



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

1ST QUARTER ENDED

30 JUNE 2013

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 June 2013

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 June 2013

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	YEAR	YEAR
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING
	30-06-13	30-06-12	30-06-13	30-06-12
	RM'000	RM'000	RM'000	RM'000
1. Revenue	58,825	40,359	58,825	40,359
2. Cost of Sales	(43,105)	(32,030)	(43,105)	(32,030)
3. Gross Profit	15,720	8,329	15,720	8,329
4. Other Income	1,739	1,363	1,739	1,363
5. Distribution Costs	(3,500)	(348)	(3,500)	(348)
6. Administration Expenses	(1,699)	(1,811)	(1,699)	(1,811)
7. Profit from Operations	12,260	7,533	12,260	7,533
8. Finance Costs	(41)	(42)	(41)	(42)
9. Profit from Associate	988	1,004	988	1,004
10. Profit before Taxation	13,207	8,495	13,207	8,495
11. Taxation	(3,156)	(1,995)	(3,156)	(1,995)
12. Profit for the Period	10,051	6,500	10,051	6,500
13. Other Comprehensive Income	-	-	-	-
14. Total Comprehensive Income for the Period	10,051	6,500	10,051	6,500
Profit Attributable to:				
15. Owners of the Parent	9,934	6,401	9,934	6,401
16. Non-controlling Interests	117	99	117	99
	10,051	6,500	10,051	6,500
Total Comprehensive Income Attributable to:				
17. Owners of the Parent	9,934	6,401	9,934	6,401
18. Non-controlling Interests	117	99	117	99
	10,051	6,500	10,051	6,500
Earnings Per Share Attributable to Owners of the Parent:				
19. Basic & Fully Diluted (Sen)	4.10	2.64	4.10	2.64

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2013

	(UNAUDITED) As At 30-06-2013 RM'000	(AUDITED) As At 31-03-2013 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	219,476	219,401
2. Investment in associate	6,078	5,090
3. Investment properties	67,112	67,112
4. Land held for property development	7,436	7,357
5. Investments	7,733	7,732
6. Trust account	1,662	1,664
7. Deferred tax assets	2,017	2,079
8. Prepaid lease payments	974	966
	312,488	311,401
9. Current assets		
9.1 Property development costs	47,884	92,258
9.2 Inventories	10,287	13,871
9.3 Trade and other receivables	61,526	53,676
9.4 Current tax assets	3,729	2,389
9.5 Cash and deposits	255,353	193,214
	378,779	355,408
10. TOTAL ASSETS	691,267	666,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	345,189	335,255
	587,313	577,379
13. Non-controlling Interests	18,686	18,569
14. Total equity	605,999	595,948
15. Non-current liabilities		
15.1 Borrowings	1,383	1,360
15.2 Deferred tax liabilities	11,476	11,406
15.3 Club establishment fund	11,805	11,801
	24,664	24,567
16. Current liabilities		
16.1 Trade and other payables	56,925	45,135
16.2 Borrowings	1,056	1,101
16.3 Taxation	2,623	58
	60,604	46,294
17. TOTAL LIABILITIES	85,268	70,861
18. TOTAL EQUITY AND LIABILITIES	691,267	666,809
19. Net assets per share (RM)	2.43	2.38

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial report)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 June 2013

(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. 3 months ended									
30 June 2013									
1.1 At 1 April 2013	242,124	1,225	42,477	(130,464)	11,040	410,977	577,379	18,569	595,948
1.2 Total comprehensive income for the period	-	-	-	-	-	9,934	9,934	117	10,051
1.3 Realisation of revaluation reserve	-	-	(802)	-	-	802	-	-	-
At 30 June 2013	242,124	1,225	41,675	(130,464)	11,040	421,713	587,313	18,686	605,999
2. 3 months ended									
30 June 2012									
2.1 At 1 April 2012	242,124	1,225	45,641	(130,464)	11,040	387,479	557,045	18,114	575,159
2.2 Total comprehensive income for the period	-	-	-	-	-	6,401	6,401	99	6,500
2.3 Revaluation surplus/(deficits)	-	-	(236)	-	-	236	-	-	-
At 30 June 2012	242,124	1,225	45,405	(130,464)	11,040	394,116	563,446	18,213	581,659

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2013 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 June 2013

	3 months ended 30-06-2013 RM'000	3 months ended 30-06-2012 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	13,207	8,495
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	534	413
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(30)	-
1.2.3 Interest expenses	49	46
1.2.4 Interest income	(1,523)	(1,165)
1.2.5 Loss / (profit) from associate	(988)	(1,004)
1.3 Operating profit / (loss) before working capital changes	<u>11,249</u>	<u>6,785</u>
1.4 (Increase)/decrease in inventories and property development expenditure	47,956	14,237
1.5 (Increase)/decrease in receivables	(7,850)	(11,832)
1.6 Increase/(decrease) in payables	<u>11,790</u>	<u>3,692</u>
1.7 Cash generated from / (absorbed by) operations	63,145	12,882
1.8 Tax paid	<u>(1,798)</u>	<u>(2,379)</u>
1.9 Net cash inflow / (outflow) from operating activities	<u>61,347</u>	<u>10,503</u>
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	-	(16)
2.2 Purchase of property, plant and equipment	(325)	(73)
2.3 Purchase of land held for property development	(79)	(339)
2.4 Proceeds from disposal of property, plant and equipment	30	-
2.5 Interest received	<u>1,523</u>	<u>1,165</u>
2.6 Net cash inflow / (outflow) from investing activities	<u>1,149</u>	<u>737</u>
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	4	(43)
3.2 Payment of finance lease liabilities	(312)	(299)
3.3 Interest paid	<u>(49)</u>	<u>(46)</u>
3.4 Net cash inflow / (outflow) from financing activities	<u>(357)</u>	<u>(388)</u>
4 Net increase / (decrease) in cash and cash equivalents	62,139	10,852
5 Cash and cash equivalents at 1 April 2013 / 2012	<u>193,214</u>	<u>162,126</u>
6 Cash and cash equivalents at 30 June 2013 / 2012	<u>255,353</u>	<u>172,978</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	<u>255,353</u>	<u>172,978</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2013 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 2013.

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 2013, 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 10: Consolidated Financial Statements	1 January 2013
FRS 12: Disclosure of Interests in Other Entities	1 January 2013
FRS 13: Fair Value Measurement	1 January 2013
FRS 119: Employee Benefits (Revised)	1 January 2013
FRS 127: Separate Financial Statements (Revised)	1 January 2013
FRS 128: Investment in Associates and Joint Ventures (Revised)	1 January 2013
Amendments to FRS 7: Financial Instruments: Disclosures	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements	1 January 2013
Amendments to FRS 12: Disclosures of Interest in Other Entities	1 January 2013
Improvements to FRSs (2012)	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation	1 January 2014
FRS 9: Financial Instruments	1 January 2015

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. However, due to the revision of the timeline by International Accounting Standard Board on 7 August 2013, MASB extended again the transitional period for another year from 1 January 2014. As a result, the adoption of the MFRSs by transitioning entities is mandatory for financial periods beginning on or after 1 January 2015.

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 2015. 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 2013 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 30 June 2013.

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 23 August 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 year ended 30 June 2013 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	1,864	55,068	-	15	897	981	-	58,825
Inter-segment sales	3,008	-	14,457	7,356	818	-	(25,639)	-
Total revenue	4,872	55,068	14,457	7,371	1,715	981	(25,639)	58,825
RESULTS								
Segment results	491	19,190	(407)	46	263	937	(9,783)	10,737
Interest income								1,523
Finance costs								(41)
Share of result of associated company								988
Profit before tax								13,207
Taxation								(3,156)
Profit for the period								10,051

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 2013.

13. Capital commitments

No capital commitment was outstanding as at 30 June 2013.

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 RM0.03 million.
- Procurement of engineering consultancy services for approximately RM0.42million.
- Rental expense of premises for approximately RM0.24 million.
- Procurement of insurance for approximately RM0.03 million.

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

1. Review of performance

Current Year-To-date vs Preceding Year-To-date

The Group recorded a profit before taxation for the period ended 30 June 2013 of RM13.21 million, increased by RM4.71 million or 55% as compared to preceding year's profit before taxation of RM8.50 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.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM13.21 million for the current quarter was lower by RM2.82 million compared to RM16.03 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is due to decrease in billings in relation to our projects in Bandar Sungai Long and Sungai Choh, Selangor in the current quarter.

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 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	(1,523)	(1,523)
Other income	(216)	(216)
Interest expense	49	49
Depreciation and amortisation	546	546

6. Tax expense

	Current quarter 30 June		Year-to-date ended 30 June	
	2013 <u>RM'000</u>	2012 <u>RM'000</u>	2013 <u>RM'000</u>	2012 <u>RM'000</u>
Current	3,024	1,990	3,024	1,990
Under / (Over) provision in prior year	-	1	-	1
Deferred	132	4	132	4
	<u>3,156</u>	<u>1,995</u>	<u>3,156</u>	<u>1,995</u>
Effective tax rate	<u>24%</u>	<u>23%</u>	<u>24%</u>	<u>23%</u>

The effective tax rate of the Group for the current quarter was marginally lower than the statutory tax rate due to certain expenses are not taxable.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 23 August 2013.

8. Borrowings

The borrowings as at 30 June 2013 are as follows: -

	Secured <u>RM'000</u>
Short Term	1,056
Long Term	1,383
	<u>2,439</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 30 June 2013 are as follows: -

	Current financial year	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	428,462	410,502
- Unrealised	24,671	27,918
	<u>453,133</u>	<u>438,420</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	3,477	3,785
	<u>456,610</u>	<u>442,205</u>
Less: Consolidation adjustments	(34,897)	(31,228)
Total group retained profits as per consolidated accounts	<u>421,713</u>	<u>410,977</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 Government) 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 Government the following:-

- declaring the invalidity of quit rent totalling RM583,680/- per year which the State Government has imposed retrospectively to 1 January 1994; and
- recovering the sum of RM190,024/- per year from 1 January 1994 to 31 December 2004 on the grounds that the quit rent payable should be RM69,141/- per year only.
- recovering the sum of RM183,400/- per year from 1 January 2005 to 31 December 2007 on the grounds that the quit rent payable should be RM75,765/- per year only.
- recovering the sum of RM183,227/- per year from 1 January 2008 to 31 December 2010 on the grounds that the quit rent payable should be RM75,938/- per year only.

On 10 February 2011, the case was decided in favour of SHL-M Sdn. Bhd.

The Court further ordered the State Government to refund the excess sum of RM3,190,148 with interest at the rate of 8.00% per annum. In addition, the subsequent years of overpayment of quit rent after the court judgement is to be refunded.

The State Government has lodged an appeal against the decision of the High Court to the Court of Appeal vide Civil Appeal No. B-01-196-2011 and the hearing was fixed on 26 June 2013.

On 26 June 2013, the Court of Appeal struck out the State Authority's Appeal and as such the decision of the High Court stands valid.

11. Dividend

No dividend was declared for the current quarter ended 30 June 2013.

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
29 August 2013