



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

1st QUARTER ENDED

30 JUNE 2015

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 June 2015

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 June 2015

(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		
	30-06-15	30-06-14	30-06-15	30-06-14		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	62,166	52,339	62,166	52,339	9,827	19%
2. Cost of Sales	(41,002)	(33,274)	(41,002)	(33,274)	7,728	23%
3. Gross Profit	21,164	19,065	21,164	19,065	2,099	11%
4. Other Income	3,976	2,935	3,976	2,935	1,041	35%
5. Distribution Costs	(910)	(437)	(910)	(437)	473	108%
6. Administration Expenses	(1,571)	(612)	(1,571)	(612)	959	157%
7. Profit from Operations	22,659	20,951	22,659	20,951	1,708	8%
8. Finance Costs	(13)	(21)	(13)	(21)	(8)	-38%
9. Profit from Associate	285	2,176	285	2,176	(1,891)	-87%
10. Profit before Taxation	22,931	23,106	22,931	23,106	(175)	-1%
11. Taxation	(4,072)	(5,774)	(4,072)	(5,774)	(1,702)	-29%
12. Profit for the Period	18,859	17,332	18,859	17,332	1,527	9%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	18,859	17,332	18,859	17,332	1,527	9%
Profit Attributable to:						
15. Owners of the Parent	18,703	17,191	18,703	17,191	1,512	9%
16. Non-controlling Interests	156	141	156	141	15	11%
	18,859	17,332	18,859	17,332	1,527	9%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	18,703	17,191	18,703	17,191	1,512	9%
18. Non-controlling Interests	156	141	156	141	15	11%
	18,859	17,332	18,859	17,332	1,527	9%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	7.72	7.10	7.72	7.10	0.62	9%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	(UNAUDITED)	(AUDITED)
	As At	As At
	30-06-2015	31-03-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	219,706	221,761
2. Investment in associate	25,083	24,798
3. Investment properties	69,880	70,400
4. Land held for property development	3,948	3,909
5. Investments	7,725	7,725
6. Trust account	2,153	2,134
7. Deferred tax assets	4,162	6,332
8. Prepaid lease payments	706	706
	333,363	337,765
9. Current assets		
9.1 Prepaid lease payments	10	10
9.2 Property development costs	185,686	213,206
9.3 Inventories	15,631	13,003
9.4 Trade and other receivables	43,547	122,846
9.5 Current tax assets	2,196	2,309
9.6 Cash and deposits	266,230	215,590
	513,300	566,964
10. TOTAL ASSETS	846,663	904,729
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	446,851	452,282
	688,975	694,406
13. Non-controlling Interests	19,951	19,795
14. Total equity	708,926	714,201
15. Non-current liabilities		
15.1 Borrowings	589	655
15.2 Deferred tax liabilities	25,238	24,177
15.3 Club establishment fund	11,828	11,819
	37,655	36,651
16. Current liabilities		
16.1 Trade and other payables	96,234	145,950
16.2 Borrowings	501	624
16.3 Taxation	3,347	7,303
	100,082	153,877
17. TOTAL LIABILITIES	137,737	190,528
18. TOTAL EQUITY AND LIABILITIES	846,663	904,729
19. Net assets per share (RM)	2.85	2.87

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2015 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 June 2015

(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 2015									
1.1 At 1 April 2015	242,124	1,225	97,235	(130,464)	11,040	473,246	694,406	19,795	714,201
1.2 Total comprehensive income for the period	-	-	-	-	-	18,703	18,703	156	18,859
1.3 Realisation of revaluation reserve	-	-	(223)	-	-	301	78	-	78
1.4 Dividends paid	-	-	-	-	-	(24,212)	(24,212)	-	(24,212)
1.5 At 30 June 2015	242,124	1,225	97,012	(130,464)	11,040	468,038	688,975	19,951	708,926
2. 3 months ended									
30 June 2014									
2.1 At 1 April 2014	242,124	1,225	40,537	(130,464)	11,040	430,459	594,921	19,055	613,976
2.2 Total comprehensive income for the period	-	-	-	-	-	17,191	17,191	141	17,332
2.3 Realisation of revaluation reserve	-	-	-	-	-	-	-	-	-
2.4 Dividends paid	-	-	-	-	-	(16,949)	(16,949)	-	(16,949)
2.5 At 30 June 2014	242,124	1,225	40,537	(130,464)	11,040	430,701	595,163	19,196	614,359

(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 2015 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 June 2015

	3 months ended 30-06-2015 RM'000	3 months ended 30-06-2014 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	22,931	23,106
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	2,385	740
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(70)	-
1.2.3 Interest expenses	13	31
1.2.4 Interest income	(3,605)	(2,630)
1.2.5 Provision for doubtful debts	(1)	(1)
1.2.6 Loss / (profit) from associate	(285)	(2,176)
1.3 Operating profit / (loss) before working capital changes	<u>21,368</u>	<u>19,070</u>
1.4 (Increase)/decrease in inventories and property development expenditure	24,892	13,347
1.5 (Increase)/decrease in receivables	79,303	(170)
1.6 Increase/(decrease) in payables	<u>(49,716)</u>	<u>(28,478)</u>
1.7 Cash generated from / (absorbed by) operations	75,847	3,769
1.8 Tax paid	<u>(4,609)</u>	<u>(5,069)</u>
1.9 Net cash inflow / (outflow) from operating activities	<u>71,238</u>	<u>(1,300)</u>
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(19)	(16)
2.2 Purchase of property, plant and equipment	(329)	(95)
2.3 Purchase of land held for property development	(39)	(83)
2.4 Proceeds from disposal of property, plant and equipment	9	-
2.5 Proceeds from disposal of investment property	580	-
2.6 Interest received	<u>3,605</u>	<u>2,630</u>
2.7 Net cash inflow / (outflow) from investing activities	<u>3,807</u>	<u>2,436</u>
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	9	(30)
3.2 Payment of finance lease liabilities	(189)	(250)
3.3 Interest paid	(13)	(31)
3.4 Dividends paid to shareholders of the Company	<u>(24,212)</u>	<u>(16,949)</u>
3.5 Net cash inflow / (outflow) from financing activities	<u>(24,405)</u>	<u>(17,260)</u>
4 Net increase / (decrease) in cash and cash equivalents	50,640	(16,124)
5 Cash and cash equivalents at 1 April 2015 / 2014	<u>215,590</u>	<u>306,665</u>
6 Cash and cash equivalents at 30 June 2015 / 2014	<u>266,230</u>	<u>290,541</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	<u>266,230</u>	<u>290,541</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2015 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 2015.

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 2015, 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.

On 2 September 2014, MASB announced that transitioning entities are 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 MFRSs:

- 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 2015 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 ended 31 March 2016, a second interim single-tier dividend of 10 sen per share, amounting to a net dividend of approximately RM24.21 million in respect of the financial year ended 31 March 2015, was paid on 30 June 2015.

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 August 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 year ended 30 June 2015 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	3,433	57,701	-	-	78	954	-	62,166
Inter-segment sales	2,041	12,800	8,073	12,364	623	-	(35,901)	-
Total revenue	5,474	70,501	8,073	12,364	701	954	(35,901)	62,166
RESULTS								
Segment results	1,494	16,704	(44)	60	(118)	963	-	19,059
Interest income								3,600
Finance costs								(13)
Profit from associate								285
Profit before tax								22,931
Taxation								(4,072)
Profit for the period								18,859

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 2015.

13. Capital commitments

No capital commitment was outstanding as at 30 June 2015.

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 RM0.03 million.
- b) Procurement of engineering consultancy services for approximately RM0.26 million.
- c) Rental expense of premises for approximately RM0.24 million.
- d) Procurement of insurance for approximately RM0.12 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 2015 of RM22.93 million, decreased by RM0.18 million or 1% as compared to preceding year's profit before taxation of RM23.11 million. The marginal decrease in the Group's profit is mainly due to a lower profit contributed by our associate and increase 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 marginal increase in the pre-tax profit was mainly due to:
 - (a) sales of higher margin properties in the Group's newly launched integrated township known as Goodview Heights, situated in Bandar Sungai Long South, Kajang, Selangor.
 - (b) sharing of lower profit from our associate
- (ii) Manufacturing - The decrease in the pre-tax profit was mainly due to decrease in sales of clay brick products.
- (iii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM22.93 million for the current quarter was lower by RM23.18 million compared to RM46.11 million achieved in the immediate preceding quarter. The lower profit was due to the completion and realization of profit of our project namely Rawang Corporate Industrial Park, Sungai Choh, in the immediate preceding quarter.

3. Prospects for the next financial year

The Malaysian economy in year 2015 is projected to grow at 4.5% to 5.5%, mainly driven by the domestic demand.

New launches in the Klang Valley in the recent years skewed towards suburban especially in Semenyih, Kajang and Puchong and the on-going Mass Rapid Transit (MRT) and Sungai Buloh-Serdang-Putrajaya (SSP) lines along these suburban areas are expected to increase the demand for the landed residential properties. However, the implementation of the Goods and Services Tax, the continued effect of Bank Negara Malaysia's tightening lending rules and the current weak economic environment may result in a softening of demand for residential properties.

Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic 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	(3,605)	(3,605)
Other income	(371)	(371)
Interest expense	13	13
Depreciation and amortisation	2,385	2,385
Provision for doubtful debts	(1)	(1)

6. Tax expense

	Current quarter ended 30 June		Year-to-date ended 30 June	
	2015 <u>RM'000</u>	2014 <u>RM'000</u>	2015 <u>RM'000</u>	2014 <u>RM'000</u>
Current	767	5,774	767	5,774
Under / (Over) provision in prior year	-	-	-	-
Deferred	3,305	-	3,305	-
	<u>4,072</u>	<u>5,774</u>	<u>4,072</u>	<u>5,774</u>
Effective tax rate	<u>18%</u>	<u>25%</u>	<u>18%</u>	<u>25%</u>

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 20 August 2015.

8. Borrowings

The Group borrowings as at 30 June 2015 are as follows: -

	Secured
	<u>RM'000</u>
Short Term	501
Long Term	589
	<u>1,090</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 2015 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	452,077	483,441
- Unrealised	150,852	149,077
	<u>602,929</u>	<u>632,518</u>
Total share of accumulated profits / (losses) from associate company:		
- Realised	23,778	23,493
	<u>626,707</u>	<u>656,011</u>
Less: Consolidation adjustments	(158,669)	(182,765)
Total group retained profits as per consolidated accounts	<u>468,038</u>	<u>473,246</u>

10. Dividend

10.1 No dividend was declared for the current quarter ended 30 June 2015.

10.2 In respect of the previous financial year ended 31 March 2015:

- (i) The Board of Directors has proposed a final single-tier dividend of 8 sen per share (2014: 5 sen per share) in respect of the financial year ended 31 March 2015, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- (ii) The dividend, if approved, will be paid on 30 September 2015.
- (iii) A Depositor shall qualify for entitlement to the dividend only in respect of:
 - (a) Shares transferred into the Depositor's Securities account before 4.00 p.m. on 15 September 2015 in respect of transfers; and
 - (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

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 August 2015