



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

3RD QUARTER ENDED

31 DECEMBER 2013

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 31 December 2013

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flow	4
Notes to the Interim Financial Report	5 – 8
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (BMSB)	9 – 12

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 31 December 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		
	31-12-13	31-12-12	31-12-13	31-12-12	RM'000	%
	RM'000	RM'000	RM'000	RM'000	A - B	
			A	B		
1. Revenue	52,479	27,235	167,163	111,896	55,267	49%
2. Cost of Sales	(28,978)	(15,807)	(108,202)	(82,638)	25,564	31%
3. Gross Profit	23,501	11,428	58,961	29,258	29,703	102%
4. Other Income	2,989	1,442	6,947	5,547	1,400	25%
5. Distribution Costs	(3,828)	(413)	(9,810)	(1,146)	8,664	756%
6. Administration Expenses	(1,411)	(1,165)	(4,915)	(4,436)	479	11%
7. Impairment Loss	(1,492)	-	(1,492)	-	1,492	0%
8. Profit from Operations	19,759	11,292	49,691	29,223	20,468	70%
9. Finance Costs	(32)	(31)	(112)	(107)	5	5%
10. Profit from Associate	1,904	(19)	4,815	1,888	2,927	155%
11. Profit before Taxation	21,631	11,242	54,394	31,004	23,390	75%
12. Taxation	(4,581)	(3,038)	(12,609)	(7,592)	5,017	66%
13. Profit for the Period	17,050	8,204	41,785	23,412	18,373	78%
14. Other Comprehensive Income	-	-	-	-	-	-
15. Total Comprehensive Income for the Period	17,050	8,204	41,785	23,412	18,373	78%
Profit Attributable to:						
16. Owners of the Parent	16,971	8,088	41,465	23,076	18,389	80%
17. Non-controlling Interests	79	116	320	336	(16)	-5%
	17,050	8,204	41,785	23,412	18,373	78%
Total Comprehensive Income Attributable to:						
18. Owners of the Parent	16,971	8,088	41,465	23,076	18,389	80%
19. Non-controlling Interests	79	116	320	336	(16)	-5%
	17,050	8,204	41,785	23,412	18,373	78%
Earnings Per Share Attributable to Owners of the Parent:						
20. Basic & Fully Diluted (Sen)	7.01	3.34	17.13	9.53	7.59	80%

(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 31 December 2013

	(UNAUDITED) As At 31-12-2013 RM'000	(AUDITED) As At 31-03-2013 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	199,856	219,401
2. Investment in associate	9,905	5,090
3. Investment properties	65,312	67,112
4. Land held for property development	11,096	7,357
5. Investments	7,733	7,732
6. Trust account	1,825	1,664
7. Deferred tax assets	2,017	2,079
8. Prepaid lease payments	726	966
	298,470	311,401
9. Current assets		
9.1 Property development costs	46,005	92,258
9.2 Inventories	8,549	13,871
9.3 Trade and other receivables	40,743	53,676
9.4 Current tax assets	1,161	2,389
9.5 Cash and deposits	299,035	193,214
	395,493	355,408
10. TOTAL ASSETS	693,963	666,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	342,217	335,255
	584,341	577,379
13. Non-controlling Interests	18,889	18,569
14. Total equity	603,230	595,948
15. Non-current liabilities		
15.1 Borrowings	1,142	1,360
15.2 Deferred tax liabilities	11,485	11,406
15.3 Club establishment fund	11,804	11,801
	24,431	24,567
16. Current liabilities		
16.1 Trade and other payables	60,489	45,135
16.2 Borrowings	957	1,101
16.3 Taxation	4,856	58
	66,302	46,294
17. TOTAL LIABILITIES	90,733	70,861
18. TOTAL EQUITY AND LIABILITIES	693,963	666,809
19. Net assets per share (RM)	2.41	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 31 December 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. 9 months ended									
31 December 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	-	-	-	-	-	41,465	41,465	320	41,785
1.3 Realisation of revaluation reserve	-	-	(799)	-	-	799	-	-	-
1.4 Dividends	-	-	-	-	-	(34,503)	(34,503)	-	(34,503)
At 31 December 2013	242,124	1,225	41,678	(130,464)	11,040	418,738	584,341	18,889	603,230
2. 9 months ended									
31 December 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	-	-	-	-	-	23,076	23,076	336	23,412
2.3 Revaluation surplus/(deficits)	-	-	(2,367)	-	-	2,367	-	-	-
2.4 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

(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 2013 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 31 December 2013

	9 months ended 31-12-2013 RM'000	9 months ended 31-12-2012 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	54,394	31,004
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,637	1,805
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(3,392)	(54)
1.2.3 Loss / (gain) on disposal of investment	-	(1,049)
1.2.4 Interest expenses	129	124
1.2.5 Interest income	(5,906)	(3,970)
1.2.6 Impairment loss on property, plant and equipment	1,492	-
1.2.7 Provision for doubtful debts	5	-
1.2.8 Loss / (profit) from associate	(4,815)	(1,887)
1.3 Operating profit / (loss) before working capital changes	43,544	25,973
1.4 (Increase)/decrease in inventories and property development expenditure	72,633	17,520
1.5 (Increase)/decrease in receivables	12,459	(10,836)
1.6 Increase/(decrease) in payables	15,354	9,117
1.7 Cash generated from / (absorbed by) operations	143,990	41,774
1.8 Tax paid	(6,442)	(6,411)
1.9 Interest received	-	250
1.10 Net cash inflow / (outflow) from operating activities	137,548	35,613
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(161)	(157)
2.2 Purchase of property, plant and equipment	(2,016)	(394)
2.3 Purchase of investment properties	-	(410)
2.4 Purchase of land held for property development	(401)	(349)
2.5 Proceeds from disposal of property, plant and equipment	497	55
2.6 Interest received	5,906	3,720
2.7 Net cash inflow / (outflow) from investing activities	3,825	2,465
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	3	(3,407)
3.2 Payment of finance lease liabilities	(923)	(799)
3.3 Interest paid	(129)	(124)
3.4 Dividends paid to shareholders of the Company	(34,503)	(14,527)
3.5 Net cash inflow / (outflow) from financing activities	(35,552)	(18,857)
4 Net increase / (decrease) in cash and cash equivalents	105,821	19,221
5 Cash and cash equivalents at 1 April 2013 / 2012	193,214	162,126
6 Cash and cash equivalents at 31 December 2013 / 2012	299,035	181,347
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	299,035	181,347

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

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

During the financial year ending 31 March 2014:

- (i) The First and Final Dividend of 12 sen per share less 25% income tax, amounting to a net dividend payable of approximately RM21.79 million in respect of the financial year ended 31 March 2013, was paid on 30 September 2013;
- (ii) An Interim Dividend of 7 sen per share less 25% income tax, amounting to a net dividend payable of approximately RM12.71 million in respect of the financial year ending 31 March 2014, was paid on 24 December 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 19 February 2014, 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 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	6,281	155,176	2	73	2,998	2,633	-	167,163
Inter-segment sales	21,324	1,566	59,200	25,983	2,968	-	(111,041)	-
Total revenue	27,605	156,742	59,202	26,056	5,966	2,633	(111,041)	167,163
RESULTS								
Segment results	19,787	43,039	(991)	76	254	111,855	(130,235)	43,785
Interest income								5,906
Finance costs								(112)
Share of result of associated company								4,815
Profit before tax								54,394
Taxation								(12,609)
Profit for the period								41,785

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 2013.

13. Capital commitments

No capital commitment was outstanding as at 31 December 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 RM0.09 million.
- b) Procurement of engineering consultancy services for approximately RM2.76million.
- c) Rental expense of premises for approximately RM0.73 million.
- d) Procurement of insurance for approximately RM0.27 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 2013 of RM54.39 million, increased by RM23.39 million or 75% as compared to preceding year's profit before taxation of RM31.00 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 the 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 the 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 RM21.63 million, an increase of RM10.39 million or 92% as compared to preceding year corresponding quarter's profit before taxation of RM11.24 million. The increase of the Group's profit is mainly due to increase in progress billings in relation to our property development 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 progress 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 RM21.63 million for the current quarter was higher by RM2.07 million compared to RM19.56 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter is due to increase in progress billings in relation to our project in 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	(2,361)	(5,906)
Other income	(628)	(1,041)
Interest expense	37	129
Depreciation and amortisation	521	1,637
Impairment of assets	1,492	1,492
Provision for doubtful debts	2	5

6. Tax expense

	Current quarter ended 31 December		Year-to-date ended 31 December	
	2013	2012	2013	2012
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	4,629	3,042	12,543	7,518
Under / (Over) provision in prior year	(75)	555	(75)	556
Deferred	27	(559)	141	(482)
	<u>4,581</u>	<u>3,038</u>	<u>12,609</u>	<u>7,592</u>
Effective tax rate	<u>21%</u>	<u>27%</u>	<u>23%</u>	<u>24%</u>

The effective tax rate of the Group for the current quarter and year-to-date were lower due to certain incomes not taxable and there were unabsorbed capital allowances in subsidiaries to be offset against the chargeable income.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 19 February 2014.

8. Borrowings

The borrowings as at 31 December 2013 are as follows: -

	Secured
	RM'000
Short Term	957
Long Term	1,142
	<u>2,099</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 2013 are as follows: -

	Current financial year	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	544,936	410,502
- Unrealised	24,725	27,918
	<u>569,661</u>	<u>438,420</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	8,600	3,785
	<u>578,261</u>	<u>442,205</u>
Less: Consolidation adjustments	(159,523)	(31,228)
Total group retained profits as per consolidated accounts	<u>418,738</u>	<u>410,977</u>

10. Dividend

No dividend has been proposed or recommended for the third quarter ended 31 December 2013.

Total dividend declared during the financial year ending 31 March 2014 was 7 sen per share less 25% income tax.

11. 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 2014