



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

1ST QUARTER ENDED

30 JUNE 2011

SHL CONSOLIDATED BHD.

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(Incorporated in Malaysia)

Interim Financial Report – 30 June 2011

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 June 2011

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30-06-11	30-06-10	30-06-11	30-06-10
	RM'000	RM'000	RM'000	RM'000
1. Revenue	24,615	67,066	24,615	67,066
2. Cost of Sales	(19,189)	(49,955)	(19,189)	(49,955)
3. Gross Profit	5,426	17,111	5,426	17,111
4. Other Income	1,615	1,194	1,615	1,194
5. Distribution Costs	(370)	(805)	(370)	(805)
6. Administration Expenses	(1,006)	(2,714)	(1,006)	(2,714)
7. Impairment Loss	-	(5,116)	-	(5,116)
8. Profit from Operations	5,665	9,670	5,665	9,670
9. Finance Costs	(39)	(68)	(39)	(68)
10. Profit / (Loss) from Associate	(9)	-	(9)	-
11. Profit before Taxation	5,617	9,602	5,617	9,602
12. Taxation	(1,708)	(2,383)	(1,708)	(2,383)
13. Profit for the Period	3,909	7,219	3,909	7,219
14. Other Comprehensive Income	-	-	-	-
15. Total Comprehensive Income for the Period	3,909	7,219	3,909	7,219
Profit Attributable to:				
16. Owners of the Parent	3,810	7,118	3,810	7,118
17. Minority Interests	99	101	99	101
	3,909	7,219	3,909	7,219
Total Comprehensive Income Attributable to:				
18. Owners of the Parent	3,810	7,118	3,810	7,118
19. Minority Interests	99	101	99	101
	3,909	7,219	3,909	7,219
Earnings Per Share Attributable to Owners of the Parent:				
20. Basic & Fully Diluted (Sen)	1.57	2.94	1.57	2.94

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	(UNAUDITED) As At 30-06-2011 RM'000	(AUDITED) As At 31-03-2011 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	219,862	219,618
2. Investment in associate	1,240	1,249
3. Investment properties	66,702	66,702
4. Land held for property development	5,887	3,246
5. Investments	31	31
6. Trust account	1,354	1,334
7. Deferred tax assets	2,192	2,238
8. Prepaid lease payments	1,024	1,014
	298,292	295,432
9. Current assets		
9.1 Property development costs	100,481	107,092
9.2 Inventories	10,817	13,030
9.3 Trade and other receivables	24,113	43,299
9.4 Current tax assets	2,158	2,011
9.5 Cash and deposits	187,032	174,779
	324,601	340,211
10. TOTAL ASSETS	622,893	635,643
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	309,758	305,948
	551,882	548,072
13. Minority Interest	17,753	17,654
14. Total equity	569,635	565,726
15. Non-current liabilities		
15.1 Borrowings	1,481	1,290
15.2 Deferred tax liabilities	13,328	13,327
15.3 Club establishment fund	16,235	16,278
	31,044	30,895
16. Current liabilities		
16.1 Trade and other payables	20,689	37,062
16.2 Borrowings	990	879
16.3 Taxation	535	1,081
	22,214	39,022
17. TOTAL LIABILITIES	53,258	69,917
18. TOTAL EQUITY AND LIABILITIES	622,893	635,643
19. Net assets per share (RM)	2.28	2.26

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 June 2011

(The figures have not been audited)

	Non-distributable					Distributable	Total	Minority	Total
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits		Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
3 months ended 30 June 2011									
1.1 At 1 April 2011	242,124	1,225	50,745	(130,464)	11,040	373,402	548,072	17,654	565,726
1.2 Total comprehensive income for the period	-	-	-	-	-	3,810	3,810	99	3,909
At 30 June 2011	242,124	1,225	50,745	(130,464)	11,040	377,212	551,882	17,753	569,635
3 months ended 30 June 2010									
2.1 At 1 April 2010	242,124	1,225	50,745	(130,464)	11,040	358,744	533,414	-	533,414
2.2 Total comprehensive income for the period	-	-	-	-	-	7,118	7,118	101	7,219
2.3 Minority interest arising from business combination	-	-	-	-	-	-	-	17,187	17,187
At 30 June 2010	242,124	1,225	50,745	(130,464)	11,040	365,862	540,532	17,288	557,820

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

Financial Period Ended 30 June 2011

(The figures have not been audited)

	3 months ended 30-06-2011 RM'000	3 months ended 30-06-2010 RM'000
1. Net cash inflow / (outflow) from operating activities	<u>11,591</u>	<u>42,505</u>
2. Net cash inflow / (outflow) from investing activities	<u>838</u>	<u>(32,404)</u>
3. Net cash inflow / (outflow) from financing activities	<u>(176)</u>	<u>1,954</u>
4. Net increase / (decrease) in cash and cash equivalents	12,253	12,055
5. Cash and cash equivalents at 1 April 2011 / 2010	<u>174,779</u>	<u>116,733</u>
6. Cash and cash equivalents at 30 June 2011 / 2010	<u>187,032</u>	<u>128,788</u>
 Cash and cash equivalents at the end of the financial year comprise the following:		
 Cash and deposits	 <u>187,032</u>	 <u>128,788</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial report)

NOTES TO THE INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with Financial Reporting Standard 134, 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 2011.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2011, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and IC interpretations.

New and Revised FRSs and IC Interpretation		Effective for financial periods beginning on or after
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 127	Consolidated and Separate Financial Statements (Revised)	1 July 2010
Amendments to FRSs, Amendments to IC Interpretation and Improvements to FRSs		
FRS 7	Financial Instruments: Disclosures	1 January 2011
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.

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.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2011 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. Exceptional items

There were no exceptional items during the current period 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 2011.

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 end of the reporting period

There were no material events subsequent to the end of current quarter to 17 August 2011, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

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10. Segmental information

The segmental analysis for the period ended 30 June 2011 is tabulated below:

	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								
External sales	1,626	21,733	-	341	172	743	-	24,615
Inter-segment sales	1,980	1,670	7,925	3,508	229	-	(15,312)	-
Total revenue	3,606	23,403	7,925	3,849	401	743	(15,312)	24,615
RESULTS								
Segment results	219	4,013	(280)	19	(378)	702	185	4,480
Interest income								1,185
Finance costs								(39)
Share of result of associated company								(9)
Taxation								(1,708)
Profit for the period								3,909

Segmental reporting by geographical locations has not been presented as all the activities of the Group's operations are carried out in Malaysia only.

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.

12. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 30 June 2011.

13. Capital commitments

No capital commitment was outstanding as at 30 June 2011.

14. Related party transactions

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

- a) Income from rental of premises for approximately RM0.04 million.
- b) Procurement of engineering consultancy services for approximately RM0.96 million.
- c) Rental of premises for approximately RM1.66 million.
- d) Procurement of insurance for approximately RM0.15 million.
- e) Procurement of building materials for approximately RM0.43 million.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (BMSB)**

1. Review of performance

The Group recorded a profit before taxation of RM5.62 million for the current quarter under review. In comparison to the preceding year's corresponding period, this represents a decrease of 42%. The decrease of the Group's profit is mainly due to the substantial completion of a few phases of the Group's housing projects.

For the current financial year to date, the Group achieved a profit before taxation of RM5.62 million on the back of revenue totaling RM24.62 million.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM5.62 million for the current quarter decreased by 43% compared to RM9.84 million achieved in the immediate preceding quarter.

3. Current year prospects

Barring any unforeseen circumstances, the Board of Directors is positive that the Group's performance for the current financial year will be satisfactory.

4. Profit forecast or profit guarantee

Not applicable as no profit forecast or profit guarantee was published.

5. Tax expense

	Current quarter ended 30 June		Year-to-date ended 30 June	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current	1,662	3,310	1,662	3,310
Under / (Over) provision in prior year	-	31	-	31
Deferred	46	(958)	46	(958)
	<u>1,708</u>	<u>2,383</u>	<u>1,708</u>	<u>2,383</u>

6. Unquoted investments and/or properties

There was no sale of unquoted investments and/or any other properties for the current quarter and financial year-to-date other than the normal sale of land and houses as housing developers.

7. Quoted investments

There were no purchases or disposals of quoted securities for the current quarter and financial year-to-date.

8. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 17 August 2011.

9. Borrowings

The borrowings as at 30 June 2011 are as follows: -

	Secured
	RM'000
Short Term	990
Long Term	1,481
	<u>2,471</u>

The above borrowings are denominated in Ringgit Malaysia.

10. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 30 June 2011 are as follows: -

	Current financial period RM'000	As at the end of last financial year RM'000
	<u>RM'000</u>	<u>RM'000</u>
Total retained profits of Company and its subsidiaries:		
- Realised	380,772	376,784
- Unrealised	22,819	22,972
	<u>403,591</u>	<u>399,756</u>
Total share of accumulated losses from associated company:		
- Realised	(65)	(56)
	<u>403,526</u>	<u>399,700</u>
Less: Consolidation adjustments	(26,314)	(26,298)
	<u>377,212</u>	<u>373,402</u>
Total group retained profits as per consolidated accounts	<u>377,212</u>	<u>373,402</u>

11. Off balance sheet financial instruments

The Group did not enter into any contracts involving off balance sheet financial instruments as at 17 August 2011, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

12. Material litigation

Apart from the following legal matter, 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.

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
		<hr/> 1,216 <hr/>

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

However, the State Authority has since filed an appeal on 14 March 2011 against the decision vide Court of Appeal CA No. B-01-196-2011. Subsequently, SHL-M Sdn Bhd has received a notice dated 25 March 2011 from the Court of Appeal stating that the Notice of Appeal filed by the State Authority was filed on 14 March 2011 which means that the aforesaid Notice of Appeal was filed out of time.

The next hearing was fixed on 26 September 2011.

13. Dividend

No dividend was declared for the current quarter ended 30 June 2011.

14. Earnings per share (Basic and fully diluted)

Earnings per share of the Group is calculated by dividing profit for the year attributable to ordinary equity holders of SHL Consolidated Bhd by the number of ordinary shares in issue during the said financial period.

For and on behalf of the Board
SHL CONSOLIDATED BHD.

Dato' Yap Teiong Choon
Executive Director
24 August 2011