

SHL Consolidated Bhd.

and its Subsidiaries

(Incorporated in Malaysia)

Report and Financial Statements

31 March 2011

| TABLE OF CONTENTS | PAGE |
|--|-------------|
| Corporate Information | 1 |
| Directors' Report | 2 |
| Statement by Directors | 7 |
| Statutory Declaration | 7 |
| Independent Auditors' Report | 8 |
| Statements of Comprehensive Income | 11 |
| Statements of Financial Position | 12 |
| Statements of Changes in Equity | 14 |
| Statements of Cash Flows | 17 |
| Notes to the Financial Statements | 19 |

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
EON Bank Berhad
Bangkok Bank Berhad

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Directors' Report for the year ended
31 March 2011**

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 2011.

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 soil and concrete laboratory testing services, the provision of professional construction management and geo-technical services, the marketing and distribution of building materials, rental of properties and money lending business.

There has been no significant change in the nature of these principal activities during the financial year.

Financial results

| | Group | Company |
|--|---------------|----------------|
| | RM'000 | RM'000 |
| Profit before taxation | 37,485 | 52,276 |
| Malaysian taxation | (9,647) | (2,863) |
| Profit for the year | 27,838 | 49,413 |
| Other comprehensive income, net of tax | - | - |
| Total comprehensive income for the year | 27,838 | 49,413 |
| Total comprehensive income for the year attributable to: | | |
| • owners of the parent | 27,370 | 49,413 |
| • minority interests | 468 | - |
| | 27,838 | 49,413 |

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

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

Dividends

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

| | RM'000 |
|---|---------------|
| <i>Dividends paid:</i> | |
| Final dividend of 7 Sen gross per share less tax in respect of financial year ended 2010 | <u>12,712</u> |
| <i>Dividend proposed:</i> | |
| Final dividend of 7 Sen gross per share less tax in respect of financial year ended 2011 | <u>12,712</u> |

Movements of reserves and provisions

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

Share capital

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

Share options

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

Directors

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

Y.A.M. Tengku Abdul Samad Shah Ibni
Almarhum Sultan Salahuddin Abdul Aziz Shah
Dato' Yap Teiong Choon
Dato' Ir. Yap Chong Lee
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 2011 |
|--|-------------------------------|-----------|-----------|------------------|
| | 1 April 2010 | 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 | 3,131,819 | 92,500 | - | 3,224,319 |
| Chin Yu Tow @ Cheng Yu Thou | 35,500 | - | - | 35,500 |
| Wong Tiek Fong | 73,800 | - | - | 73,800 |
| Wong Yew Mei (Alternate Director to Wong Tiek Fong) | 236,150 | - | - | 236,150 |
| Souren Norendra | 12,500 | - | 12,500 | - |
| Indirect | | | | |
| Y.A.M. Tengku Abdul Samad Shah Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah | 15,677,287 | 5,545,150 | - | 21,222,437 |
| Dato' Yap Teiong Choon | 58,421,884 | 2,728,197 | 3,490,237 | 57,659,844 |
| Dato' Ir. Yap Chong Lee | 84,105,782 | 2,824,398 | 4,813,537 | 82,116,643 |

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,
14 July 2011

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 87 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 2011* and of their financial performance, changes in equity and cash flows for the year ended on that date.

The information set out in Note 39 to the financial statements have 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,
 14 July 2011

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 87 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 14 July 2011 }

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 2011 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 87.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, 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 2011 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 39 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,
14 July 2011

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Statements of Comprehensive Income for the year ended
31 March 2011**

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Revenue | 5 | 190,167 | 249,548 | 79,937 | 13,432 |
| Cost of sales | | (142,443) | (196,892) | - | - |
| Gross profit | | 47,724 | 52,656 | 79,937 | 13,432 |
| Other operating income | | 5,759 | 6,931 | - | - |
| Distribution costs | | (2,434) | (2,853) | - | - |
| Administration expenses | | (8,283) | (11,601) | (626) | (612) |
| Impairment losses on: | | | | | |
| • investment in subsidiaries | | - | - | (27,035) | - |
| • intangible assets | | (5,115) | (10,231) | - | - |
| | | (5,115) | (10,231) | (27,035) | - |
| Profit from operations | | 37,651 | 34,902 | 52,276 | 12,820 |
| Finance costs | | (158) | (417) | - | - |
| Loss from associate | | (8) | (9) | - | - |
| Profit before taxation | 6 | 37,485 | 34,476 | 52,276 | 12,820 |
| Taxation | 7 | (9,647) | (8,684) | (2,863) | (1,749) |
| Profit for the year | | 27,838 | 25,792 | 49,413 | 11,071 |
| Other comprehensive income, net of tax: | | | | | |
| • deficit on revaluation of land and buildings | | - | (438) | - | - |
| • deferred tax income relating to deficit on revaluation of land and buildings | | - | 1,124 | - | - |
| | | - | 686 | - | - |
| Total comprehensive income for the year | | 27,838 | 26,478 | 49,413 | 11,071 |
| Profit for the year attributable to: | | | | | |
| • owners of the parent | | 27,370 | 25,792 | 49,413 | 11,071 |
| • minority interests | | 468 | - | - | - |
| | | 27,838 | 25,792 | 49,413 | 11,071 |
| Total comprehensive income for the year attributable to: | | | | | |
| • owners of the parent | | 27,370 | 26,478 | 49,413 | 11,071 |
| • minority interests | | 468 | - | - | - |
| | | 27,838 | 26,478 | 49,413 | 11,071 |
| Earnings per share | 8 | Sen | Sen | | |
| Basic and fully diluted | | 11.30 | 10.65 | | |

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

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

Statements of Financial Position as at 31 March 2011

| | Note | Group | | Company | |
|------------------------------------|------|----------------|----------------|----------------|----------------|
| | | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 219,618 | 220,574 | - | - |
| Prepaid lease payments | 10 | 1,014 | 1,042 | - | - |
| Investment in subsidiaries | 11 | - | - | 420,187 | 421,659 |
| Investment in associate | 12 | 1,249 | 1,257 | - | - |
| Investment properties | 13 | 66,702 | 16,147 | - | - |
| Land held for property development | 14 | 3,246 | 4,446 | - | - |
| Intangible assets | 15 | - | 5,115 | - | - |
| Investments | 16 | 31 | 124 | - | - |
| Trust account | | 1,334 | 1,247 | - | - |
| Deferred tax assets | 17 | 2,238 | 2,784 | - | - |
| | | 295,432 | 252,736 | 420,187 | 421,659 |
| Current assets | | | | | |
| Prepaid lease payments | 10 | 28 | 28 | - | - |
| Amounts due from subsidiaries | 18 | - | - | 103,602 | 76,672 |
| Property development costs | 19 | 107,092 | 158,678 | - | - |
| Inventories | 20 | 13,030 | 36,860 | - | - |
| Trade receivables | 21 | 35,385 | 47,415 | - | - |
| Other receivables | 22 | 7,914 | 7,494 | 73 | 20 |
| Current tax assets | | 1,983 | 2,910 | 279 | 314 |
| Cash and deposits | 23 | 174,779 | 116,733 | 927 | 5,606 |
| | | 340,211 | 370,118 | 104,881 | 82,612 |
| | | 635,643 | 622,854 | 525,068 | 504,271 |

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

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

Statements of Financial Position as at 31 March 2011

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 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 | 305,948 | 291,290 | 181,488 | 144,787 |
| | | 548,072 | 533,414 | 423,612 | 386,911 |
| Minority interests | | 17,654 | - | - | - |
| TOTAL EQUITY | | 565,726 | 533,414 | 423,612 | 386,911 |
| Non-current liabilities | | | | | |
| Deferred tax liabilities | 17 | 13,327 | 12,300 | - | - |
| Finance lease liabilities | 26 | 1,290 | 1,546 | - | - |
| Club establishment fund | 27 | 16,278 | 17,109 | - | - |
| | | 30,895 | 30,955 | - | - |
| Current liabilities | | | | | |
| Amounts due to subsidiaries | 18 | - | - | 101,437 | 117,334 |
| Trade payables | 28 | 31,784 | 48,470 | - | - |
| Other payables | 29 | 5,278 | 5,458 | 19 | 26 |
| Current tax liabilities | | 1,081 | 3,776 | - | - |
| Finance lease liabilities | 26 | 879 | 781 | - | - |
| | | 39,022 | 58,485 | 101,456 | 117,360 |
| TOTAL LIABILITIES | | 69,917 | 89,440 | 101,456 | 117,360 |
| TOTAL EQUITY AND LIABILITIES | | 635,643 | 622,854 | 525,068 | 504,271 |

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

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

Statements of Changes in Equity for the year ended 31 March 2011

| Group 2011 | 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 | Minority interests RM'000 | Total equity RM'000 |
|--|-------------|-------------------------------------|-------------------------------------|---------------------------------------|--|---|--|------------------------------------|
| 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) |
| • minority 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 |
| 2010 | | | | | | | | |
| At 1 April 2009 | | 242,124 | 1,225 | (69,365) | 343,848 | 517,832 | - | 517,832 |
| Total comprehensive income for the year | | - | - | 686 | 25,792 | 26,478 | - | 26,478 |
| Transaction with owners: | | | | | | | | |
| • dividends | 30 | - | - | - | (10,896) | (10,896) | - | (10,896) |
| At 31 March 2010 | | 242,124 | 1,225 | (68,679) | 358,744 | 533,414 | - | 533,414 |

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

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

Statements of Changes in Equity for the year ended 31 March 2011

***Analysis of other reserves:**

| Group | <i>Non-distributable</i> | | | Total |
|---|----------------------------|-------------------------|-----------------------|---------------|
| | Revaluation surplus | Capital reserves | Merger deficit | |
| 2011 | RM'000 | RM'000 | RM'000 | RM'000 |
| 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) |

2010

| | | | | |
|---|--------|--------|-----------|----------|
| At 1 April 2009 | 50,059 | 11,040 | (130,464) | (69,365) |
| Total comprehensive income for the year | 686 | - | - | 686 |
| At 31 March 2010 | 50,745 | 11,040 | (130,464) | (68,679) |

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

Statements of Changes in Equity for the year ended 31 March 2011

| Company 2011 | Note | Share capital RM'000 | Share premium RM'000 | *Other reserves RM'000 | Retained profits RM'000 | Total equity RM'000 |
|--|-------------|-------------------------------------|-------------------------------------|---------------------------------------|--|------------------------------------|
| 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 |

2010

| | | | | | | |
|--|----|---------|-------|--------|----------|----------|
| At 1 April 2009 | | 242,124 | 1,225 | 27,738 | 115,649 | 386,736 |
| Total comprehensive income for the year | | - | - | - | 11,071 | 11,071 |
| Transaction with owners: | | | | | | |
| • dividends | 30 | - | - | - | (10,896) | (10,896) |
| At 31 March 2010 | | 242,124 | 1,225 | 27,738 | 115,824 | 386,911 |

***Analysis of other reserves:**

| Company 2011 | Merger reserve RM'000 | Capital reserve RM'000 | Total RM'000 |
|-----------------------------------|--------------------------------------|---------------------------------------|-------------------------|
| At 1 April 2010 and 31 March 2011 | 4,377 | 23,361 | 27,738 |

2010

| | | | |
|-----------------------------------|-------|--------|--------|
| At 1 April 2009 and 31 March 2010 | 4,377 | 23,361 | 27,738 |
|-----------------------------------|-------|--------|--------|

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

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***Statements of Cash Flows for the year ended 31 March 2011**

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before taxation | | 37,485 | 34,476 | 52,276 | 12,820 |
| Adjustments for: | | | | | |
| Depreciation and amortisation | | 2,410 | 2,204 | - | - |
| Gain on disposal of property, plant and equipment | | (236) | (297) | - | - |
| Derecognition of property, plant and equipment | | 7 | 69 | - | - |
| Impairment losses on subsidiaries | | - | - | 27,035 | - |
| (Gain)/loss on disposal of investment properties | | 80 | (2,540) | - | - |
| Fair value adjustments on investment properties | | - | (1,677) | - | - |
| Impairment loss on intangible assets | | 5,115 | 10,231 | - | - |
| Gain on disposal of investments | | (3) | - | - | - |
| Interest expenses | | 187 | 562 | - | - |
| Interest income | | (4,188) | (1,509) | (82) | (6) |
| Dividend income | | - | - | (79,855) | (13,426) |
| Negative goodwill | | (217) | - | - | - |
| Loss from associate | | 8 | 9 | - | - |
| Operating profit/(loss) before working capital changes | | 40,648 | 41,528 | (626) | (612) |
| (Increase)/decrease in inventories and property development costs | 31 | 76,629 | 110,571 | - | - |
| (Increase)/decrease in receivables | | 15,219 | 14,771 | (26,983) | (3,501) |
| Increase/(decrease) in payables | | (23,581) | (2,408) | (15,904) | (2,861) |
| Cash generated from/(absorbed by) operations | | 108,915 | 164,462 | (43,513) | (6,974) |
| Tax paid | | (12,095) | (9,125) | (2,933) | (1,852) |
| Tax refunded | | 248 | 252 | 105 | - |
| Interest paid | | (75) | (1,447) | - | - |
| Net cash from/(used in) operating activities | | 96,993 | 154,142 | (46,341) | (8,826) |

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 2011**

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Cash flows from investing activities | | | | | |
| Claim received from trust account | | (87) | 9 | - | - |
| Purchase of: | | | | | |
| • property, plant and equipment | 32 | (625) | (1,653) | - | - |
| • investment in subsidiaries | | - | - | (25,563) | - |
| • investment properties | | (7,635) | (7,772) | - | - |
| • land held for property development | | (5) | (55) | - | - |
| Net cash flow on acquisition of subsidiaries | 11.1 | (22,599) | - | - | - |
| Proceeds from disposal of: | | | | | |
| • property, plant and equipment | | 311 | 311 | - | - |
| • investment properties | | 2,000 | 40,735 | - | - |
| • investments | | 96 | - | - | - |
| Interest received | | 4,188 | 1,509 | 82 | 6 |
| Dividends received | | - | - | 79,855 | 24,756 |
| Net cash from/(used in) investing activities | | (24,356) | 33,084 | 54,374 | 24,762 |
| Cash flows from financing activities | | | | | |
| Repayment of club members' deposits | | (831) | (991) | - | - |
| Repayments of term loans | | - | (19,115) | - | - |
| Payment of finance lease liabilities | | (928) | (769) | - | - |
| Net changes in other borrowings | | - | (66,198) | - | - |
| Interest paid | | (120) | (378) | - | - |
| Dividends paid to shareholders of the Company | | (12,712) | (10,896) | (12,712) | (10,896) |
| Net cash from/(used in) financing activities | | (14,591) | (98,347) | (12,712) | (10,896) |
| Net increase/(decrease) in cash and cash equivalents | | 58,046 | 88,879 | (4,679) | 5,040 |
| Cash and cash equivalents at 1 April | | 116,733 | 27,854 | 5,606 | 566 |
| Cash and cash equivalents at 31 March | | 174,779 | 116,733 | 927 | 5,606 |
| Analysis of cash and cash equivalents | | | | | |
| Cash and deposits | | 174,779 | 116,733 | 927 | 5,606 |

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 2011**

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 soil and concrete laboratory testing services, the provision of professional construction management and geo-technical services, the marketing and distribution of building materials, rental of properties and money lending business.

1.2 Legal form and domicile

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

1.3 Registered office and principal place of business

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

Registered office

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

Principal place of business

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

1.4 Authorisation for issue

The financial statements were authorised for issue by the Directors on 14 July 2011.

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 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year**

The following Standards and IC Interpretation are applicable to the Group and the Company, which are effective for the Group and the Company's financial year beginning on 1 April 2010:-

New and Revised FRSs, and IC Interpretation

| | |
|----------------------|---|
| FRS 7 | Financial Instruments: Disclosures |
| FRS 8 | Operating Segments |
| FRS 101 | Presentation of Financial Statements (Revised) |
| FRS 123 | Borrowing Costs (Revised) |
| FRS 139 | Financial Instruments : Recognition and Measurement |
| IC Interpretation 10 | Interim Financial Reporting and Impairment |

Amendments to FRSs and Improvements to FRSs

| | |
|---------|--|
| FRS 1 | First-time Adoption of Financial Reporting Standards |
| FRS 127 | Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate |

Improvements to FRSs (2009)

- *FRS 7: Financial Instruments: Disclosures*

This standard requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for the entity's financial position and performance, and the nature and extent of risks arising from financial instruments to which an entity is exposed and how these risks are managed. This standard requires both qualitative disclosures describing management's objective, policies and processes for managing those risks, and quantitative disclosures providing information about the extent to which an entity is exposed to risk, based on information provided internally to the entity's key management personnel.

The application of FRS 7 resulted in a more robust and extensive disclosures on financial instruments and the related risks. The Group and the Company have adopted FRS 7 prospectively on 1 April 2010 in accordance with the transitional provisions, and accordingly, no comparative information has been presented.

Other than the additional disclosures in Notes 21, 34.1 and 34.4 to the financial statements, the application of this standard has no impact on the financial result of the Group and the Company.

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

4.1 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year (continued)

- *FRS 8: Operating Segments*

FRS 8 replaces FRS 114₂₀₀₄. Segment Reporting requires the identification of operating segments based on internal reports that are reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and to assess their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from major customers.

The Group has adopted FRS 8 retrospectively. Other than the restatement disclosed in Note 40 to the financial statements, the Group concludes that the reportable operating segments determined in accordance with FRS 8 are same as the business segments previously identified under FRS 114₂₀₀₄.

- *FRS 101: Presentation of Financial Statements (Revised)*

This standard sets the overall requirements for the presentation of financial statements, guidelines for their structure and the minimum requirements for their content. The standard separates owner and non-owner changes in equity, whereby the statement of changes in equity will include only details of transactions with owners, and all non-owner changes in equity presented separately. In addition, the standard introduces the statement of comprehensive income, which presents income and expense items recognised in profit and loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

This standard also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group and the Company's objectives, policies and processes for managing capital.

Comparative information has been re-presented so that it conforms with the current year's presentation. In addition, other than the additional disclosures in Note 33 to the financial statements, the application of this standard has insignificant impact on the financial result of the Group and the Company as the changes introduced are presentational in nature.

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

4.1 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year (continued)

- *FRS 123 : Borrowing Costs (Revised)*

This standard replaces FRS 123₂₀₀₄ and requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. In addition, this standard removes the option of immediately expensing those borrowing costs.

The application of this standard has no impact on the financial position or results of the Group and the Company as the Group and the Company's current policy of borrowing costs aligns with the requirements of the standard.

- *FRS 139: Financial Instruments: Recognition and Measurement*

This standard establishes the principles for the recognition, derecognition and measurement of an entity's financial instruments and for hedge accounting.

The application of FRS 139 has resulted in the following changes to the accounting policies related to recognition and measurement of financial instruments:

Available-for-sale financial assets

Prior to 1 April 2010, available-for-sale financial assets such as other investments were stated at cost less accumulated impairment losses.

FRS 139 requires the Group and the Company to measure available-for-sale financial assets at:

- fair value initially. Subsequent to initial measurement, any unrealised gains or losses are required to be recognised directly in other comprehensive income until the investment is derecognised or impaired; or
- cost if it is impracticable to estimate the fair values of the investment in unquoted equity instrument because of the lack of quoted market prices and inability to estimate its fair value.

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

4.1 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year (continued)*Loans and receivables*

Prior to 1 April 2010, loans and receivables are stated at cost less an allowance for any uncollectible amounts.

FRS 139 requires the Group and the Company to measure loans and receivables initially at fair value. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised, impaired or through the amortisation process.

Impairment of financial assets

Prior to 1 April 2010, trade and other receivables are carried at cost less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

FRS 139 requires the Group and the Company to assess, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets are impaired. Impairment loss is measured as the difference between the receivables' carrying amount and the present value of estimated future cash flows discounted at the receivables' original effective interest rate.

Financial liabilities

Prior to 1 April 2010, payables are stated at cost.

FRS 139 requires the Group and the Company to measure payables initially at fair value. Subsequent to initial measurement, payables are measured at amortised cost using effective interest rate method. Gains and losses are recognised in profit or loss when the payables are derecognised, and through the amortisation process.

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

4.1 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year (continued)*Financial guarantee contracts*

Prior to 1 April 2010, financial guarantees given to banks for credit facilities granted to subsidiaries were accounted for and disclosed as contingent liabilities in the financial statements.

FRS 139 requires the Group and the Company to measure unexpired financial guarantees issued initially at fair values plus transaction costs. Subsequent to initial measurement, financial guarantees are amortised to profit or loss. When settlement of a financial guarantee probable, an estimate of the obligation is made.

There is no recognition of unexpired financial guarantees issued if the:-

- utilisation of the credit facilities by the subsidiaries is minimal; and/or
- probability of the subsidiaries defaulting on the credit lines is remote.

All unexpired financial guarantees issued are disclosed as contingent liabilities in Note 35 to the financial statements as the Directors regard the fair value of financial guarantees is expected to be insignificant basing on the aforesaid criteria.

The Group and the Company have adopted FRS 139 prospectively on 1 April 2010 in accordance with the transitional provisions, and accordingly, no comparative information has been presented.

The application of FRS 139 has insignificant impact on the financial results of the Group and the Company other than the new accounting policies as disclosed in Notes 4.6, 4.10, 4.15, 4.22 and 4.24 to the financial statements.

- *IC Interpretation 10 : Interim Financial Reporting and Impairment*

IC Interpretation 10 prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument classified as available-for-sale or a financial asset carried at cost.

The Group and the Company have adopted IC Interpretation 10 prospectively on 1 April 2010. The application of this Interpretation has no impact on the financial position or results on the Group and the Company as the current impairment policy of the Group and the Company aligns with the requirements of the Interpretation.

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

4.1 New and revised Financial Reporting Standards (FRSs), Amendments to FRSs, Improvements to FRSs and IC Interpretation ('Standards and IC Interpretation') that are effective for current financial year (continued)

- *Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards and FRS 127 : Consolidated and Separate Financial Statements : Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

The amendments allow first time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investment in subsidiaries, jointly controlled entities and associates in the separate financial statements.

The amendments also remove the definition of cost method from FRS 127 and require investors to present dividends as income in the separate financial statements. Distinction between pre- and post-acquisition profits is no longer required.

The Group and the Company have adopted these amendments prospectively on 1 April 2010 in accordance with the transitional provisions, and accordingly, no comparative information has been presented.

The application of these amendments has no impact on the financial result of the Group. The impact on the financial result of the Company upon application of these amendments is disclosed in Note 11 to the financial statements.

- *Improvements to FRSs (2009)*

These improvements contain various amendments that result in accounting changes for recognition, measurement, presentation and disclosure purposes.

There is insignificant impact on the Group and the Company's financial statements upon initial application of these improvements to FRSs.

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

4.2 New and revised FRSs, Amendments to FRSs, Improvements to FRSs, IC Interpretation and Amendments to IC Interpretation ('Standards and Interpretation') that are yet to be effective for current financial year

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

| New and Revised FRSs and IC Interpretation | | Effective for financial periods beginning on or after |
|---|--|--|
| FRS 3 | Business Combinations (Revised) | 1 July 2010 |
| FRS 124 | Related Party Disclosures | 1 January 2012 |
| FRS 127 | Consolidated and Separate Financial Statements (Revised) | 1 July 2010 |
| IC Interpretation 15 | Agreements for the Construction of Real Estate | 1 July 2010 |
| Amendments to FRSs, Amendments to IC Interpretation and Improvements to FRSs | | |
| FRS 7 | Financial Instruments: Disclosures | 1 January 2011 |
| IC Interpretation 15 | Agreements for the Construction of Real Estate | 1 January 2012 |
| Improvements to FRSs (2009) | | 1 July 2010 |
| Improvements to FRSs (2010) | | 1 January 2011 |

- *FRS 3 : Business Combinations (Revised)*

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

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

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

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

4.2 New and revised FRSs, Amendments to FRSs, Improvements to FRSs, IC Interpretation and Amendments to IC Interpretation ('Standards and Interpretation') that are yet to be effective for current financial year (continued)

- *FRS 124 : Related Party Disclosures*

This standard simplifies the definition of related party, clarifies its intended meaning and eliminates inconsistencies from the definition. It includes a partial exemption from disclosures for government-related entities and requires disclosure of related party transactions between government-related entities only if the transactions are individually or collectively significant.

This standard is expected to have insignificant impact on the Group and the Company's financial statements upon its initial application.

- *FRS 127: Consolidated and Separate Financial Statements (Revised)*

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

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

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

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

4.2 New and revised FRSs, Amendments to FRSs, Improvements to FRSs, IC Interpretation and Amendments to IC Interpretation ('Standards and Interpretation') that are yet to be effective for current financial year (continued)

- *IC Interpretation 15 : Agreements for the Construction of Real Estate and 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.

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

The Group will adopt this standard retrospectively. The standard is expected to have impact on the Group's financial statements upon its initial application. Currently, the Group recognises revenue arising from property development projects using the percentage of completion method. Upon the adoption of this interpretation, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this interpretation.

- *Amendments to FRS 7: Financial Instruments: Disclosures*

The amendments require enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy.

The amendments are expected to have insignificant impact on the Group and the Company's financial statements upon their initial application.

- *Improvements to FRSs (2009 and 2010)*

These improvements contain various amendments that result in accounting changes for recognition, measurement, presentation and disclosure purposes.

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

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

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

Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the Group financial statements from the date that control commences until the date that control ceases. Subsidiaries are consolidated using the purchase method of accounting, except for certain subsidiaries which are consolidated using the merger method.

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

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

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

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

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

4.3 Group financial statements (continued)**(ii) Associates**

Associates are those entities in which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the associates but has no control over those policies. Associates are included in the Group financial statements by the equity method of accounting.

Under the equity method, the investment in associates is measured in the Group statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(iii) Balances and transactions eliminated on consolidation

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

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

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

4.4 Revenue recognition

- (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 4.19 and 4.20 respectively.
- (iii) Interest income and rental income
Interest income and rental income are recognised on an accrual basis.
- (iv) Income from sales of goods and services
Sales of goods are recognised when a Group entity has delivered products to the customer; the customer has accepted the products and collectibility of the related receivables is reasonably assured.

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

4.5 Employee benefits

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

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

4.6 Borrowings and borrowing costs

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.7 Income taxes

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

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. No deferred tax assets and liabilities are recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each 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 asset realised. Deferred tax is recognised in profit or loss, except when it relates to items recognised directly in equity, in which case the deferred tax is also recognised in equity.

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

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

4.8 Financial instruments

Financial instruments are recognised in the statements of financial position when the Group and the Company become a party to the contractual provisions of the instruments.

Financial instruments carried on the statements of financial position include investments, cash and deposits, receivables (excluding prepaid operating expenses), payables, borrowings and share capital. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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

4.9 Impairment of non-financial assets

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

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

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

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

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

4.9 Impairment of 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 carried at revalued amount. A reversal of an impairment loss on a revalued asset is recognised directly to 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.

4.10 Impairment of 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.

(i) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investments classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

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

(ii) Unquoted equity securities carried at cost

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 carried 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.

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

4.10 Impairment of financial assets (continued)**(iii) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 could include 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 written off against 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 does not exceed its amortised cost at the reversal date. The amount of the reversal is recognised in profit or loss.

4.11 Revaluations

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

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***4.12 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 reporting date using historical rates or rates prevailing when the fair value of the assets was determined. Monetary items are translated at the closing rate.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at closing rate are recognised in profit or loss. 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 | |
|-----------------------|------------------------|-------------|
| | 2011 | 2010 |
| | RM | RM |
| United States (US\$1) | 3.02 | 3.27 |

4.13 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.

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

4.13 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.

4.14 Investments

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

On derecognition or disposal of an investment, the difference between net disposal proceeds, if any, and its carrying amount is recognised in profit or loss.

4.15 Available-for-sale financial assets

Available-for-sale financial assets comprise investments in equity instruments that are designated as available-for-sale.

Available-for-sale financial assets are initially recognised at their fair values plus directly attributable transaction costs. After initial recognition, available-for-sale financial assets are measured at fair values and are subject to review for impairment. Any gains or losses from changes in fair values of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and, gains and losses of hedged items attributable to hedge risks of fair value hedges are recognised in profit or loss. 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. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Company's right to receive payment is established.

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

4.15 Available-for-sale financial assets (continued)

Investments in equity instruments that have no quoted market price in an active market and whose fair values are unable to be reliably measured are measured at cost less accumulated impairment losses.

Available-for-sale financial assets are presented as non-current assets unless they are expected to be realised within 12 months after the reporting date.

Available-for-sale financial assets are derecognised when the contractual right to receive cash flows from the assets have expired. On derecognition of an available-for-sale financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

4.16 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.

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

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

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

4.17 Intangible assets

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

(i) Goodwill

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

Goodwill is measured at cost less accumulated impairment losses.

Negative goodwill is recognised immediately in profit or loss in which it arises.

(ii) Research and development

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

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

4.18 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.

4.19 Property development activities**(i) 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 legal binding sale and purchase agreement is signed on property units.

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

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

4.19 Property development activities (continued)**(ii) 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.

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

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

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

(iv) Accrued and progress billings

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

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

(v) Completed property units

Completed property units remain unsold are transferred to inventories.

The accounting policy in respect of inventories is set out in Note 4.21.

(vi) Transfer of land

Where a land presented 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)***4.20 Construction contracts****(i) 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 but no profit is recognised. In all cases, anticipated losses are recognised in full.

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

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

(ii) Amount due from/to contract customers

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

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

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

4.21 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 |

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

4.21 Inventories (continued)

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.

4.22 Receivables and payables

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less impairment loss. Gains and losses are recognised in profit or loss when the receivables are derecognised or impaired, as well as through the amortisation process.

If there is objective evidence that an impairment loss on receivables carried at amortised 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in profit or loss.

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. Any subsequent reversal of an impairment loss is recognised in profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

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

4.23 Leases**(i) Finance leases**

Leases in which the Group assumes substantially all the risks and rewards of ownership are presented as finance leases. An item of property, plant and equipment leased by way of finance lease is 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 is used.

(ii) Operating leases

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

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

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

4.24 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 recognised 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.

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***4.25 Provisions**

Provisions are recognised in the statements 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.

4.26 Share capital

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

4.27 Statements of cash flows

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

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

5. Revenue

| | Group | | Company | |
|----------------------|----------------|----------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Property development | 180,598 | 240,228 | - | - |
| Sales of goods | 1,242 | 1,958 | - | - |
| Services rendered | 6,499 | 5,405 | - | - |
| Dividend income | - | - | 79,855 | 13,426 |
| Others | 1,828 | 1,957 | 82 | 6 |
| | 190,167 | 249,548 | 79,937 | 13,432 |

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 | |
|---|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>After charging all expenses including:</i> | | | | |
| Directors' fee | 128 | 180 | 128 | 180 |
| Auditors' remuneration:- | | | | |
| Audit fees: | | | | |
| • current year | 109 | 104 | 15 | 15 |
| • adjustments for prior years | (104) | 12 | (6) | - |
| Other professional fees | 32 | 47 | 2 | 1 |
| Staff costs: | | | | |
| Directors' emoluments: | | | | |
| • salaries and bonus | 1,796 | 1,700 | - | - |
| • defined contribution plans | 204 | 200 | - | - |
| • others | 112 | 118 | 9 | 12 |
| | 2,112 | 2,018 | 9 | 12 |
| Other employees' emoluments and benefits: | | | | |
| • salaries and bonus | 9,880 | 9,894 | - | - |
| • defined contribution plans | 1,071 | 1,100 | - | - |
| • others | 954 | 911 | - | - |
| | 11,905 | 11,905 | - | - |
| Hire of plant and equipment | - | 605 | - | - |
| Rent of land and buildings | 546 | 1,397 | 160 | 160 |
| Interest expenses: | | | | |
| • finance lease | 137 | 105 | - | - |
| • others | 50 | 457 | - | - |
| | 187 | 562 | - | - |
| Depreciation | 2,382 | 2,176 | - | - |
| Amortisation of prepaid lease payments | 28 | 28 | - | - |
| Allowance for impairment on receivables | 59 | - | - | - |
| Bad debts written off | 71 | - | - | 54 |
| Property development expenses: | | | | |
| • property development costs | 115,087 | 166,415 | - | - |
| • inventories | 29,391 | 24,953 | - | - |
| • adjustment for prior years' expenses | 230 | - | - | - |
| | 144,708 | 191,368 | - | - |
| Direct operating expenses of investment properties which generated rental income | 877 | 168 | - | - |
| Direct operating expenses of investment properties which generated no rental income | 303 | 239 | - | - |
| Derecognition of property, plant and equipment | 7 | 69 | - | - |
| Loss on disposal of investment properties | 80 | - | - | - |

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

6. **Profit before taxation** (continued)

| | Group | | Company | |
|---|--------|--------|---------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>And crediting all income including:</i> | | | | |
| Gross dividends from subsidiaries | - | - | 79,855 | 13,426 |
| Rent of land and buildings | | | | |
| from investment properties | 1,586 | 1,360 | - | - |
| Interest income | 4,188 | 1,509 | 82 | 6 |
| Gain on disposal of: | | | | |
| • property, plant and equipment | 236 | 297 | - | - |
| • investment properties | - | 2,540 | - | - |
| • investments | 3 | - | - | - |
| Fair value adjustments on investment properties | - | 1,677 | - | - |
| Negative goodwill | 217 | - | - | - |

7. **Taxation**

| | Group | | Company | |
|--|--------|---------|---------|--------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysian: | | | | |
| <i>Current tax expense:</i> | | | | |
| • current year | 10,139 | 10,990 | 2,863 | 1,749 |
| • adjustments for prior years | 20 | 59 | - | - |
| | 10,159 | 11,049 | 2,863 | 1,749 |
| <i>Deferred tax expense/(income):</i> | | | | |
| Origination and reversal of temporary differences: | | | | |
| • current year | (514) | (3,064) | - | - |
| • adjustments for prior years | 2 | 699 | - | - |
| | (512) | (2,365) | - | - |
| | 9,647 | 8,684 | 2,863 | 1,749 |

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

The tax reconciliation is as follows:-

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Taxation based on Malaysian application statutory tax rate of 25% | 9,371 | 8,619 | 13,069 | 3,205 |
| Disallowable expenses for tax purposes | 685 | 813 | 6,824 | 48 |
| Non-taxable income for tax purposes | (179) | (1,153) | (17,030) | (1,504) |
| Taxes for prior years | 22 | 758 | - | - |
| Effect of controlled transfer assets | (52) | - | - | - |
| Unrecognised deferred tax assets | - | 135 | - | - |
| Benefit from previously unrecognised deferred tax assets | (227) | (483) | - | - |
| Others | 27 | (5) | - | - |
| Taxation recognised in profit or loss | <u>9,647</u> | <u>8,684</u> | <u>2,863</u> | <u>1,749</u> |

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

| | Group | |
|-------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| <i>Current tax expense:</i> | | |
| Unabsorbed capital allowances | 204 | - |
| Unutilised tax losses | 23 | 483 |
| | <u>227</u> | <u>483</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 RM27,370,000/- (2010: RM25,792,000/-) and the number of ordinary shares outstanding during the financial year of RM242,124,000/- (2010: 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 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>Net carrying amount:</i> | | | | | |
| At 31 March 2011 | 163,407 | 52,933 | 2,287 | 991 | 219,618 |

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

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

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

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

| Group | 2011 RM'000 | 2010 RM'000 |
|--------------------------------------|------------------------|------------------------|
| <i>Cost/valuation:</i> | | |
| At 1 April | 163,607 | 164,722 |
| Additions | - | 930 |
| Revaluation deficit | - | (438) |
| Elimination arising from revaluation | - | (1,607) |
| At 31 March | <u>163,607</u> | <u>163,607</u> |
| <i>Accumulated depreciation:</i> | | |
| At 1 April | - | 1,285 |
| Charge for the year | 200 | 322 |
| Elimination arising from revaluation | - | (1,607) |
| At 31 March | <u>200</u> | <u>-</u> |
| <i>Net carrying amount:</i> | | |
| At 31 March | <u>163,407</u> | <u>163,607</u> |

Analysis of valuation of land & buildings:

| | Group | |
|------------------------------|------------------------|------------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Freehold land and buildings: | | |
| • at cost | 53 | 53 |
| • at 2010 valuation | 163,554 | 163,554 |
| | <u>163,607</u> | <u>163,607</u> |

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

| | Group | |
|------------------------------|------------------------|------------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Freehold land and buildings: | | |
| At cost | 26,818 | 26,818 |
| Accumulated depreciation | 2,591 | 2,425 |
| Net carrying amount | <u>24,227</u> | <u>24,393</u> |

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

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

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

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

| | Group | |
|-------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Plant & machinery | 799 | 1,326 |
| Motor vehicles | 2,287 | 1,791 |
| | 3,086 | 3,117 |

10. **Prepaid lease payments**

| Group | Long | Short | Total |
|-----------------------------|------------------|------------------|---------------|
| 2011 | leasehold | leasehold | land |
| | land | land | land |
| | RM'000 | RM'000 | RM'000 |
| <i>Net 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 |
| 2010 | | | |
| <i>Net carrying amount:</i> | | | |
| At 1 April 2009 | 772 | 326 | 1,098 |
| Amortisation for the year | (10) | (18) | (28) |
| At 31 March 2010 | 762 | 308 | 1,070 |
| <i>Analysed between:</i> | | | |
| Current | 10 | 18 | 28 |
| Non-current | 752 | 290 | 1,042 |
| | 762 | 308 | 1,070 |

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

11. **Investment in subsidiaries**

| | Company | |
|---------------------------------------|----------------|----------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| <i>Unquoted shares</i> | | |
| <i>At cost:</i> | | |
| At 1 April | 426,642 | 437,972 |
| Pre-acquisition dividend | - | (11,330) |
| Addition | 25,563 | - |
| At 31 March | <u>452,205</u> | <u>426,642</u> |
| <i>Accumulated impairment losses:</i> | | |
| At 1 April | 4,983 | 4,983 |
| Charge for the year | 27,035 | - |
| At 31 March | <u>32,018</u> | <u>4,983</u> |
| <i>Net carrying amount:</i> | | |
| At 31 March | <u>420,187</u> | <u>421,659</u> |

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 |
|---|--------------------------------|----------------------|-----------|---|
| | | 2011 % | 2010 % | |
| § 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 |
| § Sin Heap Lee Company Sdn. Berhad | 3,900,000 | 100 | 100 | Rental of properties, marketing agent of bricks and building materials |

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

| Name of company | Issued equity capital RM | Effective holding | | Principal activities |
|--|--------------------------------|----------------------|-----------|---|
| | | 2011 % | 2010 % | |
| § Sin Heap Lee Brickworks Sdn. Bhd. | 30,000,000 | 100 | 100 | Manufacturing of clay- bricks, supply of finished brickworks of wall and other brick structures |
| SHL Ventures Sdn. Bhd. | 2 | - | 100 | Investment holding |
| SHL Realty Sdn. Bhd. | 3,000,000 | 100 | 100 | Property investment |
| SHL Corporate Services Sdn. Bhd. | 3,000,000 | 100 | 100 | Providing strategic, financial and corporate planning services |
| Goodstock (Tawau) Sdn. Bhd. | 2,000,002 | 100 | 100 | Property development |
| Wilayah Builders Sdn. Bhd. | 9,000,000 | 100 | 100 | Property development |
| Ho Sin & Son Enterprise Sdn. Bhd. | 1,000,000 | 100 | 100 | Property development |
| Mayang Kiara Sdn. Bhd. | 50,000 | 100 | 100 | Property development |
| H.S.C. Sdn. Berhad | 1,000,000 | 100 | 100 | Property development |
| Sukma Pesona Sdn. Bhd. | 500,000 | 100 | 100 | Property development |
| SHL Infra Sdn. Bhd. | 4,000,000 | 100 | 100 | Earthworks and infrastructure works, renting out of plant and machineries and sales of premix |
| Kajang Granite Quarry Sdn. Bhd. | 5,000,000 | 100 | 100 | Granite quarrying and manufacturing of aggregates |

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

| Name of company | Issued equity capital RM | Effective holding | | Principal activities |
|---|--------------------------------|----------------------|-----------|---|
| | | 2011 % | 2010 % | |
| Mercantile Corporation (M) Sdn. Bhd. | 872,400 | 100 | 100 | Manufacturing of aluminium framed doors and windows, contracting for renovation and installation works |
| Soil-Mech Drillers Sdn. Bhd. | 250,000 | 100 | 100 | Provision of soil investigation services and property maintenance services |
| Senick Sdn. Bhd. | 5 | 100 | 100 | Granite quarrying and manufacturing of aggregates |
| Goodstock Land Sdn. Bhd. | 1,500,000 | 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.

During the financial year, 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/- (2010: inapplicable).

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 are 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) |
| Minority 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 the year are 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) |
| Minority interests | (17,654) |
| Increase in Group's net assets | <u>26,481</u> |

The effects of the acquisition on the financial results during the year are 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> |
| Minority 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 has insignificant impact on the financial results, financial position and cash flows to the Group.

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.

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

12. **Investment in associate**

| | Group | |
|--------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 1,305 | 1,305 |
| Share of post-acquisition loss | (56) | (48) |
| | 1,249 | 1,257 |
| Share of net assets | 1,249 | 1,257 |

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

Details of associate are as follows:-

| Name of company (Incorporated in Malaysia) | Effective holding | | Principal activities |
|---|--------------------------|-------------|-----------------------------|
| | 2011 | 2010 | |
| | % | % | |
| OPT Ventures Sdn. Bhd. | 30 | 30 | Property development |

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

| | Group | |
|---------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Assets | 12,289 | 11,901 |
| Liabilities | (11,040) | (10,644) |
| Net tangible assets | 1,249 | 1,257 |
| Revenue | - | - |
| Expenses | (8) | (9) |
| Loss for the year | (8) | (9) |

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

| | Group | |
|--------------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| At 1 April | 16,147 | 44,893 |
| Addition from subsequent expenditure | 7,635 | 7,772 |
| In respect of subsidiary acquired | 45,000 | - |
| Disposal | (2,080) | (38,195) |
| Fair value adjustments | - | 1,677 |
| At 31 March | 66,702 | 16,147 |

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 gross carrying amounts.

14. Land held for property development

| Group | Land | Development | Total |
|--|---------------|--------------------|---------------|
| 2011 | costs | costs | RM'000 |
| | RM'000 | RM'000 | RM'000 |
| <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 |
| 2010 | | | |
| <i>At cost:</i> | | | |
| At 1 April 2009 | 34,353 | 10,407 | 44,760 |
| Additions | 35 | 20 | 55 |
| Transfer to property development costs | (30,353) | (10,016) | (40,369) |
| Reclassification | 384 | (384) | - |
| At 31 March 2010 | 4,419 | 27 | 4,446 |

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

15. **Intangible assets**

| Group 2011 | Goodwill RM'000 | Development costs RM'000 | Total RM'000 |
|--|----------------------------|---|-------------------------|
| <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>Net carrying amount:</i> | | | |
| At 31 March 2011 | - | - | - |
| 2010 | | | |
| <i>Cost:</i> | | | |
| At 1 April 2009 and 31 March 2010 | 8,166 | 23,630 | 31,796 |
| <i>Accumulated amortisation and impairment losses:</i> | | | |
| At 1 April 2009 | 8,166 | 8,284 | 16,450 |
| Impairment loss for the year | - | 10,231 | 10,231 |
| At 31 March 2010 | 8,166 | 18,515 | 26,681 |
| <i>Net carrying amount:</i> | | | |
| At 31 March 2010 | - | 5,115 | 5,115 |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***16. Investments**

| | Group | |
|---------------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| <i>Unquoted in Malaysia, at cost:</i> | | |
| Shares | 7 | 7 |
| Club membership | 24 | 117 |
| | 31 | 124 |

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 | |
|--------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Deferred tax assets | (2,238) | (2,784) |
| Deferred tax liabilities | 13,327 | 12,300 |
| | 11,089 | 9,516 |

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, plant and equipment | Development costs | Revaluation surplus on land and buildings | Unutilised tax losses | Unabsorbed capital allowances | Unabsorbed industrial building allowances | Investment properties | Property development costs | Land held for property development | Total |
|--|--|------------------------------|--|----------------------------------|--|--|----------------------------------|---|---|---------------|
| 2011 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | 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 | (35) | (1,172) | (27) | - | 177 | - | - | 545 | - | (512) |
| In respect of subsidiary acquired | 6 | - | - | - | - | - | 2,079 | - | - | 2,085 |
| At 31 March 2011 | 13,917 | - | 5,483 | (50) | (8,102) | - | 1,039 | (435) | (763) | 11,089 |

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

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

| Group 2010 | 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 2009 | 13,849 | 3,455 | 6,705 | (599) | (8,333) | (3,206) | 3,145 | (1,248) | (763) | 13,005 |
| Amount recognised in profit or loss | 97 | (2,283) | (71) | 549 | 54 | 3,206 | (4,185) | 268 | - | (2,365) |
| Amount recognised in equity | - | - | (1,124) | - | - | - | - | - | - | (1,124) |
| At 31 March 2010 | 13,946 | 1,172 | 5,510 | (50) | (8,279) | - | (1,040) | (980) | (763) | 9,516 |

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 | |
|-------------------------------|------------------------|------------------------|
| | 2011 RM'000 | 2010 RM'000 |
| Unabsorbed capital allowances | 7,372 | 8,103 |
| Unutilised tax losses | 5,381 | 5,545 |
| | 12,753 | 13,648 |

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.

Subject to confirmation by Inland Revenue Board, the Group has unabsorbed reinvestment allowances carried forward amounting to approximately RM21,094,000/- (2010: RM21,094,000/-). The estimated potential tax benefit of the unabsorbed reinvestment allowances for which no credit has been taken in the net income of the current or prior years is RM5,273,000/- (2010: 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 2011 | Land costs RM'000 | Development costs RM'000 | Total RM'000 |
|---|----------------------------------|---|-------------------------|
| <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>Net carrying amount:</i> | | | |
| At 31 March 2011 | 75,360 | 31,732 | 107,092 |
| 2010 | | | |
| <i>At cost:</i> | | | |
| At 1 April 2009 | 97,205 | 327,341 | 424,546 |
| Additions | - | 85,266 | 85,266 |
| Transfer from land held for property development | 30,353 | 10,016 | 40,369 |
| At 31 March 2010 | 127,558 | 422,623 | 550,181 |
| <i>Cost recognised in profit or loss:</i> | | | |
| At 1 April 2009 | 29,891 | 195,197 | 225,088 |
| Charge for the year | 22,451 | 143,964 | 166,415 |
| At 31 March 2010 | 52,342 | 339,161 | 391,503 |
| <i>Net carrying amount:</i> | | | |
| At 31 March 2010 | 75,216 | 83,462 | 158,678 |

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

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

| | Group | |
|-------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Interest expenses capitalised | 8 | 1,263 |

20. **Inventories**

| | Group | |
|---------------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| <i>At cost:</i> | | |
| Completed property units | 2,037 | 33,843 |
| Raw materials | 100 | 66 |
| Goods for resale | 221 | 192 |
| Work in progress | 123 | 9 |
| Finished goods | 6,864 | 1,367 |
| Spare parts | 1,090 | 1,203 |
| | 10,435 | 36,680 |
| <i>At net realisable value:</i> | | |
| Completed property units | 2,595 | 180 |
| | 13,030 | 36,860 |

21. **Trade receivables**

| | Group | |
|--|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Amount due from associate | 9,052 | 9,052 |
| Trade debtors | 22,977 | 31,490 |
| | 32,029 | 40,542 |
| Less: Allowance for impairment | (169) | (135) |
| | 31,860 | 40,407 |
| Amount due from customers for contract works | 3,525 | 7,008 |
| | 35,385 | 47,415 |

Trade receivables are non-interest-bearing and are generally on 14 to 90-day (2010: 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 | |
|--|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Cost | 3,525 | 5,373 |
| Attributable losses | - | - |
| Amount due from customers for contract works | 3,525 | 5,373 |
| <i>Analysed as:-</i> | | |
| Amount due from customers for contract works | 3,525 | 7,008 |
| Amount due to customers for contract works (Note 28) | - | (1,635) |
| | 3,525 | 5,373 |

Ageing analysis of trade receivables

The ageing analysis of trade receivables is as follows:-

| | Group |
|-------------------------------|---------------|
| | 2011 |
| | RM'000 |
| Neither past due nor impaired | 21,353 |
| Past due unimpaired: | |
| • 1 to 30 days past due | 191 |
| • over 30 days past due | 10,316 |
| | 10,507 |
| Impaired | 169 |
| | 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 2011 RM'000 |
|----------------------------------|----------------------------------|
| Movements in allowance accounts: | |
| At 1 April | 135 |
| Charge for the year | 59 |
| Derecognition | (25) |
| At 31 March | <u>169</u> |

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 | |
|---------------|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Advances | 421 | 329 | - | - |
| Deposits | 4,993 | 4,293 | 53 | - |
| Other debtors | 1,497 | 1,827 | - | - |
| | 6,911 | 6,449 | 53 | - |
| Prepayments | 1,003 | 1,045 | 20 | 20 |
| | <u>7,914</u> | <u>7,494</u> | <u>73</u> | <u>20</u> |

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

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

23. **Cash and deposits**

| | Group | | Company | |
|--------------------------------|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Deposits with licensed banks | 109,188 | 78,501 | 886 | 204 |
| Cash and bank balances: | | | | |
| • housing development accounts | 47,356 | 13,520 | - | - |
| • others | 18,235 | 24,712 | 41 | 5,402 |
| | 65,591 | 38,232 | 41 | 5,402 |
| | 174,779 | 116,733 | 927 | 5,606 |

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 |
|-----------------------|--|---------------|---------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | 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 | |
|---------------------------|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Non-distributable:</i> | | | | |
| Share premium | 1,225 | 1,225 | 1,225 | 1,225 |
| Revaluation surplus | 50,745 | 50,745 | - | - |
| Merger reserve | - | - | 4,377 | 4,377 |
| Capital reserves | 11,040 | 11,040 | 23,361 | 23,361 |
| Merger deficit | (130,464) | (130,464) | - | - |
| | (67,454) | (67,454) | 28,963 | 28,963 |
| <i>Distributable:</i> | | | | |
| Retained profits | 373,402 | 358,744 | 152,525 | 115,824 |
| | 305,948 | 291,290 | 181,488 | 144,787 |

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> |

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

26. **Finance lease liabilities**

| | Group | |
|---|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Minimum lease payments: | | |
| • 1 year or less | 996 | 900 |
| • 5 years or less but over 1 year | 1,465 | 1,749 |
| | <u>2,461</u> | <u>2,649</u> |
| Future finance charge on finance leases | (292) | (322) |
| Present value of finance lease liabilities | <u>2,169</u> | <u>2,327</u> |
| Present value of finance lease liabilities: | | |
| • 1 year or less | 879 | 781 |
| • 5 years or less but over 1 year | 1,290 | 1,546 |
| | <u>2,169</u> | <u>2,327</u> |

The repayment periods of the finance lease liabilities range from 2 to 7 years (2010: 2 to 7 years) at the inception of the leases. Interest is levied at rates ranging from 3.00% to 6.97% (2010: 3.05% to 6.98%) per annum. The finance lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

27. **Club establishment fund**

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

28. **Trade payables**

| | Group | |
|--|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Amount due to customers for contract works (note 21) | - | 1,635 |
| Trade creditors | 31,784 | 46,835 |
| | <u>31,784</u> | <u>48,470</u> |

Trade payables are non-interest-bearing and are normally on 30 to 75-day (2010: 14 to 75-day) terms.

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

29. **Other payables**

| | Group | | Company | |
|------------------|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Accrued expenses | 1,719 | 1,596 | 17 | 17 |
| Others | 3,559 | 3,862 | 2 | 9 |
| | <u>5,278</u> | <u>5,458</u> | <u>19</u> | <u>26</u> |

30. **Dividends**

| | Group | | Company | |
|--|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| <i>Paid and payable:</i> | | | | |
| In respect of financial year ended 31 March 2010: | | | | |
| • final dividend of 7 Sen gross per share less tax | 12,712 | - | 12,712 | - |
| In respect of financial year ended 31 March 2009: | | | | |
| • final dividend of 6 Sen gross per share less tax | - | 10,896 | - | 10,896 |
| <i>Proposed:</i> | | | | |
| In respect of financial year ended 31 March 2011: | | | | |
| • final dividend of 7 Sen gross per share less tax | 12,712 | - | 12,712 | - |
| In respect of financial year ended 31 March 2010: | | | | |
| • final dividend of 7 Sen gross per share less tax | - | 12,712 | - | 12,712 |

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 | |
|--|-----------------|-----------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Net movement | (76,629) | (110,571) |
| Interest capitalised | 8 | 1,263 |
| Transfer from land held for property development | 1,205 | 40,369 |
| | <u>(75,416)</u> | <u>(68,939)</u> |

32. Analysis of acquisition of property, plant and equipment

| | Group | |
|---------------------------|---------------|---------------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| Cash payment | 625 | 1,653 |
| Finance lease arrangement | 770 | 1,578 |
| | <u>1,395</u> | <u>3,231</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 2011 and 31 March 2010. 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.

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

33. **Capital management (continued)**

| | Group | | Company | |
|---------------------------|---------------|---------------|----------------|---------------|
| | 2011 | 2010 | 2011 | 2010 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Finance lease liabilities | 2,169 | 2,327 | - | - |
| Total debts | 2,169 | 2,327 | - | - |
| Share capital | 242,124 | 242,124 | 242,124 | 242,124 |
| Reserves | 305,948 | 291,290 | 181,488 | 144,787 |
| Total capital | 548,072 | 533,414 | 423,612 | 386,911 |
| Gearing ratio (times) | 0.004 | 0.004 | - | - |

34. **Financial instruments**

34.1 **Liquidity and interest rate risk**

The table below analyses the maturity periods and effective weighted average interest rates of the financial instruments that are exposed to interest rate risks. The amounts disclosed are the contractual undiscounted cash flows.

| Group | Within | One to | More | Total | Effective |
|-------------------------------|-----------------|-------------------|-------------------|---------------|----------------------|
| 2011 | one year | five years | than | RM'000 | interest rate |
| | RM'000 | RM'000 | five years | | during the |
| | | | RM'000 | | year |
| | | | | | % |
| <i>Financial assets:</i> | | | | | |
| Cash and deposits | 174,779 | - | - | 174,779 | 2.00 – 3.20 |
| <i>Financial liabilities:</i> | | | | | |
| Finance lease liabilities | 879 | 1,290 | - | 2,169 | 3.00 – 6.97 |
| 2010 | | | | | |
| <i>Financial assets:</i> | | | | | |
| Cash and deposits | 116,733 | - | - | 116,733 | 1.80 – 2.35 |
| <i>Financial liabilities:</i> | | | | | |
| Finance lease liabilities | 781 | 1,546 | - | 2,327 | 3.05 – 6.98 |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***34.1 Liquidity and interest rate risk (continued)***Sensitivity analysis for interest rate risk*

Except interest from short-term deposits and finance lease interest, the Group and the Company have no significant interest-bearing financial instruments. The Group and the Company's income are significantly independent of changes in market interest rate.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group and the Company's operations and mitigate the effects of fluctuations in cash flows.

34.2 Credit risk

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the statements of financial position.

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

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

34.3 Fair values of financial instruments

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

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

| Financial instruments | Fair value determination |
|--|--|
| <ul style="list-style-type: none"> • Trade and other receivables • Cash and deposits • Trade and other payables • Amounts due from/(to) subsidiaries | <p>The carrying amounts of these financial instruments approximate fair values due to the relatively short-term maturity of these instruments.</p> |
| <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> |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***34.3 Fair values of financial instruments (continued)**

| Financial instruments | Fair value determination |
|--|---|
| <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. |

34.4 Financial instruments by category

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

| Group 2011 | Note | Available- for-sale 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 |

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

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

| Company 2011 | Note | Available- for-sale 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. **Contingent liabilities**

| | Company | |
|---|---------|--------|
| | 2011 | 2010 |
| | RM'000 | RM'000 |
| <i>Unsecured:</i> | | |
| Corporate guarantees given to banks for credit facilities granted to subsidiaries | 2,755 | 2,287 |

36. **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.

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

36. **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 |
| Minority 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 |

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

36. **Segment reporting (continued)**

| Group 2010 | 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 | 7,200 | 240,228 | - | 695 | 119 | 1,306 | - | 249,548 |
| Inter segment revenue | 9,286 | - | 90,146 | 29,611 | 6,638 | - | (135,681) | - |
| Total revenue | 16,486 | 240,228 | 90,146 | 30,306 | 6,757 | 1,306 | (135,681) | 249,548 |
| Results | | | | | | | | |
| Segment results | (494) | 37,886 | 1,881 | (535) | (9,912) | 921 | (1,694) | 28,053 |
| Unallocated income | | | | | | | | 5,948 |
| Unallocated expenses | | | | | | | | (608) |
| Operating profit | | | | | | | | 33,393 |
| Interest income | | | | | | | | 1,509 |
| Finance costs | | | | | | | | (417) |
| Loss from associate | | | | | | | | (9) |
| Taxation | | | | | | | | (8,684) |
| Profit for the year | | | | | | | | 25,792 |
| Assets | | | | | | | | |
| Segment assets | 75,821 | 346,767 | 45,026 | 13,782 | 84,300 | 18,024 | (51,864) | 531,856 |
| Investment in associate | - | 1,257 | - | - | - | - | - | 1,257 |
| Unallocated assets | | | | | | | | 89,741 |
| Total assets | | | | | | | | 622,854 |
| Liabilities | | | | | | | | |
| Segment liabilities | 1,173 | 72,379 | 29,337 | 7,949 | 551 | 535 | (58,022) | 53,902 |
| Unallocated liabilities | | | | | | | | 35,538 |
| Total liabilities | | | | | | | | 89,440 |
| Others | | | | | | | | |
| Capital expenditure | 9,443 | 85 | 599 | - | - | 931 | - | 11,058 |
| Non-cash expenses: | | | | | | | | |
| • depreciation and amortisation | 757 | 585 | 511 | - | 333 | 18 | - | 2,204 |
| • derecognition of property, plant and equipment | 26 | 43 | - | - | - | - | - | 69 |
| • impairment loss on intangible assets | - | - | - | - | 10,231 | - | - | 10,231 |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***37. 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. | 17 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. | 28 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. | 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. | 28 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. | 22 years |
| Marusin Sdn. Bhd. | A company in which Directors of the Company, Dato' Yap Teiong Choon and Dato' Ir. Yap Chong Lee have an interest. | 26 years |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)*37. **Related party disclosures (continued)**

| Related parties | Relationship | Period of business relationship |
|--|---|--|
| 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. | 13 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. | 28 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. | 17 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. | 25 years |
| Integrated Perunding Sdn. Bhd. | A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest. | 28 years |
| Sepakat Setia Perunding (Sendirian) Bhd. | A company in which a Director of the Company, Dato' Ir. Yap Chong Lee has an interest. | 28 years |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***37. Related party disclosures (continued)****37.1 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 | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 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. | - | - | 2,000 | - |
| Mayang Kiara Sdn. Bhd. | - | - | 6,400 | - |
| Sukma Pesona Sdn. Bhd. | - | - | 9,181 | - |
| H.S.C. Sdn. Berhad | - | - | - | 11,330 |
| Sin Heap Lee Development Sdn. Bhd. | - | - | - | 13,000 |
| SHL Ventures Sdn. Bhd. | - | - | - | 426 |
| | - | - | 79,855 | 24,756 |

Rental of premises:

| | | | | |
|--------------------------|---|---|-----|---|
| Goodstock Land Sdn. Bhd. | - | - | 146 | - |
|--------------------------|---|---|-----|---|

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| <i>Expenses:</i> | | | | |
| <i>Engineering consultancy services</i> | | | | |
| Integrated Perunding Sdn. Bhd. | 980 | 3,654 | - | - |
| <i>Procurement of building materials</i> | | | | |
| Unique Mix Sdn. Bhd. | 2,094 | 6,997 | - | - |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***37. Related party disclosures (continued)***37.2 Related party balances*

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| <i>Trade receivables:</i> | | | | |
| Taipan Star Sdn. Bhd. | - | 851 | - | - |
| <i>Trade payables:</i> | | | | |
| Unique Mix Sdn. Bhd. | 321 | 1,235 | - | - |
| Integrated Perunding Sdn. Bhd. | - | 244 | - | - |
| <i>Amounts due from subsidiaries:</i> | | | | |
| Sin Heap Lee Development Sdn. Bhd. | - | - | 98,795 | 59,045 |
| Sin Heap Lee Brickworks Sdn. Bhd. | - | - | 3,592 | 7,592 |
| SHL Corporate Services Sdn. Bhd. | - | - | 1,215 | 1,216 |
| SHL Realty Sdn. Bhd. | - | - | - | 6,319 |
| SHL-M Sdn. Bhd. | - | - | - | 2,500 |
| | - | - | 103,602 | 76,672 |

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| <i>Amounts due to subsidiaries:</i> | | | | |
| Sin Heap Lee Construction Sdn. Bhd. | - | - | 100,244 | 100,244 |
| Goodstock (Tawau) Sdn. Bhd. | - | - | - | 300 |
| Mercantile Corporation (M) Sdn. Bhd. | - | - | 188 | 193 |
| Goodstock Land Sdn. Bhd. | - | - | 13 | - |
| Sin Heap Lee Company Sdn. Berhad | - | - | - | 8,789 |
| Kajang Granite Quarry Sdn. Bhd. | - | - | - | 4,373 |
| H.S.C. Sdn. Berhad | - | - | 992 | 1,000 |
| Sukma Pesona Sdn. Bhd. | - | - | - | 935 |
| Integrated Management Corporation Sdn. Bhd. | - | - | - | 600 |
| Wilayah Builders Sdn. Bhd. | - | - | - | 500 |
| SHL Infra Sdn. Bhd. | - | - | - | 400 |
| | - | - | 101,437 | 117,334 |

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***37. Related party disclosures (continued)****37.3 Directors' remunerations**

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

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2011 RM'000 | 2010 RM'000 | 2011 RM'000 | 2010 RM'000 |
| Non-executive Directors | 62 | 140 | 88 | 140 |
| Executive Directors | 40 | 40 | 40 | 40 |
| Total Directors' fees | 102 | 180 | 128 | 180 |
| Non-executive Directors | 603 | 592 | 9 | 9 |
| Executive Directors | 1,509 | 1,426 | - | 3 |
| Total Directors' other emoluments | 2,112 | 2,018 | 9 | 12 |
| Total Directors' remunerations | 2,214 | 2,198 | 137 | 192 |

38. 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.

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

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

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***38. Material litigations (continued)**

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.

SHL-M Sdn. Bhd. has on 21 June 2011 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.

39. 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 2011, into realised and unrealised profits, pursuant to Bursa Malaysia Securities Berhad's Directive Ref: LD26/10 dated 20 December 2010 is tabulated below:-

SHL Consolidated Bhd.**and its Subsidiaries***(Incorporated in Malaysia)***39. Disclosure of realised and unrealised profits (continued)**

| | 2011 | |
|---|-------------------------|---------------------------|
| | Group RM'000 | Company RM'000 |
| Total retained profits of the Company and subsidiaries: | | |
| • realised | 376,784 | 152,525 |
| • unrealised | 22,972 | - |
| | 399,756 | 152,525 |
| Total shares of retained profits from associate: | | |
| • realised | (56) | - |
| • unrealised | - | - |
| | (56) | - |
| <u>Less:</u> Consolidated adjustment | (26,298) | - |
| Total retained profits | 373,402 | 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.

40. Comparative information

The following significant items of comparative information have been restated as a result of the adoption of FRS 8, Operating Segments:-

| | Group | |
|---|-------------------------------|--|
| | As restated RM'000 | As previously reported RM'000 |
| <i>Notes to the financial statements:</i> | | |
| Segment reporting (Note 36): | | |
| Capital expenditure: | | |
| • investment and services | 9,443 | 1,671 |
| • property development | 85 | 30 |
| • construction | 599 | 599 |
| • quarrying | 931 | 931 |
| | 11,058 | 3,231 |

This page is intentionally leave blank.