



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

3RD QUARTER ENDED

31 DECEMBER 2012

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 31 December 2012

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 31 December 2012

(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		
	31-12-12	31-12-11	31-12-12	31-12-11	RM'000	%
	RM'000	RM'000	RM'000	RM'000	A - B	
			A	B		
1. Revenue	27,235	10,357	111,896	65,724	46,172	70%
2. Cost of Sales	(15,807)	(4,098)	(82,638)	(46,874)	35,764	76%
3. Gross Profit	11,428	6,259	29,258	18,850	10,408	55%
4. Other Income	1,442	1,425	5,547	4,966	581	12%
5. Distribution Costs	(413)	(347)	(1,146)	(1,052)	94	9%
6. Administration Expenses	(1,165)	(1,454)	(4,436)	(4,359)	77	2%
7. Profit from Operations	11,292	5,883	29,223	18,405	10,818	59%
8. Finance Costs	(31)	(43)	(107)	(117)	(10)	-9%
9. Profit/(Loss) from Associate	(19)	(29)	1,888	(57)	1,945	3412%
10. Profit before Taxation	11,242	5,811	31,004	18,231	12,773	70%
11. Taxation	(3,038)	(743)	(7,592)	(4,396)	3,196	73%
12. Profit for the Period	8,204	5,068	23,412	13,835	9,577	69%
13. Other Comprehensive Income	-	915	-	4,779	(4,779)	-100%
14. Total Comprehensive Income for the Period	8,204	5,983	23,412	18,614	4,798	26%
Profit Attributable to:						
15. Owners of the Parent	8,088	4,939	23,076	13,481	9,595	71%
16. Non-controlling Interests	116	129	336	354	(18)	-5%
	8,204	5,068	23,412	13,835	9,577	69%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	8,088	5,854	23,076	18,260	4,816	26%
18. Non-controlling Interests	116	129	336	354	(18)	-5%
	8,204	5,983	23,412	18,614	2,577	14%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	3.34	2.04	9.53	5.57	3.96	75%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	(UNAUDITED) As At 31-12-2012 RM'000	(AUDITED) As At 31-03-2012 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	218,586	219,420
2. Investment in associate	4,781	2,894
3. Investment properties	67,112	66,702
4. Land held for property development	6,244	5,895
5. Investments	7,732	7,732
6. Trust account	1,590	1,433
7. Deferred tax assets	3,581	4,155
8. Prepaid lease payments	985	993
	310,611	309,224
9. Current assets		
9.1 Property development costs	90,904	109,905
9.2 Inventories	10,039	8,558
9.3 Trade and other receivables	43,191	32,349
9.4 Current tax assets	5,125	5,582
9.5 Cash and deposits	181,347	162,126
	330,606	318,520
10. TOTAL ASSETS	641,217	627,744
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	323,471	314,922
	565,595	557,046
13. Non-controlling Interests	18,450	18,114
14. Total equity	584,045	575,160
15. Non-current liabilities		
15.1 Borrowings	1,102	1,267
15.2 Deferred tax liabilities	10,925	10,832
15.3 Club establishment fund	11,777	16,233
	23,804	28,332
16. Current liabilities		
16.1 Trade and other payables	32,230	23,113
16.2 Borrowings	917	980
16.3 Taxation	221	159
	33,368	24,252
17. TOTAL LIABILITIES	57,172	52,584
18. TOTAL EQUITY AND LIABILITIES	641,217	627,744
19. Net assets per share (RM)	2.34	2.30

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2012 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 2012

(The figures have not been audited)

	Non-distributable					Distributable	Total	Non-	Total
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits		controlling Interests	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 2012									
1.1 At 1 April 2012	242,124	1,225	45,641	(130,464)	11,040	387,480	557,046	18,114	575,160
1.2 Total comprehensive income for the period	-	-	-	-	-	23,076	23,076	336	23,412
1.3 Realisation of revaluation reserve	-	-	(2,367)	-	-	2,367	-	-	-
1.4 Dividends	-	-	-	-	-	(14,527)	(14,527)	-	(14,527)
At 31 December 2012	242,124	1,225	43,274	(130,464)	11,040	398,396	565,595	18,450	584,045
2. 9 months ended									
31 December 2011									
2.1 At 1 April 2011	242,124	1,225	50,745	(130,464)	11,040	373,402	548,072	17,654	565,726
2.2 Total comprehensive income for the period	-	-	(4,779)	-	-	18,260	13,481	354	13,835
2.3 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

(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 2012 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 31 December 2012

	9 months ended 31-12-2012	9 months ended 31-12-2011
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	31,004	18,231
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,805	1,285
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(54)	(76)
1.2.3 Loss / (gain) on disposal of investment	(1,049)	-
1.2.4 Fixed assets written off	-	1
1.2.5 Interest expenses	124	116
1.2.6 Interest income	(3,970)	(4,121)
1.2.7 Loss / (profit) from associate	(1,887)	57
1.3 Operating profit / (loss) before working capital changes	<u>25,973</u>	<u>15,493</u>
1.4 (Increase)/decrease in inventories and property development expenditure	17,520	9,503
1.5 (Increase)/decrease in receivables	(10,836)	15,032
1.6 Increase/(decrease) in payables	9,117	(17,135)
1.7 Cash generated from / (absorbed by) operations	41,774	22,893
1.8 Tax paid	(6,411)	(9,183)
1.9 Interest received	250	61
1.10 Net cash inflow / (outflow) from operating activities	<u>35,613</u>	<u>13,771</u>
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(157)	(23)
2.2 Purchase of property, plant and equipment	(394)	(382)
2.3 Purchase of investment	-	(7,701)
2.3 Purchase of investment properties	(410)	-
2.4 Purchase of land held for property development	(349)	(5)
2.5 Proceeds from disposal of property, plant and equipment	55	79
2.6 Interest received	3,720	4,060
2.7 Net cash inflow / (outflow) from investing activities	<u>2,465</u>	<u>(3,972)</u>
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(3,407)	(26)
3.2 Payment of finance lease liabilities	(799)	(772)
3.4 Interest paid	(124)	(116)
3.5 Dividends paid to shareholders of the Company	(14,527)	(12,711)
3.6 Net cash inflow / (outflow) from financing activities	<u>(18,857)</u>	<u>(13,625)</u>
4 Net increase / (decrease) in cash and cash equivalents	19,221	(3,826)
5 Cash and cash equivalents at 1 April 2012 / 2011	<u>162,126</u>	<u>174,779</u>
6 Cash and cash equivalents at 31 December 2012 / 2011	<u>181,347</u>	<u>170,953</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	<u>181,347</u>	<u>170,953</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 2012 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 2012.

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 2012, 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
FRS 124 : Related Party Disclosure (Revised)	1 January 2012
Amendments to FRS 7 : Disclosure – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets	1 January 2012

The adoption of the above revised standards and amendments to existing standards did not have any significant impact on the financial statements of the Group

Malaysian Financial Reporting Standards (MFRSs)

To converge with International Financial Reporting Standards (“IFRSs”) in 2012, the Malaysian Accounting Standards Board (“MASB”) had on 19 November 2011, issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (“MFRSs”), which are mandatory for financial periods beginning on or after 1 January 2012, with the exception of transitioning entities.

Transitioning entities include:

(a) Entities that are within the scope of :

- MFRS 141 Agriculture; and
- IC Interpretation 15 Agreements for Construction of Real Estate

(b) The parent, significant investor and venture of entities as stated in (a) above.

On 30 June 2012, the MASB has announced that, all transitioning entities are allowed to further defer the adoption of MFRSs for additional two years. As a result, the adoption of the MFRSs by transitioning entities is mandatory for financial periods beginning on or after 1 January 2014.

The Group and the Company qualify as transitioning entities and thus expect to adopt the MFRS Framework for the financial period beginning on 1 April 2014. The Group and the Company are making assessment of the financial impact and effects on disclosures and measurement ensuing from such convergence.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2012 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 18th Annual General Meeting held on 6 September 2012 the declaration of a First and Final Dividend of 8% less 25% tax for the financial year ended 31 March 2012 (Financial year ended 31 March 2011 : 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 18 September 2012 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 RM14,527,424 was paid on 28 September 2012.

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 20 February 2013, 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 2012 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	4,053	99,703	-	5,795	88	2,257	-	111,896
Inter-segment sales	7,072	4,892	43,728	18,993	3,895	-	(78,580)	-
Total revenue	11,125	104,595	43,728	24,788	3,983	2,257	(78,580)	111,896
RESULTS								
Segment results	673	22,118	(538)	33	332	2,128	507	25,253
Interest income								3,970
Finance costs								(107)
Share of result of associated company								1,888
Profit before tax								31,004
Taxation								(7,592)
Profit for the period								23,412

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 2012.

13. Capital commitments

No capital commitment was outstanding as at 31 December 2012.

14. Related party transactions

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

- Income from rental of premises for approximately RM0.09 million.
- Procurement of engineering consultancy services for approximately RM3.13 million.
- Rental expense of premises for approximately RM0.73 million.
- Procurement of insurance for approximately RM0.18 million.

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

1. Review of performance

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

The Group recorded a profit before taxation for the period ended 31 December 2012 of RM31.00 million, increased by RM12.77 million or 70% as compared to preceding year's profit before taxation of RM18.23 million. The increase of the Group's profit is mainly due to the good response for the Group's housing projects in Bandar Sungai Long and a newly launched industrial park project in Sungai Choh, both situated in Selangor.

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 increase of the profit before taxation was mainly due to the good response for the Group's housing projects in Bandar Sungai Long and a newly launched industrial park project in Sungai Choh, both situated in Selangor.
- (ii) There are no significant variations for other business segments.

(b) Current Quarter vs Preceding Year Corresponding Quarter

The Group recorded a profit before taxation for the current quarter of RM11.24 million, an increase of RM5.43 million or 93% as compared to preceding year corresponding quarter's profit before taxation of RM5.81 million. The increase of the Group's profit is mainly due to the revenue generated from the launching of 2 phases of housing projects in Bandar Sungai Long and a newly launched industrial park project in Sungai Choh, Selangor.

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

- (i) Property development – The sharp increase of the profit before taxation of this segment is mainly due to the revenue generated from the launching of 2 phases of housing projects in Bandar Sungai Long and a newly launched industrial park project in Sungai Choh, Selangor.
- (ii) Quarrying – The profit before taxation of this segment increased as a 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 RM11.24 million for the current quarter was marginally lower by RM0.03 million compared to RM11.27 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is due to the sharing of associate's losses in the current quarter.

3. Current year prospects

Supported by strong demand for landed properties, the Group's result is expected to improve further for the current financial year, with the expected good take up rate for the balance units in the remaining quarters 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	(1,283)	(3,970)
Other income	(159)	(1,577)
Interest expense	36	124
Depreciation and amortisation	739	1,805
Provision for doubtful debts	N/A	N/A
Bad debts written offs	N/A	N/A
Inventories written off	N/A	N/A
(Gain) / Loss on disposal of unquoted / quoted investment	-	(1,049)
(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		Year-to-date ended	
	31 December		31 December	
	2012	2011	2012	2011
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	3,042	1,058	7,518	5,864
Under / (Over) provision in prior year	555	(57)	556	(56)
Deferred	<u>(559)</u>	<u>(258)</u>	<u>(482)</u>	<u>(1,412)</u>
	<u>3,038</u>	<u>743</u>	<u>7,592</u>	<u>4,396</u>
Effective tax rate	<u>27%</u>	<u>13%</u>	<u>24%</u>	<u>24%</u>

The effective tax rate of the Group for the current quarter was higher due to certain expenses which are not deductible for tax purposes, whereas the preceding quarter's rate was lower due to the availability of unutilised capital allowances to set off against the taxable profit of a subsidiary. The effective tax rate was marginally lower than the statutory tax rate for current year-to-date and preceding year-to-date.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 20 February 2013.

8. Borrowings

The borrowings as at 31 December 2012 are as follows: -

	Secured
	<u>RM'000</u>
Short Term	917
Long Term	<u>1,102</u>
	<u>2,019</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 2012 are as follows: -

	Current financial period	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	396,602	380,812
- Unrealised	25,243	24,413
	<u>421,845</u>	<u>405,225</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	3,477	(113)
	<u>425,322</u>	<u>405,112</u>
Less: Consolidation adjustments	(26,926)	(26,161)
Total group retained profits as per	<u>398,396</u>	<u>378,951</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. and the High Court declared that quit rent payable was as follows:-

Year	Amount per annum	Total amount
	RM'000	RM'000
1994 - 2004	69	761
2005 - 2007	76	227
2008 - 2010	76	228
		<u>1,216</u>

The High 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. SHL-M Sdn Bhd's application to strike out the appeal by State Authority was refused by the Court of Appeal. The appeal is still pending hearing and the State Authority has filed the record of appeal on 4 April 2012

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' Ir. Yap Chong Lee
Executive Director
26 February 2013