



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

1ST QUARTER ENDED

30 JUNE 2014

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 June 2014

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 June 2014

(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		
	30-06-14	30-06-13	30-06-14	30-06-13	RM'000	%
	RM'000	RM'000	RM'000	RM'000	A - B	
			A	B		
1. Revenue	52,339	58,825	52,339	58,825	(6,486)	-11%
2. Cost of Sales	(33,274)	(43,105)	(33,274)	(43,105)	(9,831)	-23%
3. Gross Profit	19,065	15,720	19,065	15,720	3,345	21%
4. Other Income	2,935	1,739	2,935	1,739	1,196	69%
5. Distribution Costs	(437)	(3,500)	(437)	(3,500)	(3,063)	-88%
6. Administration Expenses	(612)	(1,699)	(612)	(1,699)	(1,087)	-64%
7. Impairment Loss	-	-	-	-	-	-
8. Profit from Operations	20,951	12,260	20,951	12,260	8,691	71%
9. Finance Costs	(21)	(41)	(21)	(41)	(20)	-49%
10. Profit from Associate	2,176	988	2,176	988	1,188	120%
11. Profit before Taxation	23,106	13,207	23,106	13,207	9,899	75%
12. Taxation	(5,774)	(3,156)	(5,774)	(3,156)	2,618	83%
13. Profit for the Period	17,332	10,051	17,332	10,051	7,281	72%
14. Other Comprehensive Income	-	-	-	-	-	-
15. Total Comprehensive Income for the Period	17,332	10,051	17,332	10,051	7,281	72%
Profit Attributable to:						
16. Owners of the Parent	17,191	9,934	17,191	9,934	7,257	73%
17. Non-controlling Interests	141	117	141	117	24	21%
	17,332	10,051	17,332	10,051	7,281	72%
Total Comprehensive Income Attributable to:						
18. Owners of the Parent	17,191	9,934	17,191	9,934	7,257	73%
19. Non-controlling Interests	141	117	141	117	24	21%
	17,332	10,051	17,332	10,051	7,281	72%
Earnings Per Share Attributable to Owners of the Parent:						
20. Basic & Fully Diluted (Sen)	7.10	4.10	7.10	4.10	3.00	73%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2014

	(UNAUDITED)	(AUDITED)
	As At	As At
	30-06-2014	31-03-2014
	RM'000	RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	187,827	188,472
2. Investment in associate	14,024	11,848
3. Investment properties	65,312	65,312
4. Land held for property development	9,171	9,088
5. Investments	7,732	7,732
6. Trust account	1,918	1,902
7. Deferred tax assets	1,825	1,825
8. Prepaid lease payments	716	716
	288,525	286,895
9. Current assets		
9.1 Property development costs	94,022	108,849
9.2 Inventories	12,236	10,756
9.3 Trade and other receivables	45,510	45,342
9.4 Current tax assets	2,461	1,694
9.5 Cash and deposits	290,541	306,665
	444,770	473,306
10. TOTAL ASSETS	733,295	760,201
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	353,039	352,797
	595,163	594,921
13. Non-controlling Interests	19,196	19,055
14. Total equity	614,359	613,976
15. Non-current liabilities		
15.1 Borrowings	797	961
15.2 Deferred tax liabilities	22,819	22,819
15.3 Club establishment fund	11,796	11,826
	35,412	35,606
16. Current liabilities		
16.1 Trade and other payables	79,803	108,281
16.2 Borrowings	780	866
16.3 Taxation	2,941	1,472
	83,524	110,619
17. TOTAL LIABILITIES	118,936	146,225
18. TOTAL EQUITY AND LIABILITIES	733,295	760,201
19. Net assets per share (RM)	2.46	2.46

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2014 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 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. 3 months ended									
30 June 2014									
1.1 At 1 April 2014	242,124	1,225	40,537	(130,464)	11,040	430,459	594,921	19,055	613,976
1.2 Total comprehensive income for the period	-	-	-	-	-	17,191	17,191	141	17,332
1.3 Realisation of revaluation reserve	-	-	-	-	-	-	-	-	-
1.4 Dividends paid	-	-	-	-	-	(16,949)	(16,949)	-	(16,949)
1.5 At 30 June 2014	242,124	1,225	40,537	(130,464)	11,040	430,701	595,163	19,196	614,359
2. 3 months ended									
30 June 2013									
2.1 At 1 April 2013	242,124	1,225	42,477	(130,464)	11,040	410,977	577,379	18,569	595,948
2.2 Total comprehensive income for the period	-	-	-	-	-	9,934	9,934	117	10,051
2.3 Realisation of revaluation reserve	-	-	(802)	-	-	802	-	-	-
2.4 At 30 June 2013	242,124	1,225	41,675	(130,464)	11,040	421,713	587,313	18,686	605,999

(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 2014 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 June 2014

	3 months ended 30-06-2014 RM'000	3 months ended 30-06-2013 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	23,106	13,207
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	740	534
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	-	(30)
1.2.3 Interest expenses	31	49
1.2.4 Interest income	(2,630)	(1,523)
1.2.5 Provision for doubtful debts	(1)	-
1.2.6 Loss / (profit) from associate	(2,176)	(988)
1.3 Operating profit / (loss) before working capital changes	19,070	11,249
1.4 (Increase)/decrease in inventories and property development expenditure	13,347	47,956
1.5 (Increase)/decrease in receivables	(170)	(7,850)
1.6 Increase/(decrease) in payables	(28,478)	11,790
1.7 Cash generated from / (absorbed by) operations	3,769	63,145
1.8 Tax paid	(5,069)	(1,798)
1.9 Net cash inflow / (outflow) from operating activities	(1,300)	61,347
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(16)	-
2.2 Purchase of property, plant and equipment	(95)	(325)
2.3 Purchase of land held for property development	(83)	(79)
2.4 Proceeds from disposal of property, plant and equipment	-	30
2.5 Interest received	2,630	1,523
2.6 Net cash inflow / (outflow) from investing activities	2,436	1,149
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(30)	4
3.2 Payment of finance lease liabilities	(250)	(312)
3.3 Interest paid	(31)	(49)
3.4 Dividends paid to shareholders of the Company	(16,949)	-
3.5 Net cash inflow / (outflow) from financing activities	(17,260)	(357)
4 Net increase / (decrease) in cash and cash equivalents	(16,124)	62,139
5 Cash and cash equivalents at 1 April 2014 / 2013	306,665	193,214
6 Cash and cash equivalents at 30 June 2014 / 2013	290,541	255,353
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	290,541	255,353

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2014 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 2014.

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 2014, 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
Amendments to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 136 : Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127 : Investment Entities	1 January 2014
Amendments to FRS 119 : Defined Benefit Plans : Employee Contributions	1 July 2014
Amendments to FRS 11 : Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IC Interpretation 21 : Levies	1 January 2014
Annual Improvements to FRS 2010 – 2012 Cycle	1 July 2014
Annual Improvements to FRS 2011 – 2013 Cycle	1 July 2014

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 2014 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 2015, a second interim single-tier dividend of 7 sen per share, amounting to a net dividend payable of approximately RM16.95 million in respect of the financial year ended 31 March 2014, was paid on 27 June 2014.

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 August 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 30 June 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	2,189	48,408	34	24	472	1,212	-	52,339
Inter-segment sales	8,304	-	28,110	16,065	1,915	-	(54,394)	-
Total revenue	10,493	48,408	28,144	16,089	2,387	1,212	(54,394)	52,339
RESULTS								
Segment results	341	15,758	9	10	991	1,212	-	18,321
Interest income								2,630
Finance costs								(21)
Profit from associates								2,176
Profit before tax								23,106
Taxation								(5,774)
Profit for the period								17,332

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 2014.

13. Capital commitments

No capital commitment was outstanding as at 30 June 2014.

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 RM0.79million.
- Rental expense of premises for approximately RM0.25 million.
- Procurement of insurance for approximately RM0.08 million.
- Sales of building materials for approximately RM0.42 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 2014 of RM23.11 million, increased by RM9.90 million or 75% as compared to preceding year's profit before taxation of RM13.21 million. The sharp increase of the Group's profit is mainly due to the good response for the Group's industrial park project in Sungai Choh, 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 industrial park project in Sungai Choh, 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 RM23.11 million for the current quarter was higher by RM2.97 million compared to RM20.14 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.

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	(2,630)	(2,630)
Other income	(305)	(305)
Interest expense	31	31
Depreciation and amortisation	740	740
Provision for doubtful debts	(1)	(1)

6. Tax expense

	Current quarter ended 30 June		Year-to-date ended 30 June	
	2014 <u>RM'000</u>	2013 <u>RM'000</u>	2014 <u>RM'000</u>	2013 <u>RM'000</u>
Current	5,774	3,024	5,774	3,024
Under / (Over) provision in prior year	-	-	-	-
Deferred	-	132	-	132
	<u>5,774</u>	<u>3,156</u>	<u>5,774</u>	<u>3,156</u>
Effective tax rate	<u>25%</u>	<u>24%</u>	<u>25%</u>	<u>24%</u>

The effective tax rate of the Group for the year-to-date was approximately equal to the statutory rate.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 21 August 2014.

8. Borrowings

The borrowings as at 30 June 2014 are as follows: -

	Secured <u>RM'000</u>
Short Term	780
Long Term	797
	<u>1,577</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 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	437,360	445,048
- Unrealised	150,666	145,243
	<u>588,026</u>	<u>590,291</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	12,719	10,543
	<u>600,745</u>	<u>600,834</u>
Less: Consolidation adjustments	(170,044)	(170,375)
Total group retained profits as per consolidated accounts	<u>430,701</u>	<u>430,459</u>

10. Dividend

No dividend was declared for the current quarter ended 30 June 2014.

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
27 August 2014