



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

3RD QUARTER ENDED

31 DECEMBER 2011

SHL CONSOLIDATED BHD.

Company No.: 293565-W
(Incorporated in Malaysia)

Interim Financial Report – 31 December 2011

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Period Ended 31 December 2011

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT	PRECEDING	CURRENT	PRECEDING		
	YEAR	YEAR	YEAR	YEAR		
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING		
	31-12-11	31-12-10	31-12-11	31-12-10	RM'000	%
	RM'000	RM'000	RM'000	RM'000	A - B	
			A	B		
1. Revenue	10,357	36,840	65,724	154,444	(88,720)	-57%
2. Cost of Sales	(4,098)	(27,330)	(46,874)	(116,543)	(69,669)	-60%
3. Gross Profit	6,259	9,510	18,850	37,901	(19,051)	-50%
4. Other Income	1,425	1,353	4,966	3,911	1,055	27%
5. Distribution Costs	(347)	(485)	(1,052)	(1,979)	(927)	-47%
6. Administration Expenses	(1,454)	(1,946)	(4,359)	(6,926)	(2,567)	-37%
7. Impairment Loss	-	-	-	(5,115)	(5,115)	-100%
8. Profit from Operations	5,883	8,432	18,405	27,792	(9,387)	-34%
9. Finance Costs	(43)	(31)	(117)	(136)	(19)	-14%
10. Loss from Associate	(29)	(4)	(57)	(4)	53	1325%
11. Profit before Taxation	5,811	8,397	18,231	27,652	(9,421)	-34%
12. Taxation	(743)	(2,259)	(4,396)	(7,205)	(2,809)	-39%
13. Profit for the Period	5,068	6,138	13,835	20,447	(6,612)	-32%
14. Other Comprehensive Income	915	-	4,779	-	(4,779)	-
15. Total Comprehensive Income for the Period	5,983	6,138	18,614	20,447	(1,833)	-9%
Profit Attributable to:						
16. Owners of the Parent	4,939	6,019	13,481	20,116	(6,635)	-33%
17. Minority Interests	129	119	354	331	23	-
	5,068	6,138	13,835	20,447	(6,612)	-32%
Total Comprehensive Income Attributable to:						
18. Owners of the Parent	5,854	6,019	18,260	20,116	(1,856)	-9%
19. Minority Interests	129	119	354	331	23	-
	5,983	6,138	18,614	20,447	(1,833)	-9%
Earnings Per Share Attributable to Owners of the Parent:						
20. Basic & Fully Diluted (Sen)	2.04	2.49	5.57	8.31	(2.74)	-33%

(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 31 December 2011

	(UNAUDITED) As At 31-12-2011 RM'000	(AUDITED) As At 31-03-2011 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	219,865	219,618
2. Investment in associate	1,192	1,249
3. Investment properties	66,702	66,702
4. Land held for property development	5,887	3,246
5. Investments	7,733	31
6. Trust account	1,357	1,334
7. Deferred tax assets	2,056	2,238
8. Prepaid lease payments	1,006	1,014
	305,798	295,432
9. Current assets		
9.1 Property development costs	99,487	107,092
9.2 Inventories	8,496	13,030
9.3 Trade and other receivables	28,271	43,299
9.4 Current tax assets	5,676	2,011
9.5 Cash and deposits	170,953	174,779
	312,883	340,211
10. TOTAL ASSETS	618,681	635,643
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	306,718	305,948
	548,842	548,072
13. Minority Interest	18,008	17,654
14. Total equity	566,850	565,726
15. Non-current liabilities		
15.1 Borrowings	1,504	1,290
15.2 Deferred tax liabilities	11,734	13,327
15.3 Club establishment fund	16,252	16,278
	29,490	30,895
16. Current liabilities		
16.1 Trade and other payables	19,927	37,062
16.2 Borrowings	1,039	879
16.3 Taxation	1,375	1,081
	22,341	39,022
17. TOTAL LIABILITIES	51,831	69,917
18. TOTAL EQUITY AND LIABILITIES	618,681	635,643
19. Net assets per share (RM)	2.27	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)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 31 December 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	A RM'000	B RM'000	A+B RM'000
1. 9 months ended									
31 December 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	-	-	(4,779)	-	-	18,260	13,481	354	13,835
1.3 Dividends	-	-	-	-	-	(12,711)	(12,711)	-	(12,711)
At 31 December 2011	242,124	1,225	45,966	(130,464)	11,040	378,951	548,842	18,008	566,850
2. 9 months ended									
31 December 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	-	-	-	-	-	20,116	20,116	331	20,447
2.3 Minority interest arising from business combination	-	-	-	-	-	-	-	17,187	17,187
2.4 Dividends	-	-	-	-	-	(12,711)	(12,711)	-	(12,711)
At 31 December 2010	242,124	1,225	50,745	(130,464)	11,040	366,149	540,819	17,518	558,337

(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 31 December 2011

	9 months ended 31-12-2011 RM'000	9 months ended 31-12-2010 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	18,231	27,652
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,285	1,734
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(76)	(64)
1.2.3 Property, plant and equipment written off	1	77
1.2.4 Interest expenses	116	180
1.2.5 Interest income	(4,121)	(2,901)
1.2.6 Impairment loss on intangible assets	-	5,115
1.2.7 Loss / (profit) from associate	57	19
1.3 Operating profit / (loss) before working capital changes	<u>15,493</u>	<u>31,812</u>
1.4 (Increase)/decrease in inventories and property development expenditure	9,503	66,629
1.5 (Increase)/decrease in receivables	15,032	24,294
1.6 Increase/(decrease) in payables	<u>(17,135)</u>	<u>(11,529)</u>
1.7 Cash generated from / (absorbed by) operations	22,893	111,206
1.8 Tax paid	(9,183)	(11,518)
1.9 Interest received	61	224
1.10 Interest paid	-	(63)
1.11 Net cash inflow / (outflow) from operating activities	<u>13,771</u>	<u>99,849</u>
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(23)	(181)
2.2 Purchase of property, plant and equipment	(382)	(605)
2.3 Purchase of investment	(7,701)	-
2.4 Purchase of investment in subsidiaries	-	(25,563)
2.5 Purchase of investment properties	-	(7,630)
2.6 Purchase of land held for property development	(5)	(4)
2.7 Proceeds from disposal of property, plant and equipment	79	192
2.8 Proceeds from disposal of investment properties	-	2,000
2.9 Proceeds from disposal of investment	-	44
2.10 Interest received	4,060	2,332
2.11 Net cash inflow / (outflow) from investing activities	<u>(3,972)</u>	<u>(29,415)</u>
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(26)	(782)
3.2 Payment of finance lease liabilities	(772)	(754)
3.3 Interest received	-	345
3.4 Interest paid	(116)	(131)
3.5 Dividends paid to:		
3.5.1 shareholders of the Company	(12,711)	(12,711)
3.6 Net cash inflow / (outflow) from financing activities	<u>(13,625)</u>	<u>(14,033)</u>
4 Net increase / (decrease) in cash and cash equivalents	(3,826)	56,401
5 Cash and cash equivalents at 1 April 2011 / 2010	<u>174,779</u>	<u>116,733</u>
6 Cash and cash equivalents at 31 December 2011 / 2010	<u>170,953</u>	<u>173,134</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	<u>170,953</u>	<u>173,134</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 Interpretations Committee (IC) interpretations.

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

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

According to MASB, the MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* (MFRS 141) and IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

The Group falls within the scope of IC Interpretation 15 *Agreements for Construction of Real Estate* (IC 15). Hence, the Group will be adopting the MFRS Framework beginning from the financial year 1 April 2013 to 31 March 2014.

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

The Company's shareholders has approved at its 17th Annual General Meeting held on 8 September 2011 the declaration of a First and Final Dividend of 7% less 25% tax for the financial year ended 31 March 2011 (financial year ended 31 March 2010 : 7% less 25% tax). A depositor is qualified for entitlement to the said dividend only in respect of shares transferred into the Depositor's Securities Account before 4.00 p.m. on 15 September 2011 and shares bought on Bursa Malaysia Securities Berhad ("BMSB") on a cum entitlement basis according to the Rules of the BMSB. The aforesaid dividend amounting to RM12,711,487 was paid on 30 September 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 16 February 2012, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

10. Segmental information

The segmental analysis for the period ended 31 December 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	5,284	55,709	-	2,079	386	2,266	-	65,724
Inter-segment sales	5,956	5,395	26,603	17,613	5,413	-	(60,980)	-
Total revenue	11,240	61,104	26,603	19,692	5,799	2,266	(60,980)	65,724
RESULTS								
Segment results	166	9,268	(498)	59	2,424	2,136	729	14,284
Interest income								4,121
Finance costs								(117)
Share of result of associated company								(57)
Profit before tax								18,231
Taxation								(4,396)
Profit for the period								13,835

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 31 December 2011.

13. Capital commitments

No capital commitment was outstanding as at 31 December 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 RM0.11 million.
- b) Procurement of engineering consultancy services for approximately RM2.78 million.
- c) Rental expense of premises for approximately RM0.65 million.
- d) Procurement of insurance for approximately RM0.29 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

(a) Current Year-To-date vs Previous Year-To-date

The Group recorded a profit before taxation for the period ended 31 December 2011 of RM18.23 million decreased by RM9.42 million or 34% as compared to preceding year's profit before taxation of RM27.65 million. The decrease of the Group's profit is mainly due to the substantial completion of a few phases of the Group's housing projects.

Performance of the respective operating business segments for the current year-to-date as compared to the preceding year to date is analysed as follows:

- (i) Property development – The sharp decrease of the profit before taxation was mainly due to the substantial completion of a few phases of the Group's housing projects.
- (ii) Manufacturing – No impairment loss on intangible assets was incurred in this current financial year as compared to previous year, resulting in an increase of the segment's profit in this current financial year.
- (iii) Quarrying – The profit before taxation almost doubled as the result of higher rate of sales of quarry products.
- (iv) There are no significant variations for other business segments.

(b) Current Quarter vs Previous Year Corresponding Quarter

The Group recorded a profit before taxation for the current 3rd quarter of RM5.81 million decreased by RM2.59 million or 31% as compared the previous year corresponding quarter's profit before taxation of RM8.40 million. The decrease of the Group's profit is mainly due to the substantial completion of a few phases of the Group's housing projects.

Performance of the respective operating business segments for the current 3rd quarter as compared to the previous year corresponding quarter is analysed as follows:

- (i) Property development – The sharp decrease of the profit before taxation was mainly due to the substantial completion of a few phases of the Group's housing projects.
- (ii) Quarrying – The profit before taxation increased as the result of higher rate of sales of quarry products.
- (iii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM5.81 million for the current quarter decreased by 15% compared to RM6.80 million achieved in the immediate preceding quarter due to substantial completion of a few phases of the Group's housing projects

3. Current year prospects

Supported by strong demand for landed properties, the Group's result is expected to improve for the current financial year, with the launching of new houses in the remaining quarter under the property development segment.

The operating environment for other business segments is expected to remain constant for the rest of the current financial year

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. Notes to Condensed Consolidated Statement of Comprehensive Income

Profit before tax is arrived at after charging / (crediting) the following items:

	Current year quarter <u>(RM'000)</u>	Current year-to- date <u>(RM'000)</u>
Interest income	(1,268)	(4,121)
Other income	(157)	(845)
Interest expense	43	117
Depreciation and amortisation	458	1,285
Provision for doubtful debts	8	9
Bad debts written off	-	7
Inventories written off	N/A	N/A
(Gain) / Loss on disposal of unquoted / quoted investment	N/A	N/A
(Gain) / Loss on disposal of properties	N/A	N/A
Impairment of assets	N/A	N/A
(Gain) / Loss on translation of foreign exchange	N/A	N/A
(Gain) / Loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

6. Tax expense

	Current quarter ended 31 December		Year-to-date ended 31 December	
	2011	2010	2011	2010
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	1,058	2,166	5,864	7,805
Under / (Over) provision in prior year	(57)	1	(56)	27
Deferred	<u>(258)</u>	<u>92</u>	<u>(1,412)</u>	<u>(627)</u>
	<u>743</u>	<u>2,259</u>	<u>4,396</u>	<u>7,205</u>
Effective tax rate	<u>13%</u>	<u>27%</u>	<u>24%</u>	<u>26%</u>

The effective tax rate of the Group for the current quarter and current year-to-date were lower than the statutory tax rate of 25% principally due to the availability of unutilised capital allowances to set off against the taxable profit of a subsidiary. As for the previous year corresponding quarter and previous year-to-date, the effective tax rate were higher due to certain expenses which are not deductible for tax purposes.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 16 February 2012.

8. Borrowings

The borrowings as at 31 December 2011 are as follows: -

	Secured
	<u>RM'000</u>
Short Term	1,039
Long Term	<u>1,504</u>
	<u>2,543</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 31 December 2011 are as follows: -

	Current financial period	As at the end of last financial year
	<u>RM'000</u>	<u>RM'000</u>
Total retained profits of Company and its subsidiaries:		
- Realised	380,812	376,784
- Unrealised	<u>24,413</u>	<u>22,972</u>
	405,225	399,756
Total share of accumulated losses from associate company:		
- Realised	<u>(113)</u>	<u>(56)</u>
	405,112	399,700
Less: Consolidation adjustments	(26,161)	(26,298)
Total group retained profits as per consolidated accounts	<u>378,951</u>	<u>373,402</u>

10. 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. The application by the State Authority for extension of time to file the record of appeal is fixed for hearing on 27 February 2012 in the Court of Appeal.

11. Dividend

No dividend is declared as at the date of this announcement other than as stated in Note 7 to the interim financial report on dividend paid.

12. Earnings per share (Basic and fully diluted)

Earnings per share of the Group is calculated by dividing profit for the period 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
23 February 2012