

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. On 7 February 2003, additional 48,424,745 new ordinary shares of RM1.00 each were issued and quoted on the Kuala Lumpur Stock Exchange pursuant to a proposed bonus issue.

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.

12 months ended 31 March

	Revenue		Profit/(Loss) before Tax	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Investment & Corporate Services	34,236	27,634	20,040	15,400
Property Development	143,840	112,893	16,353	3,296
Construction	86,748	106,193	8,793	12,806
Trading	24,201	30,637	449	1,349
Manufacturing	15,554	12,044	1,112	748
Quarrying	35,751	22,685	1,131	329
	340,330	312,086	47,878	33,928
Inter-company transactions	(108,394)	(140,491)	(22,412)	(18,390)
	<u>231,936</u>	<u>171,595</u>	<u>25,466</u>	<u>15,538</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 21 May 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 March 2003.

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 RM8.50 million.
- Procurement of engineering consultancy services for approximately RM3.36 million.
- Procurement of building materials for approximately RM4.46 million.
- Advance received for approximately RM11.19 million.