



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

2ND QUARTER ENDED

30 SEPTEMBER 2013

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 September 2013

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

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

(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		
	30-09-13	30-09-12	30-09-13	30-09-12		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	55,859	44,302	114,684	84,661	30,023	35%
2. Cost of Sales	(36,119)	(34,801)	(79,224)	(66,831)	12,393	19%
3. Gross Profit	19,740	9,501	35,460	17,830	17,630	99%
4. Other Income	2,219	2,742	3,958	4,105	(147)	-4%
5. Distribution Costs	(2,482)	(385)	(5,982)	(733)	5,249	716%
6. Administration Expenses	(1,805)	(1,460)	(3,504)	(3,271)	233	7%
7. Profit from Operations	17,672	10,398	29,932	17,931	12,001	67%
8. Finance Costs	(39)	(34)	(80)	(76)	4	5%
9. Profit from Associate	1,923	903	2,911	1,907	1,004	53%
10. Profit before Taxation	19,556	11,267	32,763	19,762	13,001	66%
11. Taxation	(4,872)	(2,559)	(8,028)	(4,554)	3,474	76%
12. Profit for the Period	14,684	8,708	24,735	15,208	9,527	63%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	14,684	8,708	24,735	15,208	9,527	63%
Profit Attributable to:						
15. Owners of the Parent	14,560	8,587	24,494	14,988	9,506	63%
16. Non-controlling Interests	124	121	241	220	21	10%
	14,684	8,708	24,735	15,208	9,527	63%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	14,560	8,587	24,494	14,988	9,506	63%
18. Non-controlling Interests	124	121	241	220	21	10%
	14,684	8,708	24,735	15,208	9,527	63%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	6.01	3.55	10.12	6.19	3.93	63%

(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 September 2013

	(UNAUDITED) As At 30-09-2013 RM'000	(AUDITED) As At 31-03-2013 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	220,384	219,401
2. Investment in associate	8,001	5,090
3. Investment properties	67,112	67,112
4. Land held for property development	6,316	7,357
5. Investments	7,732	7,732
6. Trust account	1,768	1,664
7. Deferred tax assets	2,017	2,079
8. Prepaid lease payments	965	966
	314,295	311,401
9. Current assets		
9.1 Property development costs	18,796	92,258
9.2 Inventories	10,217	13,871
9.3 Trade and other receivables	63,480	53,676
9.4 Current tax assets	789	2,389
9.5 Cash and deposits	277,625	193,214
	370,907	355,408
10. TOTAL ASSETS	685,202	666,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	337,958	335,255
	580,082	577,379
13. Non-controlling Interests	18,810	18,569
14. Total equity	598,892	595,948
15. Non-current liabilities		
15.1 Borrowings	1,113	1,360
15.2 Deferred tax liabilities	11,458	11,406
15.3 Club establishment fund	11,811	11,801
	24,382	24,567
16. Current liabilities		
16.1 Trade and other payables	58,289	45,135
16.2 Borrowings	1,007	1,101
16.3 Taxation	2,632	58
	61,928	46,294
17. TOTAL LIABILITIES	86,310	70,861
18. TOTAL EQUITY AND LIABILITIES	685,202	666,809
19. Net assets per share (RM)	2.40	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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 September 2013

(The figures have not been audited)

	Non-distributable				Capital Reserve	Distributable Retained Profits	Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	A RM'000	B RM'000	A+B RM'000
1. 6 months ended									
30 September 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	-	-	-	-	-	24,494	24,494	241	24,735
1.3 Realisation of revaluation reserve	-	-	(802)	-	-	802	-	-	-
1.4 Dividends	-	-	-	-	-	(21,791)	(21,791)	-	(21,791)
At 30 September 2013	242,124	1,225	41,675	(130,464)	11,040	414,482	580,082	18,810	598,892
2. 6 months ended									
30 September 2012									
2.1 At 1 April 2012	242,124	1,225	45,641	(130,464)	11,040	387,480	557,046	18,114	575,160
2.2 Total comprehensive income for the period	-	-	-	-	-	14,988	14,988	220	15,208
2.3 Revaluation surplus/(deficits)	-	-	(2,367)	-	-	2,367	-	-	-
2.4 Dividends	-	-	-	-	-	(14,527)	(14,527)	-	(14,527)
At 30 September 2012	242,124	1,225	43,274	(130,464)	11,040	390,308	557,507	18,334	575,841

(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 September 2013

	6 months ended 30-09-2013 RM'000	6 months ended 30-09-2012 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	32,763	19,762
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,116	1,066
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(30)	(5)
1.2.3 Loss / (gain) on disposal of investment	-	(1,049)
1.2.4 Interest expenses	92	88
1.2.5 Interest income	(3,545)	(2,687)
1.2.6 Provision for doubtful debts	3	-
1.2.7 Loss / (profit) from associate	(2,911)	(1,907)
1.3 Operating profit / (loss) before working capital changes	27,488	15,268
1.4 (Increase)/decrease in inventories and property development expenditure	77,114	25,293
1.5 (Increase)/decrease in receivables	(5,139)	(5,489)
1.6 Increase/(decrease) in payables	9,792	4,219
1.7 Cash generated from / (absorbed by) operations	109,255	39,291
1.8 Tax paid	(3,736)	(4,354)
1.9 Interest received	-	194
1.10 Net cash inflow / (outflow) from operating activities	105,519	35,131
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(104)	(116)
2.2 Purchase of property, plant and equipment	(1,806)	(132)
2.3 Purchase of investment properties	-	(410)
2.4 Purchase of land held for property development	(269)	(349)
2.5 Proceeds from disposal of property, plant and equipment	30	5
2.6 Interest received	3,545	2,493
2.7 Net cash inflow / (outflow) from investing activities	1,396	1,491
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	10	(2,273)
3.2 Payment of finance lease liabilities	(631)	(565)
3.3 Interest paid	(92)	(88)
3.4 Dividends paid to shareholders of the Company	(21,791)	(14,527)
3.5 Net cash inflow / (outflow) from financing activities	(22,504)	(17,453)
4 Net increase / (decrease) in cash and cash equivalents	84,411	19,169
5 Cash and cash equivalents at 1 April 2013 / 2012	193,214	162,126
6 Net increase / (decrease) in cash and cash equivalents	277,625	181,295
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	277,625	181,295

(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

The Company's shareholders has approved at its 19th Annual General Meeting held on 5 September 2013 the declaration of a First and Final Dividend of 12% less 25% tax for the financial year ended 31 March 2013 (Financial year ended 31 March 2012 : 8% 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 2013 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 RM21,791,135.25 was paid on 30 September 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 14 November 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 September 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	3,971	107,040	-	42	1,800	1,831	-	114,684
Inter-segment sales	6,022	-	29,570	16,448	1,629	-	(53,669)	-
Total revenue	9,993	107,040	29,570	16,490	3,429	1,831	(53,669)	114,684
RESULTS								
Segment results	827	35,530	(764)	55	129	1,743	(11,133)	26,387
Interest income								3,545
Finance costs								(80)
Share of result of associated company								2,911
Profit before tax								32,763
Taxation								(8,028)
Profit for the period								24,735

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 September 2013.

13. Capital commitments

No capital commitment was outstanding as at 30 September 2013.

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 RM0.06 million.
- b) Procurement of engineering consultancy services for approximately RM1.62million.
- c) Rental expense of premises for approximately RM0.49 million.
- d) Procurement of insurance for approximately RM0.14 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 30 September 2013 of RM32.76 million, increased by RM13.00 million or 66% as compared to preceding year's profit before taxation of RM19.76 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 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 RM19.56 million, an increase of RM8.29 million or 74% as compared to preceding year corresponding quarter's profit before taxation of RM11.27 million. The increase of the Group's profit is mainly due to increase in billings in relation to our projects in Bandar Sungai Long and Sungai Choh, Selangor in the current quarter.

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 increase of the profit before taxation of this segment is mainly due to increase in billings in relation to our projects in Bandar Sungai Long and Sungai Choh.
- (ii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM19.56 million for the current quarter was higher by RM6.35 million compared to RM13.21 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter is due to increase in profit margin.

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	(2,022)	(3,545)
Other income	(197)	(413)
Interest expense	43	92
Depreciation and amortisation	570	1,116
Provision for doubtful debts	3	3

6. Tax expense

	Current quarter ended 30 September		Year-to-date ended 30 September	
	2013 <u>RM'000</u>	2012 <u>RM'000</u>	2013 <u>RM'000</u>	2012 <u>RM'000</u>
Current	4,890	2,486	7,914	4,476
Under / (Over) provision in prior year	-	-	-	1
Deferred	(18)	73	114	77
	<u>4,872</u>	<u>2,559</u>	<u>8,028</u>	<u>4,554</u>
Effective tax rate	<u>25%</u>	<u>23%</u>	<u>25%</u>	<u>23%</u>

The effective tax rate of the Group for the current quarter was approximate to the statutory rate. However, the effective tax rate for the previous year-to-date was marginally lower than the statutory tax rate due to certain incomes not taxable.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 14 November 2013.

8. Borrowings

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

	Secured
	<u>RM'000</u>
Short Term	1,007
Long Term	<u>1,113</u>
	<u>2,120</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 30 September 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	420,276	410,502
- Unrealised	<u>24,689</u>	<u>27,918</u>
	444,965	438,420
Total share of accumulated profits / (losses) from associate company:		
- Realised	<u>6,696</u>	<u>3,785</u>
	451,661	442,205
Less: Consolidation adjustments	(37,179)	(31,228)
Total group retained profits as per consolidated accounts	<u>414,482</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

The Board of Directors has declared an interim dividend of 7% per share less 25% income tax (2013: Nil), amounting to a net dividend payable of approximately RM12.71 million (2013: Nil) for the financial year ending 31 March 2014, to be paid on 24 December 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
21 November 2013