



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

3RD QUARTER ENDED

31 DECEMBER 2015

SHL CONSOLIDATED BHD.

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(Incorporated in Malaysia)

Interim Financial Report – 31 December 2015

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 31 December 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		
	31-12-15	31-12-14	31-12-15	31-12-14		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	60,109	60,813	182,810	169,320	13,490	8%
2. Cost of Sales	(33,245)	(29,196)	(113,966)	(98,707)	15,259	15%
3. Gross Profit	26,864	31,617	68,844	70,613	(1,769)	-3%
4. Other Income	2,805	2,445	11,822	8,085	3,737	46%
5. Distribution Costs	(1,246)	(3,614)	(2,969)	(5,608)	(2,639)	-47%
6. Administration Expenses	(2,574)	(3,681)	(6,229)	(2,655)	3,574	135%
7. Profit from Operations	25,849	26,767	71,468	70,435	1,033	1%
8. Finance Costs	(14)	(17)	(40)	(54)	(14)	-26%
9. Profit/(Loss) from Associate	(1,090)	1,451	(96)	7,566	(7,662)	-101%
10. Profit before Taxation	24,745	28,201	71,332	77,947	(6,615)	-8%
11. Taxation	(1,288)	(5,002)	(9,442)	(17,231)	(7,789)	-45%
12. Profit for the Period	23,457	23,199	61,890	60,716	1,174	2%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	23,457	23,199	61,890	60,716	1,174	2%
Profit Attributable to:						
15. Owners of the Parent	23,325	23,073	61,448	60,324	1,124	2%
16. Non-controlling Interests	132	126	442	392	50	13%
	23,457	23,199	61,890	60,716	1,174	2%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	23,325	23,073	61,448	60,324	1,124	2%
18. Non-controlling Interests	132	126	442	392	50	13%
	23,457	23,199	61,890	60,716	1,174	2%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	9.63	9.53	25.38	24.91	0.47	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 31 December 2015

	(UNAUDITED)	(AUDITED)
	As At	As At
	31-12-2015	31-03-2015
	RM'000	RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	216,999	221,761
2. Investment in associate	16,414	24,798
3. Investment properties	69,880	70,400
4. Land held for property development	3,968	3,909
5. Investments	24	7,725
6. Trust account	2,320	2,134
7. Deferred tax assets	4,162	6,332
8. Prepaid lease payments	706	706
	314,473	337,765
9. Current assets		
9.1 Prepaid lease payments	10	10
9.2 Property development costs	177,673	213,206
9.3 Inventories	20,087	13,003
9.4 Trade and other receivables	81,787	122,846
9.5 Current tax assets	2,066	2,309
9.6 Cash and deposits	285,709	215,590
	567,332	566,964
10. TOTAL ASSETS	881,805	904,729
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	453,329	452,282
	695,453	694,406
13. Non-controlling Interests	20,237	19,795
14. Total equity	715,690	714,201
15. Non-current liabilities		
15.1 Borrowings	666	655
15.2 Deferred tax liabilities	21,261	24,177
15.3 Club establishment fund	11,838	11,819
	33,765	36,651
16. Current liabilities		
16.1 Trade and other payables	130,126	145,950
16.2 Borrowings	415	624
16.3 Taxation	1,809	7,303
	132,350	153,877
17. TOTAL LIABILITIES	166,115	190,528
18. TOTAL EQUITY AND LIABILITIES	881,805	904,729
19. Net assets per share (RM)	2.87	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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 31 December 2015

(The figures have not been audited)

	Non-distributable				Capital Reserve	Distributable Retained Profits	Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	A RM'000	B RM'000	A + B RM'000
1. 9 months ended									
31 December 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	-	-	-	-	-	61,448	61,448	442	61,890
1.3 Realisation of revaluation reserve	-	-	(373)	-	-	502	129	-	129
1.4 Dividends paid	-	-	-	-	-	(60,530)	(60,530)	-	(60,530)
1.5 At 31 December 2015	242,124	1,225	96,862	(130,464)	11,040	474,666	695,453	20,237	715,690
2. 9 months ended									
31 December 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	-	-	-	-	-	60,324	60,324	392	60,716
2.3 Realisation of revaluation reserve	-	-	-	-	-	-	-	-	-
2.4 Dividends paid	-	-	-	-	-	(46,004)	(46,004)	-	(46,004)
2.5 At 31 December 2014	242,124	1,225	40,537	(130,464)	11,040	444,779	609,241	19,447	628,688

(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)

SHL CONSOLIDATED BHD. (Company No.: 293565-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 31 December 2015

	9 months ended 31-12-2015 RM'000	9 months ended 31-12-2014 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	71,332	77,947
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	6,298	6,149
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(159)	-
1.2.3 Interest expenses	41	65
1.2.4 Interest income	(9,814)	(7,310)
1.2.5 Provision for doubtful debts	(1)	3
1.2.6 Loss / (profit) from associate	96	(7,566)
1.3 Operating profit / (loss) before working capital changes	<u>67,793</u>	<u>69,288</u>
1.4 (Increase)/decrease in inventories and property development expenditure	28,449	(8,716)
1.5 (Increase)/decrease in receivables	41,026	(25,037)
1.6 Increase/(decrease) in payables	<u>(15,824)</u>	<u>(56,791)</u>
1.7 Cash generated from / (absorbed by) operations	121,444	(21,256)
1.8 Tax paid	<u>(15,276)</u>	<u>(12,914)</u>
1.9 Net cash inflow / (outflow) from operating activities	<u>106,168</u>	<u>(34,170)</u>
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(186)	(157)
2.2 Purchase of property, plant and equipment	(1,538)	(584)
2.3 Purchase of land held for property development	(59)	(18)
2.4 Proceeds from disposal of property, plant and equipment	101	1
2.5 Proceeds from disposal of investment property	580	-
2.6 Proceeds from disposal of preferences shares	7,701	-
2.7 Dividends received from associate	8,288	-
2.8 Interest received	<u>9,814</u>	<u>7,310</u>
2.9 Net cash inflow / (outflow) from investing activities	<u>24,701</u>	<u>6,552</u>
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	19	29
3.2 Payment of finance lease liabilities	(198)	(693)
3.3 Interest paid	(41)	(65)
3.4 Dividends paid to shareholders of the Company	<u>(60,530)</u>	<u>(46,004)</u>
3.5 Net cash inflow / (outflow) from financing activities	<u>(60,750)</u>	<u>(46,733)</u>
4 Net increase / (decrease) in cash and cash equivalents	70,119	(74,351)
5 Cash and cash equivalents at 1 April 2015 / 2014	<u>215,590</u>	<u>306,665</u>
6 Cash and cash equivalents at 31 December 2015 / 2014	<u>285,709</u>	<u>232,314</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	<u>285,709</u>	<u>232,314</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).

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) a 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.
- iii) a first 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 2016, was paid on 30 December 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 February 2016, 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 31 December 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	9,390	170,689	-	-	239	2,492	-	182,810
Inter-segment sales	25,307	14,630	62,590	34,495	3,947	-	(140,969)	-
Total revenue	34,697	185,319	62,590	34,495	4,186	2,492	(140,969)	182,810
RESULTS								
Segment results	25,209	53,476	112	5	1,409	2,490	(21,047)	61,654
Interest income								9,814
Finance costs								(40)
Profit/(Loss) from associate								(96)
Profit before tax								71,332
Taxation								(9,442)
Profit for the period								61,890

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 2015.

13. Capital commitments

No capital commitment was outstanding as at 31 December 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 RM0.09 million.
- b) Procurement of engineering consultancy services for approximately RM2.97 million.
- c) Rental expense of premises for approximately RM0.73 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

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

The Group recorded a profit before taxation for the period ended 31 December 2015 of RM71.33 million, decreased by RM6.62 million or 8% as compared to preceding year's profit before taxation of RM77.95 million. The marginal decrease in the Group's profit is mainly due to adjustment of gross margin on sales 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) slight compression of average gross margin on sales.
 - (b) adjustment of gross margin on sales by our associate.
- (ii) 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 2015 of RM24.75 million, decreased by RM3.45 million or 12% as compared to preceding year's profit before taxation of RM28.20 million. The decrease in the Group's profit is mainly due to adjustment of gross margin on sales by our associate.

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 - adjustment of gross margin on sales by 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 RM24.75 million for the current quarter was marginally higher by RM1.09 million compared to RM23.66 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter is due to increase in profit generated by our project in Goodview Heights at Bandar Sungai Long South.

3. Prospects for the next financial year

The Malaysian economy is projected to grow at a slower pace of 4.0% to 4.5% in 2016, driven mainly by a combination of weaker domestic demand, falling oil prices and depreciating ringgit.

The on-going Mass Rapid Transit (MRT) lines along suburban areas are expected to increase the demand for the landed residential properties located in these areas. However, 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	(1,665)	(9,814)
Other income	(1,140)	(2,008)
Interest expense	14	40
Depreciation and amortisation	1,692	6,298
Provision for doubtful debts	-	(1)

6. Tax expense

	Current quarter ended 31 December		Year-to-date ended 31 December	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Current	8,951	2,656	12,246	12,838
Under / (Over) provision in prior year	(2,378)	(1)	(2,378)	(1)
Deferred	(5,285)	2,347	(426)	4,394
	1,288	5,002	9,442	17,231
Effective tax rate	5%	18%	13%	22%

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 February 2016.

8. Borrowings

The Group borrowings as at 31 December 2015 are as follows:

	Secured
	RM'000
Short Term	415
Long Term	666
	1,081

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits

The realised and unrealised profits as at 31 December 2015 are as follows: -

	Current financial year RM'000	As at the end of last last financial year RM'000
Total retained profits of Company and its subsidiaries:		
- Realised	452,761	483,441
- Unrealised	150,292	149,077
	603,053	632,518
Total share of accumulated profits / from associate company:		
- Realised	15,110	23,493
	618,163	656,011
Less: Consolidation adjustments	(143,497)	(182,765)
Total group retained profits as per consolidated accounts	474,666	473,246

10. Dividend

No dividend has been proposed or recommended for the third quarter ended 31 December 2015.

Total dividend declared during the financial year ending 31 March 2016 was 7 sen per share (2015: 7 sen)

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 February 2016