

# **SHL CONSOLIDATED BHD**

## **Notes to the interim financial report**

### **1. Basis of preparation**

The interim financial report is unaudited and has been prepared in compliance with MASB 26, Interim Financial Reporting.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 March 2002.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the financial statements for the year ended 31 March 2002.

### **2. Audit report for the preceding annual financial statements**

The audit report for the financial statements for the year ended 31 March 2002 was not qualified.

### **3. Seasonal or cyclical factors**

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

### **4. Unusual items affecting financial statements**

There were no unusual items during the current periods under review.

### **5. Changes in estimates**

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

### **6. Debt and equity securities**

For the current financial year-to-date there were an issuance of 5,056,000 new ordinary shares of RM1.00 each pursuant to the Company's Employees' Share Option Scheme (ESOS) with exercise prices ranging from RM1.00 to RM1.49 per share. The total cash proceeds arising from the exercise of options under the ESOS during the current financial year-to-date amounted to RM5,542,660.

### **7. Dividends paid**

A First and Final Dividend of 3 sen per share less 28% tax amounting to RM4,164,350 in respect of the financial year ended 31 March 2002 was paid on 31 October 2002.

## 8. Segment information

Segment information is presented in respect of the Group's business segments.

9 months ended 31 December

	Revenue		Profit/(Loss) before Tax	
	2002	2001	2002	2001
	RM'000	RM'000	RM'000	RM'000
Investment & Corporate Services	7,597	24,939	(3,459)	16,600
Property Development	98,598	92,629	9,707	3,917
Construction	72,647	84,273	4,090	8,261
Trading	21,364	21,309	358	1,084
Manufacturing	7,966	10,085	(566)	1,398
Quarrying	25,552	16,380	1,089	296
	<u>233,724</u>	<u>249,615</u>	<u>11,219</u>	<u>31,556</u>
Inter-company transactions	<u>(65,417)</u>	<u>(115,768)</u>	<u>998</u>	<u>(18,456)</u>
	<u>168,307</u>	<u>133,847</u>	<u>12,217</u>	<u>13,100</u>

## 9. Valuations of property, plant and equipment

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

## 10. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of current quarter to 19 February 2003, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

## 11. Changes in composition of the Group

On 15 July 2002, Sin Heap Lee Construction Sdn Bhd, a wholly-owned subsidiary of the Company acquire 96,934 ordinary shares of RM1.00 each representing 11.1% of the issued and fully paid-up share capital of Mercantile Corporation (M) Sdn Bhd from Mr Woo Kin Kow for a consideration sum of RM1.00 (Ringgit Malaysia One only). As a result of the aforesaid acquisition, Sin Heap Lee Construction Sdn Bhd now owns 100% equity interest in Mercantile Corporation (M) Sdn Bhd.

## 12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 31 December 2002.

## 13. Related party transactions

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

- Income from construction works amounting to approximately RM6.64 million.
- Procurement of engineering consultancy services for approximately RM1.25 million.
- Procurement of building materials for approximately RM3.72 million.
- Advance received for approximately RM6.69 million.