



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

2ND QUARTER ENDED

30 SEPTEMBER 2012

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 September 2012

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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 2012

(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		
	30-09-12	30-09-11	30-09-12	30-09-11		
	RM'000	RM'000	RM'000 A	RM'000 B	RM'000 A - B	%
1. Revenue	44,302	30,752	84,661	55,367	29,294	53%
2. Cost of Sales	(34,801)	(23,587)	(66,831)	(42,776)	24,055	56%
3. Gross Profit	9,501	7,165	17,830	12,591	5,239	42%
4. Other Income	2,742	1,926	4,105	3,541	564	16%
5. Distribution Costs	(385)	(335)	(733)	(705)	28	4%
6. Administration Expenses	(1,460)	(1,899)	(3,271)	(2,905)	366	13%
7. Profit from Operations	10,398	6,857	17,931	12,522	5,409	43%
8. Finance Costs	(34)	(35)	(76)	(74)	2	3%
9. Profit/(Loss) from Associate	903	(19)	1,907	(28)	1,935	6911%
10. Profit before Taxation	11,267	6,803	19,762	12,420	7,342	59%
11. Taxation	(2,559)	(1,945)	(4,554)	(3,653)	901	25%
12. Profit for the Period	8,708	4,858	15,208	8,767	6,441	73%
13. Other Comprehensive Income	-	3,864	-	3,864	(3,864)	-100%
14. Total Comprehensive Income for the Period	8,708	8,722	15,208	12,631	2,577	20%
Profit Attributable to:						
15. Owners of the Parent	8,587	4,732	14,988	8,542	6,446	75%
16. Non-controlling Interests	121	126	220	225	(5)	-2%
	8,708	4,858	15,208	8,767	6,441	73%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	8,587	8,596	14,988	12,406	2,582	21%
18. Non-controlling Interests	121	126	220	225	(5)	-2%
	8,708	8,722	15,208	12,631	2,577	20%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	3.55	1.95	6.19	3.53	2.66	75%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 September 2012

	(UNAUDITED) As At 30-09-2012 RM'000	(AUDITED) As At 31-03-2012 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	218,725	219,420
2. Investment in associate	4,801	2,894
3. Investment properties	67,112	66,702
4. Land held for property development	6,244	5,895
5. Investments	7,732	7,732
6. Trust account	1,549	1,433
7. Deferred tax assets	4,143	4,155
8. Prepaid lease payments	994	993
	311,300	309,224
9. Current assets		
9.1 Property development costs	85,030	109,905
9.2 Inventories	8,140	8,558
9.3 Trade and other receivables	37,849	32,349
9.4 Current tax assets	5,466	5,582
9.5 Cash and deposits	181,295	162,126
	317,780	318,520
10. TOTAL ASSETS	629,080	627,744
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	315,383	314,922
	557,507	557,046
13. Non-controlling Interests	18,334	18,114
14. Total equity	575,841	575,160
15. Non-current liabilities		
15.1 Borrowings	1,033	1,267
15.2 Deferred tax liabilities	10,896	10,832
15.3 Club establishment fund	12,911	16,233
	24,840	28,332
16. Current liabilities		
16.1 Trade and other payables	27,332	23,113
16.2 Borrowings	890	980
16.3 Taxation	177	159
	28,399	24,252
17. TOTAL LIABILITIES	53,239	52,584
18. TOTAL EQUITY AND LIABILITIES	629,080	627,744
19. Net assets per share (RM)	2.30	2.30

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2012 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 2012

(The figures have not been audited)

	Non-distributable					Distributable	Total	Non-controlling	Total
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits		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. 6 months ended 30 September 2012									
1.1 At 1 April 2012	242,124	1,225	45,641	(130,464)	11,040	387,480	557,046	18,114	575,160
1.2 Total comprehensive income for the period	-	-	-	-	-	14,988	14,988	220	15,208
1.3 Realisation of revaluation reserve	-	-	(2,367)	-	-	2,367	-	-	-
1.4 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
2. 6 months ended 30 September 2011									
2.1 At 1 April 2011	242,124	1,225	50,745	(130,464)	11,040	373,402	548,072	17,654	565,726
2.2 Total comprehensive income for the period	-	-	(3,864)	-	-	12,406	8,542	225	8,767
2.3 Dividends	-	-	-	-	-	(12,711)	(12,711)	-	(12,711)
At 30 September 2011	242,124	1,225	46,881	(130,464)	11,040	373,097	543,903	17,879	561,782

(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 2012 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 September 2012

	6 months ended 30-09-2012 RM'000	6 months ended 30-09-2011 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	19,762	12,420
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,066	827
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(5)	(77)
1.2.3 Loss / (gain) on disposal of investment	(1,049)	-
1.2.4 Fixed assets written off	-	1
1.2.5 Interest expenses	88	83
1.2.6 Interest income	(2,687)	(2,853)
1.2.7 Loss / (profit) from associate	(1,907)	28
1.3 Operating profit / (loss) before working capital changes	15,268	10,429
1.4 (Increase)/decrease in inventories and property development expenditure	25,293	15,021
1.5 (Increase)/decrease in receivables	(5,489)	15,332
1.6 Increase/(decrease) in payables	4,219	(17,871)
1.7 Cash generated from / (absorbed by) operations	39,291	22,911
1.8 Tax paid	(4,354)	(4,423)
1.9 Interest received	194	33
1.10 Interest paid	-	-
1.11 Net cash inflow / (outflow) from operating activities	35,131	18,521
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(116)	(121)
2.2 Purchase of property, plant and equipment	(132)	(133)
2.3 Purchase of investment properties	(410)	-
2.4 Purchase of land held for property development	(349)	(5)
2.5 Proceeds from disposal of property, plant and equipment	5	77
2.6 Interest received	2,493	2,820
2.7 Net cash inflow / (outflow) from investing activities	1,491	2,638
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(2,273)	(44)
3.2 Payment of finance lease liabilities	(565)	(495)
3.3 Interest received	-	-
3.4 Interest paid	(88)	(83)
3.5 Dividends paid to shareholders of the Company	(14,527)	(12,711)
3.6 Net cash inflow / (outflow) from financing activities	(17,453)	(13,333)
4 Net increase / (decrease) in cash and cash equivalents	19,169	7,826
5 Cash and cash equivalents at 1 April 2012 / 2011	162,126	174,779
6 Cash and cash equivalents at 30 September 2012 / 2011	181,295	182,605
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	181,295	182,605

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2012 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 2012.

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 2012, 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 124 : Related Party Disclosure (Revised)	1 January 2012
Amendments to FRS 7 : Disclosure – Transfers of Financial Assets	1 January 2012
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets	1 January 2012

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. As a result, the adoption of the MFRSs by transitioning entities is mandatory for financial periods beginning on or after 1 January 2014.

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 2014. 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 2012 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 18th Annual General Meeting held on 6 September 2012 the declaration of a First and Final Dividend of 8% less 25% tax for the financial year ended 31 March 2012 (Financial year ended 31 March 2011 : 7% 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 2012 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 RM14,527,424 was paid on 28 September 2012.

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 20 November 2012, 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 September 2012 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	2,878	76,081	-	4,243	63	1,396	-	84,661
Inter-segment sales	3,992	3,074	28,577	13,589	2,857	-	(52,089)	-
Total revenue	6,870	79,155	28,577	17,832	2,920	1,396	(52,089)	84,661
RESULTS								
Segment results	(61)	13,975	(304)	25	215	1,307	87	15,244
Interest income								2,687
Finance costs								(76)
Share of result of associated company								1,907
Profit before tax								19,762
Taxation								(4,554)
Profit for the period								15,208

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 2012.

13. Capital commitments

No capital commitment was outstanding as at 30 September 2012.

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 RM0.06 million.
- Procurement of engineering consultancy services for approximately RM1.80 million.
- Rental expense of premises for approximately RM0.49 million.
- Procurement of insurance for approximately RM0.10 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 September 2012 of RM19.76 million increased by RM7.34 million or 59% as compared to preceding year's profit before taxation of RM12.42 million. The increase of the Group's profit is mainly due to the launching of two new phases of the Group's housing projects in Bandar Sungai Long.

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 sharp increase of the profit before taxation was mainly due to the launching of two new phases of the Group's housing projects in Bandar Sungai Long.
- (ii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM11.27 million for the current quarter increased by 33% compared to RM8.50 million achieved in the immediate preceding quarter due to the launching of two new phases of the Group housing development projects in Bandar Sungai Long.

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 RM'000	Current year-to- date RM'000
Interest income	(1,522)	(2,687)
Other income	(1,220)	(1,418)
Interest expense	46	88
Depreciation and amortisation	653	1,066
Provision for doubtful debts	N/A	N/A
Bad debts written offs	N/A	N/A
Inventories written off	N/A	N/A
(Gain) / Loss on disposal of unquoted / quoted investment	(1,049)	(1,049)
(Gain) / Loss on disposal of properties	N/A	N/A
Impairment of assets	N/A	N/A
(Gain) / Loss on translation of foreign exchange	N/A	N/A
(Gain) / Loss on derivatives	N/A	N/A
Exceptional items	N/A	N/A

6. Tax expense

	Current quarter ended 30 September		Year-to-date ended 30 September	
	2012 RM'000	2011 RM'000	2012 RM'000	2011 RM'000
Current	2,486	3,144	4,476	4,806
Under / (Over) provision in prior year	-	1	1	1
Deferred	73	(1,200)	77	(1,154)
	2,559	1,945	4,554	3,653
Effective tax rate	23%	29%	23%	29%

The effective tax rate of the Group for the current quarter and year-to-date were slightly lower than the statutory rate. As for the preceding year corresponding quarter and year-to-date, the effective tax rate was higher due to certain expenses which are not deductible for tax purposes.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 20 November 2012.

8. Borrowings

The borrowings as at 30 September 2012 are as follows: -

	Secured
	RM'000
Short Term	890
Long Term	1,033
	1,923

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 30 September 2012 are as follows: -

	Current financial period	As at the end of last financial year
	RM'000	RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	388,665	388,301
- Unrealised	25,272	25,468
	413,937	413,769
Total share of accumulated profits / (losses) from associate company:		
- Realised	3,496	1,589
	417,433	415,358
Less: Consolidation adjustments	(27,125)	(27,878)
Total group retained profits as per consolidated accounts	390,308	387,480

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 Authority) 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 Authority the following:-
 - declaring the invalidity of quit rent totalling RM583,680/- per year which the State Authority has imposed retrospectively to 1 January 1994; and

- recovering the sum of RM190,024/- per year from 1 January 1994 to 31 December 2007 on the grounds that the quit rent payable should be RM69,141/- per year only.

On 10 February 2011, the case was decided in favour of SHL-M Sdn. Bhd. and the High Court declared that quit rent payable was as follows:-

Year	Amount per annum RM'000	Total amount RM'000
1994 - 2004	69	761
2005 - 2007	76	227
2008 - 2010	76	228
		1,216

The High Court further ordered the State Authority to refund to SHL-M Sdn. Bhd. the excess sum of RM3,190,148/- with interest at the rate of 8.00% per annum.

However, the State Authority has since filed an appeal on 14 March 2011 against the decision vide Court of Appeal CA No. B-01-196-2011. SHL-M Sdn Bhd's application to strike out the appeal by State Authority was refused by the Court of Appeal. The appeal is still pending hearing and the State Authority has filed the record of appeal on 4 April 2012.

2. Damai Service Hospital (HQ) Sdn. Bhd. ("Damai Service Hospital (HQ)"), DSH Management Sdn. Bhd. ("DSH Management") and its director, Dr Guna Sittampalam ("Dr. Guna") (collectively referred as "the Plaintiffs") have filed a legal suit under the Civil Suite No: 22NCVC-1098-11-2011 against SHL Realty Sdn. Bhd. and its director Dato' Ir Yap Chong Lee ("Dato' Yap") (collectively referred as "the Defendants") via the Plaintiffs' Statement of Claim ("SOC") dated 8 November 2011 and Amended SOC dated 30 January 2012.

The legal suit is in relation to the construction and establishment of a private hospital on a piece of freehold land held under Lot 21147, Mukim of Cheras, District of Hulu Langat, Selangor owned by SHL Realty ("the said private hospital").

The Plaintiffs alleged in their SOC and Amended SOC that the Defendants have made their representations fraudulently on the leasing and/or sale of the said private hospital to the Plaintiffs and that the Plaintiffs have spend a substantial amount of time, cost and effort in the said private hospital project.

The Defendants have filed the Defence and Counter-Claim ("DCC") dated 6 January 2012 and Amended DCC dated 28 February 2012, and vehemently denied the representations in the SOC and the Amended SOC and deny knowledge of the loss and/or damage as pleaded by the Plaintiffs.

On 7 September 2012, the Plaintiffs and Defendants have reached an amicable resolution and agreed to withdraw the Claim by the Plaintiffs and Counter Claim by the Defendants.

11. Dividend

No dividend is declared as at the date of this announcement other than as stated in Note 7 to the interim financial report on dividend paid.

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' Yap Teiong Choon
Executive Director
27 November 2012