



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

2ND QUARTER ENDED

30 SEPTEMBER 2015

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 30 September 2015

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

(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		
	30-09-15	30-09-14	30-09-15	30-09-14		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	60,535	56,168	122,701	108,507	14,194	13%
2. Cost of Sales	(39,719)	(36,237)	(80,721)	(69,511)	11,210	16%
3. Gross Profit	20,816	19,931	41,980	38,996	2,984	8%
4. Other Income	5,041	2,705	9,017	5,640	3,377	60%
5. Distribution Costs	(813)	(1,557)	(1,723)	(1,994)	(271)	-14%
6. Administration Expenses	(2,084)	1,638	(3,655)	1,026	4,681	-456%
7. Profit from Operations	22,960	22,717	45,619	43,668	1,951	4%
8. Finance Costs	(13)	(16)	(26)	(37)	(11)	-30%
9. Profit from Associate	709	3,939	994	6,115	(5,121)	-84%
10. Profit before Taxation	23,656	26,640	46,587	49,746	(3,159)	-6%
11. Taxation	(4,082)	(6,455)	(8,154)	(12,229)	(4,075)	-33%
12. Profit for the Period	19,574	20,185	38,433	37,517	916	2%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	19,574	20,185	38,433	37,517	916	2%
Profit Attributable to:						
15. Owners of the Parent	19,420	20,060	38,123	37,251	872	2%
16. Non-controlling Interests	154	125	310	266	44	17%
	19,574	20,185	38,433	37,517	916	2%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	19,420	20,060	38,123	37,251	872	2%
18. Non-controlling Interests	154	125	310	266	44	17%
	19,574	20,185	38,433	37,517	916	2%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	8.02	8.29	15.75	15.39	0.36	2%

(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 September 2015

	(UNAUDITED)	(AUDITED)
	As At	As At
	30-09-2015	31-03-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	217,768	221,761
2. Investment in associate	25,792	24,798
3. Investment properties	69,880	70,400
4. Land held for property development	3,967	3,909
5. Investments	7,725	7,725
6. Trust account	2,259	2,134
7. Deferred tax assets	4,162	6,332
8. Prepaid lease payments	706	706
	332,259	337,765
9. Current assets		
9.1 Prepaid lease payments	10	10
9.2 Property development costs	172,278	213,206
9.3 Inventories	19,219	13,003
9.4 Trade and other receivables	60,625	122,846
9.5 Current tax assets	1,999	2,309
9.6 Cash and deposits	240,931	215,590
	495,062	566,964
10. TOTAL ASSETS	827,321	904,729
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	446,938	452,282
	689,062	694,406
13. Non-controlling Interests	20,105	19,795
14. Total equity	709,167	714,201
15. Non-current liabilities		
15.1 Borrowings	578	655
15.2 Deferred tax liabilities	26,754	24,177
15.3 Club establishment fund	11,836	11,819
	39,168	36,651
16. Current liabilities		
16.1 Trade and other payables	76,767	145,950
16.2 Borrowings	422	624
16.3 Taxation	1,797	7,303
	78,986	153,877
17. TOTAL LIABILITIES	118,154	190,528
18. TOTAL EQUITY AND LIABILITIES	827,321	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 September 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. 6 months ended									
30 September 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	-	-	-	-	-	38,123	38,123	310	38,433
1.3 Realisation of revaluation reserve	-	-	(336)	-	-	451	115	-	115
1.4 Dividends paid	-	-	-	-	-	(43,582)	(43,582)	-	(43,582)
1.5 At 30 September 2015	242,124	1,225	96,899	(130,464)	11,040	468,238	689,062	20,105	709,167
2. 6 months ended									
30 September 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	-	-	-	-	-	37,251	37,251	266	37,517
2.3 Realisation of revaluation reserve	-	-	-	-	-	-	-	-	-
2.4 Dividends paid	-	-	-	-	-	(29,054)	(29,054)	-	(29,054)
2.5 At 30 September 2014	242,124	1,225	40,537	(130,464)	11,040	438,656	603,118	19,321	622,439

(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 September 2015

	6 months ended 30-09-2015	6 months ended 30-09-2014
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	46,587	49,746
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	4,606	3,494
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(159)	-
1.2.3 Interest expenses	26	47
1.2.4 Interest income	(8,149)	(5,153)
1.2.5 Provision for doubtful debts	(1)	(1)
1.2.6 Loss / (profit) from associate	(994)	(6,115)
1.3 Operating profit / (loss) before working capital changes	41,916	42,018
1.4 (Increase)/decrease in inventories and property development expenditure	34,712	7,128
1.5 (Increase)/decrease in receivables	62,217	8,474
1.6 Increase/(decrease) in payables	(69,183)	(62,512)
1.7 Cash generated from / (absorbed by) operations	69,662	(4,892)
1.8 Tax paid	(8,483)	(8,796)
1.9 Net cash inflow / (outflow) from operating activities	61,179	(13,688)
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(125)	(107)
2.2 Purchase of property, plant and equipment	(612)	(260)
2.3 Purchase of land held for property development	(58)	(174)
2.4 Proceeds from disposal of property, plant and equipment	98	1
2.5 Proceeds from disposal of investment property	580	-
2.6 Interest received	8,149	5,153
2.7 Net cash inflow / (outflow) from investing activities	8,032	4,613
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	17	(21)
3.2 Payment of finance lease liabilities	(279)	(494)
3.3 Interest paid	(26)	(47)
3.4 Dividends paid to shareholders of the Company	(43,582)	(29,054)
3.5 Net cash inflow / (outflow) from financing activities	(43,870)	(29,616)
4 Net increase / (decrease) in cash and cash equivalents	25,341	(38,691)
5 Cash and cash equivalents at 1 April 2015 / 2014	215,590	306,665
6 Cash and cash equivalents at 30 September 2015 / 2014	240,931	267,974
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	240,931	267,974

(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).

On 8 September 2015, MASB confirmed that the effective date of MFRS 15 Revenue from Contracts with Customers will be deferred to annual periods beginning on or after 1 January 2018, following the press release by International Accounting Standards Board (IASB) confirming a one-year deferral of IFRS 15 Revenue from Contracts with Customers.

The Group and the Company will be adopting the MFRS 15 *Revenue from Contracts with Customers* from the financial year ending 31 March 2019.

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 ending 31 March 2016:

- i) 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.
- ii) The final single-tier dividend of 8 sen per share, amounting to a net dividend payable of approximately RM19.37 million in respect of the financial year ended 31 March 2015, was paid on 30 September 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 19 November 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 September 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	6,420	114,329	-	-	154	1,798	-	122,701
Inter-segment sales	24,536	-	27,865	22,611	1,820	-	(76,832)	-
Total revenue	30,956	114,329	27,865	22,611	1,974	1,798	(76,832)	122,701
RESULTS								
Segment results	23,275	31,739	157	29	780	1,800	(20,310)	37,470
Interest income								8,149
Finance costs								(26)
Profit from associate								994
Profit before tax								46,587
Taxation								(8,154)
Profit for the period								38,433

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 2015.

13. Capital commitments

No capital commitment was outstanding as at 30 September 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 RM0.06 million.
- b) Procurement of engineering consultancy services for approximately RM1.24 million.
- c) Rental expense of premises for approximately RM0.49 million.
- d) Procurement of insurance for approximately RM0.13 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 30 September 2015 of RM46.59 million, decreased by RM3.16 million or 6% as compared to preceding year's profit before taxation of RM49.75 million. The marginal decrease in the Group's profit is mainly due to lower profit contributed by our associate and increase in 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 decrease in pre-tax profit was mainly due to:
 - (a) sales of lower margin properties.
 - (b) sharing of lower profit from our associate.
- (ii) Manufacturing - The decrease in pre-tax profit was mainly due to lower sales of clay 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 30 September 2015 of RM23.66 million, decreased by RM2.98 million or 11% as compared to preceding year's profit before taxation of RM26.64 million. The decrease of the Group's profit is mainly due to lower profit contributed by our associate and increase in 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 - sharing of lower profit 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 RM23.66 million for the current quarter was marginally higher by RM0.73 million compared to RM22.93 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter is due to increase in revenue in relation to our new project namely Alam Budiman Affordable Home in Shah Alam.

3. Prospects for the next financial year

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

The on-going Mass Rapid Transit (MRT) and Sungai Buloh-Serdang-Putrajaya (SSP) lines along suburban areas are expected to increase the demand for the landed residential properties located in these areas. 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 and commercial 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	(4,544)	(8,149)
Other income	(497)	(868)
Interest expense	13	26
Depreciation and amortisation	2,221	4,606
Provision for doubtful debts	-	(1)

6. Tax expense

	Current quarter ended 30 September		Year-to-date ended 30 September	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current	2,385	4,408	3,152	10,182
Under / (Over) provision in prior year	-	-	-	-
Deferred	1,697	2,047	5,002	2,047
	4,082	6,455	8,154	12,229
Effective tax rate	17%	25%	18%	25%

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 19 November 2015.

8. Borrowings

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

	Secured
	RM'000
Short Term	422
Long Term	578
	1,000

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 30 September 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	441,885	483,441
- Unrealised	155,623	149,077
	597,508	632,518
Total share of accumulated profits / (losses) from associate company:		
- Realised	24,488	23,493
	621,996	656,011
Less: Consolidation adjustments	(153,758)	(182,765)
Total group retained profits as per consolidated accounts	468,238	473,246

10. Dividend

The Board of Directors has declared a first interim dividend of single-tier dividend of 7 sen per share (2015: 7 sen per share) amounting to a net dividend payable of approximately RM16.95 million (2015: RM16.95 million) for the financial year ending 31 March 2016, to be paid on 30 December 2015.

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' Sri Ir. Yap Chong Lee
Executive Director
25 November 2015