



# **SHL CONSOLIDATED BHD**

Company No.: 293565-W

**(Incorporated in Malaysia)**

## **INTERIM FINANCIAL REPORT**

**FOR**

**3RD QUARTER ENDED**

**31 DECEMBER 2014**

# **SHL CONSOLIDATED BHD.**

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

## **Interim Financial Report – 31 December 2014**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Period Ended 31 December 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		
	31-12-14	31-12-13	31-12-14	31-12-13		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	60,813	52,479	169,320	167,163	2,157	1%
2. Cost of Sales	(29,196)	(28,978)	(98,707)	(108,202)	(9,495)	-9%
3. <b>Gross Profit</b>	<b>31,617</b>	<b>23,501</b>	<b>70,613</b>	<b>58,961</b>	<b>11,652</b>	<b>20%</b>
4. Other Income	2,445	2,989	8,085	6,947	1,138	16%
5. Distribution Costs	(3,614)	(3,828)	(5,608)	(9,810)	(4,202)	-43%
6. Administration Expenses	(3,681)	(1,411)	(2,655)	(4,915)	(2,260)	-46%
7. Impairment loss	-	(1,492)	-	(1,492)	(1,492)	-100%
8. <b>Profit from Operations</b>	<b>26,767</b>	<b>19,759</b>	<b>70,435</b>	<b>49,691</b>	<b>20,744</b>	<b>42%</b>
9. Finance Costs	(17)	(32)	(54)	(112)	(58)	-52%
10. Profit from Associate	1,451	1,904	7,566	4,815	2,751	57%
11. <b>Profit before Taxation</b>	<b>28,201</b>	<b>21,631</b>	<b>77,947</b>	<b>54,394</b>	<b>23,553</b>	<b>43%</b>
12. Taxation	(5,002)	(4,581)	(17,231)	(12,609)	4,622	37%
13. <b>Profit for the Period</b>	<b>23,199</b>	<b>17,050</b>	<b>60,716</b>	<b>41,785</b>	<b>18,931</b>	<b>45%</b>
14. <b>Other Comprehensive Income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
15. <b>Total Comprehensive Income for the Period</b>	<b>23,199</b>	<b>17,050</b>	<b>60,716</b>	<b>41,785</b>	<b>18,931</b>	<b>45%</b>
<b>Profit Attributable to:</b>						
16. Owners of the Parent	23,073	16,971	60,324	41,465	18,859	45%
17. Non-controlling Interests	126	79	392	320	72	23%
	<b>23,199</b>	<b>17,050</b>	<b>60,716</b>	<b>41,785</b>	<b>18,931</b>	<b>45%</b>
<b>Total Comprehensive Income Attributable to:</b>						
18. Owners of the Parent	23,073	16,971	60,324	41,465	18,859	45%
19. Non-controlling Interests	126	79	392	320	72	23%
	<b>23,199</b>	<b>17,050</b>	<b>60,716</b>	<b>41,785</b>	<b>18,931</b>	<b>45%</b>
<b>Earnings Per Share Attributable to Owners of the Parent:</b>						
20. Basic & Fully Diluted (Sen)	9.53	7.01	24.91	17.13	7.79	45%

(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 31 December 2014**

	<b>(UNAUDITED)</b> <b>As At</b> <b>31-12-2014</b> <b>RM'000</b>	<b>(AUDITED)</b> <b>As At</b> <b>31-03-2014</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	182,982	188,472
2. Investment in associate	19,414	11,848
3. Investment properties	65,312	65,312
4. Land held for property development	3,889	9,088
5. Investments	7,732	7,732
6. Trust account	2,059	1,902
7. Deferred tax assets	1,816	1,825
8. Prepaid lease payments	716	716
	<b>283,920</b>	<b>286,895</b>
<b>9. Current assets</b>		
9.1 Property development costs	121,813	108,849
9.2 Inventories	11,725	10,756
9.3 Trade and other receivables	70,371	45,342
9.4 Current tax assets	3,586	1,694
9.5 Cash and deposits	232,314	306,665
	<b>439,809</b>	<b>473,306</b>
<b>10. TOTAL ASSETS</b>	<b>723,729</b>	<b>760,201</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
11. Share capital	242,124	242,124
12. Reserves	367,117	352,797
	609,241	594,921
13. Non-controlling Interests	19,447	19,055
<b>14. Total equity</b>	<b>628,688</b>	<b>613,976</b>
<b>15. Non-current liabilities</b>		
15.1 Borrowings	558	961
15.2 Deferred tax liabilities	27,204	22,819
15.3 Club establishment fund	11,855	11,826
	<b>39,617</b>	<b>35,606</b>
<b>16. Current liabilities</b>		
16.1 Trade and other payables	51,490	108,281
16.2 Borrowings	652	866
16.3 Taxation	3,282	1,472
	<b>55,424</b>	<b>110,619</b>
<b>17. TOTAL LIABILITIES</b>	<b>95,041</b>	<b>146,225</b>
<b>18. TOTAL EQUITY AND LIABILITIES</b>	<b>723,729</b>	<b>760,201</b>
<b>19. Net assets per share (RM)</b>	<b>2.52</b>	<b>2.46</b>

*(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)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**Financial Period Ended 31 December 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
<b>1. 9 months ended</b>									
<b>31 December 2014</b>									
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	-	-	-	-	-	60,324	60,324	392	60,716
1.3 Dividends paid	-	-	-	-	-	(46,004)	(46,004)	-	(46,004)
<b>1.4 At 31 December 2014</b>	<b>242,124</b>	<b>1,225</b>	<b>40,537</b>	<b>(130,464)</b>	<b>11,040</b>	<b>444,779</b>	<b>609,241</b>	<b>19,447</b>	<b>628,688</b>
<b>2. 9 months ended</b>									
<b>31 December 2013</b>									
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	-	-	-	-	-	41,465	41,465	320	41,785
2.3 Realisation of revaluation reserve	-	-	(799)	-	-	799	-	-	-
2.4 Dividends paid	-	-	-	-	-	(34,503)	(34,503)	-	(34,503)
<b>2.5 At 31 December 2013</b>	<b>242,124</b>	<b>1,225</b>	<b>41,678</b>	<b>(130,464)</b>	<b>11,040</b>	<b>418,738</b>	<b>584,341</b>	<b>18,889</b>	<b>603,230</b>

*(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 31 December 2014**

	<b>9 months ended 31-12-2014 RM'000</b>	<b>9 months ended 31-12-2013 RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	77,947	54,394
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	6,149	1,637
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	-	(3,392)
1.2.3 Interest expenses	65	129
1.2.4 Interest income	(7,310)	(5,906)
1.2.5 Provision for doubtful debts	3	5
1.2.6 Impairment loss on property, plant and equipment	-	1,492
1.2.7 Loss / (profit) from associate	(7,566)	(4,815)
1.3 Operating profit / (loss) before working capital changes	69,288	43,544
1.4 (Increase)/decrease in inventories and property development expenditure	(8,716)	72,633
1.5 (Increase)/decrease in receivables	(25,037)	12,459
1.6 Increase/(decrease) in payables	(56,791)	15,354
1.7 Cash generated from / (absorbed by) operations	(21,256)	143,990
1.8 Tax paid	(12,914)	(6,442)
<b>1.9 Net cash inflow / (outflow) from operating activities</b>	<b>(34,170)</b>	<b>137,548</b>
<b>2 Cash flows from investing activities</b>		
2.1 Receipt/(Deposit) from/(to) trust account	(157)	(161)
2.2 Purchase of property, plant and equipment	(584)	(2,016)
2.3 Purchase of land held for property development	(18)	(401)
2.4 Proceeds from disposal of property, plant and equipment	1	497
2.5 Interest received	7,310	5,906
<b>2.6 Net cash inflow / (outflow) from investing activities</b>	<b>6,552</b>	<b>3,825</b>
<b>3 Cash flows from financing activities</b>		
3.1 Receipt / (Refund) of members' deposit	29	3
3.2 Payment of finance lease liabilities	(693)	(923)
3.3 Interest paid	(65)	(129)
3.4 Dividends paid to shareholders of the Company	(46,004)	(34,503)
<b>3.5 Net cash inflow / (outflow) from financing activities</b>	<b>(46,733)</b>	<b>(35,552)</b>
4 Net increase / (decrease) in cash and cash equivalents	(74,351)	105,821
<b>5 Cash and cash equivalents at 1 April 2014 / 2013</b>	<b>306,665</b>	<b>193,214</b>
<b>6 Cash and cash equivalents at 31 December 2014 / 2013</b>	<b>232,314</b>	<b>299,035</b>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	232,314	299,035

(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.

	<b>Effective for financial periods beginning on or after</b>
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.

On 2 September 2014, MASB announced that transitioning entities shall be required to apply the Malaysian Financial Reporting Standards Framework for annual periods beginning on or after 1 January 2017. MASB has also issued the following:

- MFRS 15 *Revenue from Contracts with Customers*.
- *Agriculture: Bearer Plants* (Amendments to MFRS 116 and MFRS 141).

MFRS 15 is effective for annual periods beginning on or after 1 January 2017 while the Bearer Plants amendment is effective for annual periods beginning on or after 1 January 2016.

The Group and the Company will be adopting the MFRS 15 *Revenue from Contracts with Customers* from the financial year ending 31 March 2018. 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:-

- (i) 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.
- (ii) a final single-tier dividend of 5 sen per share, amounting to a net dividend payable of approximately RM12.11 million in respect of the financial year ended 31 March 2014, was paid on 30 September 2014.
- (iii) an 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 ending 31 March 2015, was paid on 30 December 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 18 February 2015, 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 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
<b>REVENUE</b>								
External sales	6,626	158,795	36	58	837	2,968	-	169,320
Inter-segment sales	30,904	-	105,403	49,951	21,744	-	(208,002)	-
<b>Total revenue</b>	<b>37,530</b>	<b>158,795</b>	<b>105,439</b>	<b>50,009</b>	<b>22,581</b>	<b>2,968</b>	<b>(208,002)</b>	<b>169,320</b>
<b>RESULTS</b>								
Segment results	18,621	52,218	(506)	46	6,784	2,962	(17,000)	63,125
Interest income								7,310
Finance costs								(54)
Profit from associate								7,566
Profit before tax								77,947
Taxation								(17,231)
<b>Profit for the period</b>								<b>60,716</b>

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 2014.

**13. Capital commitments**

No capital commitment was outstanding as at 31 December 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 RM0.09 million.
- b) Sales of building materials for approximately RM0.64 million.
- c) Procurement of engineering consultancy services for approximately RM2.71 million.
- d) Rental expense of premises for approximately RM0.73 million.
- e) Procurement of insurance for approximately RM0.28 million.

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

**1. Review of performance**

**1.1 Current Year-To-date vs Preceding Year-To-date**

The Group recorded a profit before taxation for the period ended 31 December 2014 of RM77.95 million, increased by RM23.56 million or 43% as compared to preceding year's profit before taxation of RM54.39 million. The increase of the Group's profit is mainly due to profit generated from the newly launched housing project development in Goodview Heights, Bandar Sungai Long South, and Rawang Corporate Industrial Park, Sungai Choh, both situated in Selangor and decrease in distribution cost and administration expenses.

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 pre-tax profit was mainly due to:
  - (a) sales of higher margin properties in Rawang Corporate Industrial Park, Sungai Choh, and a newly launched housing project development in Goodview Heights, Bandar Sungai Long South, both situated in Selangor.
  - (b) sharing of higher profits from our associate
- (ii) Manufacturing - The increase of the pre-tax profit was mainly due to increase in sales of brick products.
- (iii) There are no significant variations for other business segments.

**1.2 Current Quarter vs Preceding Year Corresponding Quarter**

The Group recorded a profit before taxation for the period ended 31 December 2014 of RM28.20 million, increased by RM6.57 million or 30% as compared to preceding year's profit before taxation of RM21.63 million. The increase of the Group's profit is mainly due to the introduction of new phases of a newly launched housing project development in Goodview Heights, Bandar Sungai Long South, 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 pre-tax profit was mainly due to:
  - (a) the introduction of new few phases of a newly launched housing project development in Goodview Heights, Bandar Sungai Long South.
  - (b) sharing of lower profits from our associate
- (ii) There are no significant variations for other business segments.

**2. Variation of results against preceding quarter**

The Group's profit before taxation of RM28.20 million for the current quarter was marginally lower by RM1.56 million compared to RM26.64 million achieved in the immediate preceding quarter. The lower of profit was due to the sharing of lower profit from associate in this current quarter as compared to preceding 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 introduction of new phases of the newly launched housing project development in Goodview Heights, Bandar Sungai Long South, Selangor 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:

	<b>Current year quarter <u>RM'000</u></b>	<b>Current year-to- date <u>RM'000</u></b>
Interest income	(2,157)	(7,310)
Other income	(287)	(774)
Interest expense	18	65
Depreciation and amortisation	2,655	6,149
Provision for doubtful debts	4	3

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. The Court of Appeal on 26 June 2013 has ruled in favour of the subsidiary. On 13 June 2014, the subsidiary has recovered the excess payment of quit rent and the interest thereon from the State Government and the said recovery of the excess payment of quit rent and interest is recognised under the administration expenses.

**6. Tax expense**

	Current quarter ended 31 December		Year-to-date ended 31 December	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Current	2,656	4,629	12,838	12,543
Under / (Over) provision in prior year	(1)	(75)	(1)	(75)
Deferred	2,347	27	4,394	141
	<b>5,002</b>	<b>4,581</b>	<b>17,231</b>	<b>12,609</b>
Effective tax rate	<b>18%</b>	<b>21%</b>	<b>22%</b>	<b>23%</b>

The effective tax rate of the Group for the year-to-date was lower than the statutory rate as certain income was not taxable.

**7. Status of corporate proposals announced**

There were no corporate proposals announced but not completed as at 18 February 2015.

**8. Borrowings**

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

	<b>Secured</b>
	<b>RM'000</b>
Short Term	652
Long Term	558
	<b>1,210</b>

The above borrowings are denominated in Ringgit Malaysia.

**9. Realised and Unrealised Profits/Losses**

The realised and unrealised profits/losses as at 31 December 2014 are as follows: -

	<b>Current financial year</b>	<b>As at the end of last financial year</b>
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	433,222	445,048
- Unrealised	161,075	145,243
	<u>594,297</u>	<u>590,291</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	18,109	10,543
	<u>612,406</u>	<u>600,834</u>
Less: Consolidation adjustments	(167,627)	(170,375)
<b>Total group retained profits as per consolidated accounts</b>	<b><u>444,779</u></b>	<b><u>430,459</u></b>

**10. Dividend**

No dividend has been proposed or recommended for the third quarter ended 31 December 2014.

Total dividend declared during the financial year ending 31 March 2015 was 7 sen (2014: 7 sen less 25% 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.**

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**Dato' Ir. Yap Chong Lee**  
**Executive Director**  
26 February 2014