



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

4TH QUARTER ENDED

31 MARCH 2014

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 31 March 2014

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2014

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD		
	31-03-14	31-03-13	31-03-14	31-03-13	RM'000	%
	RM'000	RM'000	RM'000	RM'000	A - B	
		A	B			
1. Revenue	37,767	70,218	204,930	182,114	22,816	13%
2. Cost of Sales	(15,304)	(49,733)	(123,506)	(132,371)	(8,865)	-7%
3. Gross Profit	22,463	20,485	81,424	49,743	31,681	64%
4. Other Income	6,014	1,365	12,961	6,912	6,049	88%
5. Distribution Costs	(2,741)	(3,581)	(12,551)	(4,727)	7,824	166%
6. Administration Expenses	(1,044)	(2,512)	(5,959)	(6,948)	(989)	-14%
7. Impairment Loss	(6,474)	-	(7,966)	-	7,966	0%
8. Profit from Operations	18,218	15,757	67,909	44,980	22,929	51%
9. Finance Costs	(25)	(38)	(137)	(145)	(8)	-6%
10. Profit from Associate	1,943	308	6,758	2,196	4,562	208%
11. Profit before Taxation	20,136	16,027	74,530	47,031	27,499	58%
12. Taxation	(5,616)	(4,509)	(18,225)	(12,101)	6,124	51%
13. Profit for the Period	14,520	11,518	56,305	34,930	21,375	61%
14. Other Comprehensive Income						
Effect of a change in imposition of tax rate relating to revaluation of land	(4,298)	-	(4,298)	-	(4,298)	0%
15. Total Comprehensive Income for the Period	10,222	11,518	52,007	34,930	17,077	49%
Profit Attributable to:						
16. Owners of the Parent	14,354	11,399	55,819	34,475	21,344	62%
17. Non-controlling Interests	166	119	486	455	31	7%
	14,520	11,518	56,305	34,930	21,375	61%
Total Comprehensive Income Attributable to:						
18. Owners of the Parent	10,056	11,399	51,521	34,475	17,046	49%
19. Non-controlling Interests	166	119	486	455	31	7%
	10,222	11,518	52,007	34,930	17,077	49%
Earnings Per Share Attributable to Owners of the Parent:						
20. Basic & Fully Diluted (Sen)	5.93	4.71	23.05	14.24	8.82	62%

(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 March 2014

	(UNAUDITED) As At 31-03-2014 RM'000	(AUDITED) As At 31-03-2013 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	194,646	219,401
2. Investment in associate	11,848	5,090
3. Investment properties	65,312	67,112
4. Land held for property development	9,089	7,357
5. Investments	7,732	7,732
6. Trust account	1,871	1,664
7. Deferred tax assets	2,028	2,079
8. Prepaid lease payments	716	966
	293,242	311,401
9. Current assets		
9.1 Property development costs	108,395	92,258
9.2 Inventories	12,060	13,871
9.3 Trade and other receivables	32,788	53,676
9.4 Current tax assets	1,678	2,389
9.5 Cash and deposits	306,650	193,214
	461,571	355,408
10. TOTAL ASSETS	754,813	666,809
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	352,273	335,255
	594,397	577,379
13. Non-controlling Interests	19,055	18,569
14. Total equity	613,452	595,948
15. Non-current liabilities		
15.1 Borrowings	970	1,360
15.2 Deferred tax liabilities	18,015	11,406
15.3 Club establishment fund	11,826	11,801
	30,811	24,567
16. Current liabilities		
16.1 Trade and other payables	108,218	45,135
16.2 Borrowings	856	1,101
16.3 Taxation	1,476	58
	110,550	46,294
17. TOTAL LIABILITIES	141,361	70,861
18. TOTAL EQUITY AND LIABILITIES	754,813	666,809
19. Net assets per share (RM)	2.45	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 Year Ended 31 March 2014

(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. 12 months ended									
31 March 2014									
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	-	-	(4,298)	-	-	55,819	51,521	486	52,007
1.3 Realisation of revaluation reserve	-	-	(802)	-	-	802	-	-	-
1.4 Dividends paid	-	-	-	-	-	(34,503)	(34,503)	-	(34,503)
At 31 March 2014	242,124	1,225	37,377	(130,464)	11,040	433,095	594,397	19,055	613,452
2. 12 months ended									
31 March 2013									
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	-	-	-	-	-	34,475	34,475	455	34,930
2.3 Realisation of revaluation reserve	-	-	(3,165)	-	-	3,165	-	-	-
2.4 Dividends paid	-	-	-	-	-	(14,527)	(14,527)	-	(14,527)
At 31 March 2013	242,124	1,225	42,476	(130,464)	11,040	410,593	576,994	18,569	595,563

(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)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Year Ended 31 March 2014

	12 months ended 31-03-2014 RM'000	12 months ended 31-03-2013 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	74,530	47,031
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	2,171	2,413
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(3,433)	(67)
1.2.3 Loss / (gain) on disposal of investment	-	(1,049)
1.2.4 Fixed assets written off	409	-
1.2.5 Interest expenses	157	168
1.2.6 Interest income	(8,433)	(5,222)
1.2.7 Impairment loss on property, plant and equipment	7,996	-
1.2.8 Provision for doubtful debts	10	-
1.2.9 Loss / (profit) from associate	(6,758)	(2,196)
1.3 Operating profit / (loss) before working capital changes	66,649	41,078
1.4 (Increase)/decrease in inventories and property development expenditure	2,054	23,946
1.5 (Increase)/decrease in receivables	20,764	(20,540)
1.6 Increase/(decrease) in payables	63,083	10,132
1.7 Cash generated from / (absorbed by) operations	152,550	54,616
1.8 Tax paid	(13,663)	(6,515)
1.9 Interest received	-	288
1.10 Net cash inflow / (outflow) from operating activities	138,887	48,389
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(161)	(200)
2.2 Purchase of property, plant and equipment	(2,230)	(1,079)
2.3 Purchase of investment properties	-	(410)
2.4 Purchase of land held for property development	(405)	(1,462)
2.5 Proceeds from disposal of property, plant and equipment	4,743	68
2.6 Interest received	8,433	4,934
2.7 Net cash inflow / (outflow) from investing activities	10,380	1,851
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	25	(3,383)
3.2 Payment of finance lease liabilities	(1,196)	(1,074)
3.3 Interest paid	(157)	(168)
3.4 Dividends paid to shareholders of the Company	(34,503)	(14,527)
3.5 Net cash inflow / (outflow) from financing activities	(35,831)	(19,152)
4 Net increase / (decrease) in cash and cash equivalents	113,436	31,088
5 Cash and cash equivalents at 1 April 2013 / 2012	193,214	162,126
6 Cash and cash equivalents at 31 March 2014 / 2013	306,650	193,214
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	306,650	193,214

(The Condensed Consolidated Statement of Cash Flow 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

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 21 May 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 year ended 31 March 2014 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	8,525	188,430	2	112	4,294	3,567	-	204,930
Inter-segment sales	52,510	1,623	92,010	32,824	20,640	-	(199,607)	-
Total revenue	61,035	190,053	92,012	32,936	24,934	3,567	(199,607)	204,930
RESULTS								
Segment results	48,427	54,246	402	96	2,853	112,746	(159,294)	59,476
Interest income								8,433
Finance costs								(137)
Share of result of associated company								6,758
Profit before tax								74,530
Taxation								(18,225)
Profit for the period								56,305

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 March 2014.

13. Capital commitments

No capital commitment was outstanding as at 31 March 2014.

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 RM3.56million.
- c) Rental expense of premises for approximately RM0.98 million.
- d) Procurement of insurance for approximately RM0.41 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 March 2014 of RM74.53 million, increased by RM27.50 million or 58% as compared to preceding year's profit before taxation of RM47.03 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 RM20.14 million, an increase of RM4.11 million or 26% as compared to preceding year corresponding quarter's profit before taxation of RM16.03 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 RM20.14 million for the current quarter was lower by RM1.49 million compared to RM21.63 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is due to decrease in progress billings in relation to our project in Sungai Choh, Selangor in the current quarter.

3. Prospects for next financial year

The Malaysian economy in year 2014 is projected to grow at 4.5% to 5.5%, mainly driven by the domestic demand.

Residential property is foreseen as the main driver to property market activity in 2014. With the ongoing MRT and LRT extension which is currently under the pipeline, development trend in the city centre is being drawn away to suburban areas which will be accessible via MRT and LRT when completed.

However, subsequent to the announcement of several tightening measures on the property market in Budget 2014, there were some impact on the property market with slow down in the investors' sentiment. This sentiment may be short term as the strong demand in landed properties will finally override the negative sentiment in the long run.

Barring any unforeseen circumstances, the Board of Directors is positive that the Group's performance for the next 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	(2,527)	(8,433)
Gain on disposal of land	(3,362)	(3,362)
Other income	(125)	(1,166)
Interest expense	28	157
Depreciation and amortisation	534	2,171
Impairment of assets	6,504	7,996
Provision for doubtful debts	5	10

6. Tax expense

	Current quarter ended 31 March		Year-to-date ended 31 March	
	2014 <u>RM'000</u>	2013 <u>RM'000</u>	2014 <u>RM'000</u>	2013 <u>RM'000</u>
Current	3,403	2,525	15,946	10,043
Under / (Over) provision in prior year	(10)	2	(85)	(592)
Deferred	2,223	1,982	2,364	2,650
	<u>5,616</u>	<u>4,509</u>	<u>18,225</u>	<u>12,101</u>
Effective tax rate	<u>28%</u>	<u>28%</u>	<u>24%</u>	<u>26%</u>

The effective tax rate of the Group for the year-to-date was 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 21 May 2014.

8. Borrowings

The borrowings as at 31 March 2014 are as follows: -

	Secured
	RM'000
Short Term	856
Long Term	970
	<u>1,826</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 31 March 2014 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	559,434	410,502
- Unrealised	22,797	27,918
	<u>582,231</u>	<u>438,420</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	10,543	3,785
	<u>592,774</u>	<u>442,205</u>
Less: Consolidation adjustments	(159,679)	(31,228)
Total group retained profits as per consolidated accounts	<u>433,095</u>	<u>410,977</u>

10. Dividend

The Board of Directors has declared a second interim single-tier dividend of 7 sen per share (2013: Nil), amounting to a net dividend payable of approximately RM16.95 million (2013: Nil) for the financial year ended 31 March 2014, to be paid on 27 June 2014.

A depositor shall qualify for the entitlement only in respect of shares transferred to the Depositor's Securities Account before 4.00 p.m. on 13 June 2014 in respect of transfers.

Total dividend declared for the financial year ended 31 March 2014 was 7 sen per share less 25% income tax and 7 sen per share single-tier dividend.

11. Earnings per share (Basic and fully diluted)

Earnings per share of the Group is calculated by dividing profit for the year attributable to ordinary equity holders of SHL Consolidated Bhd by the number of ordinary shares in issue during the said financial year.

For and on behalf of the Board
SHL CONSOLIDATED BHD.

Dato' Ir. Yap Chong Lee
Executive Director
28 May 2014