

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 2003.

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 2003.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2003 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

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

7. Dividends paid

There was no dividend paid during the financial period ended 30 June 2003.

8. Valuations of property, plant and equipment

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

9. Material events subsequent to the balance sheet date

There were no material events subsequent to the end of current quarter to 20 August 2003, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

10. Segment information

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

	3 months ended 30 June			
	Revenue		Profit/(Loss) before Tax	
	2003	2002	2003	2002
	RM'000	RM'000	RM'000	RM'000
Investment & Corporate Services	3,549	2,507	141	(1,322)
Property Development	8,625	27,779	9,237	4,660
Construction	6,370	30,218	(844)	2,464
Trading	4,644	9,929	172	92
Manufacturing	1,737	2,350	(17)	(108)
Quarrying	10,232	7,585	360	366
	<u>35,157</u>	<u>80,368</u>	<u>9,049</u>	<u>6,152</u>
Inter-company transactions	<u>(6,445)</u>	<u>(32,791)</u>	<u>(7,383)</u>	<u>149</u>
	<u>28,712</u>	<u>47,577</u>	<u>1,666</u>	<u>6,301</u>

11. Changes in the composition of the Group

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations for the current quarter and financial year-to-date.

12. Changes in contingent liabilities or contingent assets

The corporate guarantees given to banks for credit facilities granted to subsidiaries were increased by RM2.59 million to RM31.62 million as at 30 June 2003.

13. Capital commitments

Capital expenditure contracted but not provided for: -

	30 June 2003
	RM'000
Property development expenditure	<u>13,380</u>

14. 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 RM2.65 million.
- Procurement of building materials for approximately RM0.88 million.