following significant items of comparative information have been restated arising from a review of the disclosure requirements:-

	Company	
	As restated RM'000	As previously reported RM'000
<i>Notes to the financial statements:</i>		
Related party disclosures (Note 38.1):		
<i>Unsecured corporate guarantee:</i>		
Maximum principal amount of corporate guarantee given to bankers for banking facilities granted to:		
▪ Sin Heap Lee Company Sdn. Bhd.	17,645	-
▪ Sin Heap Lee Brickworks Sdn. Bhd.	17,000	-
▪ Sin Heap Lee Construction Sdn. Bhd.	57,000	-
▪ Sin Heap Lee Development Sdn. Bhd.	6,000	-
	97,645	-

	Group	
	As restated RM'000	As previously reported RM'000
Commitments (Note 35):		
<i>Non-cancellable operating lease commitments -</i>		
<i>Group as lessor:</i>		
Future minimum rental receivable:		
▪ 1 year or less	2,540	-
▪ 5 years or less but over 1 year	5,057	-
	7,597	-

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***41. Disclosure of realised and unrealised profits**

On 25 March 2010, Bursa Malaysia Securities Berhad (Bursa Malaysia) issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits as at the end of the reporting period, into realised and unrealised profits or losses.

The breakdown of the retained profits of the Group and the Company as at 31 March 2012 and 31 March 2011, into realised and unrealised profits, pursuant to Bursa Malaysia Securities Berhad's Directive Ref: LD26/10 dated 20 December 2010 is tabulated below:-

	Group		Company	
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Total retained profits of the Company and subsidiaries:				
• realised	388,301	376,784	155,928	152,525
• unrealised	25,468	22,972	-	-
	413,769	399,756	155,928	152,525
Total shares of retained profits from associate:				
• realised	1,589	(56)	-	-
• unrealised	-	-	-	-
	1,589	(56)	-	-
<u>Less: Consolidated adjustments</u>	<u>(27,878)</u>	<u>(26,298)</u>	<u>-</u>	<u>-</u>
Total retained profits	387,480	373,402	155,928	152,525

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing requirements, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should be applied for this purpose only.

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