



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

4TH QUARTER ENDED

31 MARCH 2016

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 31 March 2016

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2016

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT YEAR QUARTER 31-03-16 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31-03-15 RM'000	CURRENT YEAR TO DATE 31-03-16 RM'000 A	PRECEDING YEAR CORRESPONDING PERIOD 31-03-15 RM'000 B		
1. Revenue	47,711	60,976	230,521	230,296	225	0%
2. Cost of Sales	(17,854)	(22,637)	(131,820)	(121,344)	10,476	9%
3. Gross Profit	29,857	38,339	98,701	108,952	(10,251)	-9%
4. Other Income	2,832	6,985	14,654	15,070	(416)	-3%
5. Distribution Costs	(2,482)	(3,012)	(5,451)	(8,620)	(3,169)	-37%
6. Administration Expenses	(3,261)	(1,573)	(9,490)	(4,228)	5,262	124%
7. Profit from Operations	26,946	40,739	98,414	111,174	(12,760)	-11%
8. Finance Costs	(15)	(13)	(55)	(67)	(12)	-18%
9. Profit/(Loss) from Associate	(988)	5,384	(1,084)	12,950	(14,034)	-108%
10. Profit before Taxation	25,943	46,110	97,275	124,057	(26,782)	-22%
11. Taxation	(2,743)	(1,518)	(12,185)	(18,749)	(6,564)	-35%
12. Profit for the Period	23,200	44,592	85,090	105,308	(20,218)	-19%
13. Other Comprehensive Income	-	44,349	-	44,349	(44,349)	-100%
14. Total Comprehensive Income for the Period	23,200	88,941	85,090	149,657	(64,567)	-43%
Profit Attributable to:						
15. Owners of the Parent	23,092	44,245	84,540	104,569	(20,029)	-19%
16. Non-controlling Interests	108	347	550	739	(189)	-26%
	23,200	44,592	85,090	105,308	(20,218)	-19%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	23,092	88,594	84,540	148,918	(64,378)	-43%
18. Non-controlling Interests	108	347	550	739	(189)	-26%
	23,200	88,941	85,090	149,657	(64,567)	-43%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	9.54	18.27	34.92	43.19	(8.27)	-19%

(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 March 2016

	(UNAUDITED) As At 31-03-2016 RM'000	(AUDITED) As At 31-03-2015 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	215,736	221,761
2. Investment in associate	15,426	24,798
3. Investment properties	69,880	70,400
4. Land held for property development	4,031	3,909
5. Investments	24	7,725
6. Trust account	2,376	2,134
7. Deferred tax assets	4,162	6,332
8. Prepaid lease payments	695	706
	312,330	337,765
9. Current assets		
9.1 Prepaid lease payments	10	10
9.2 Property development costs	173,241	213,206
9.3 Inventories	16,649	13,003
9.4 Trade and other receivables	49,640	122,846
9.5 Current tax assets	8,066	2,309
9.6 Cash and deposits	305,885	215,590
	553,491	566,964
10. TOTAL ASSETS	865,821	904,729
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
11. Share capital	242,124	242,124
12. Reserves	476,511	452,282
	718,635	694,406
13. Non-controlling Interests	20,345	19,795
14. Total equity	738,980	714,201
15. Non-current liabilities		
15.1 Borrowings	575	655
15.2 Deferred tax liabilities	20,250	24,177
15.3 Club establishment fund	11,845	11,819
	32,670	36,651
16. Current liabilities		
16.1 Trade and other payables	93,783	145,950
16.2 Borrowings	369	624
16.3 Taxation	19	7,303
	94,171	153,877
17. TOTAL LIABILITIES	126,841	190,528
18. TOTAL EQUITY AND LIABILITIES	865,821	904,729
19. Net assets per share (RM)	2.97	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 Year Ended 31 March 2016

(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. 12 months ended									
31 March 2016									
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	-	-	-	-	-	84,540	84,540	550	85,090
1.3 Realisation of revaluation reserve	-	-	(361)	-	-	580	219	-	219
1.4 Dividends paid	-	-	-	-	-	(60,530)	(60,530)	-	(60,530)
1.5 At 31 March 2016	242,124	1,225	96,874	(130,464)	11,040	497,836	718,635	20,345	738,980
2. 12 months ended									
31 March 2015									
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	-	-	44,349	-	-	104,569	148,918	739	149,657
2.3 Realisation of revaluation reserve	-	-	-	-	-	-	-	-	-
2.4 Dividends paid	-	-	-	-	-	(46,004)	(46,004)	-	(46,004)
2.5 At 31 March 2015	242,124	1,225	84,886	(130,464)	11,040	489,024	697,835	19,794	717,629

(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 Year Ended 31 March 2016

	12 months ended 31-03-2016 RM'000	12 months ended 31-03-2015 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	97,275	124,057
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	8,004	11,927
1.2.2 Fair value adjustment of investment property	-	(5,088)
1.2.3 Loss / (gain) on disposal of property, plant and equipment and investment property	(159)	(4)
1.2.4 Interest expenses	54	81
1.2.5 Interest income	(13,114)	(9,025)
1.2.6 Provision for doubtful debts	(1)	11
1.2.7 Loss / (profit) from associate	1,084	(12,950)
1.2.8 Bad Debts written off	-	2,360
1.3 Operating profit / (loss) before working capital changes	93,143	111,369
1.4 (Increase)/decrease in inventories and property development expenditure	36,319	(102,216)
1.5 (Increase)/decrease in receivables	73,206	(80,482)
1.6 Increase/(decrease) in payables	(52,167)	37,694
1.7 Cash generated from / (absorbed by) operations	150,501	(33,635)
1.8 Tax paid	(26,763)	(19,063)
1.9 Net cash inflow / (outflow) from operating activities	123,738	(52,698)
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	(242)	(215)
2.2 Purchase of property, plant and equipment	(1,968)	(761)
2.3 Purchase of land held for property development	(122)	(40)
2.4 Proceeds from disposal of property, plant and equipment	99	1
2.5 Proceeds from disposal of investment property	580	11
2.6 Proceeds from disposal of preferences shares	7,701	-
2.7 Dividends received from associate	8,288	-
2.8 Interest received	13,114	9,025
2.9 Net cash inflow / (outflow) from investing activities	27,450	8,021
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	26	(7)
3.2 Payment of finance lease liabilities	(335)	(870)
3.3 Interest paid	(54)	(81)
3.4 Dividends paid to shareholders of the Company	(60,530)	(46,004)
3.5 Net cash inflow / (outflow) from financing activities	(60,893)	(46,962)
4 Net increase / (decrease) in cash and cash equivalents	90,295	(91,639)
5 Cash and cash equivalents at 1 April 2015 / 2014	215,590	306,665
6 Cash and cash equivalents at 31 March 2016 / 2015	305,885	215,026
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	305,885	215,026

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 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 ended 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 ended 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 20 May 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 March 2016 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	12,242	214,794	-	-	327	3,158	-	230,521
Inter-segment sales	55,893	-	83,914	40,253	16,950	-	(197,010)	-
Total revenue	68,135	214,794	83,914	40,253	17,277	3,158	(197,010)	230,521
RESULTS								
Segment results	4,288	68,030	4,916	7	4,913	3,146	-	85,300
Interest income								13,114
Finance costs								(55)
Profit/(Loss) from associate								(1,084)
Profit before tax								97,275
Taxation								(12,185)
Profit for the period								85,090

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 March 2016.

13. Capital commitments

No capital commitment was outstanding as at 31 March 2016.

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 RM0.12 million.
- b) Procurement of engineering consultancy services for approximately RM3.19 million.
- c) Rental expense of premises for approximately RM0.98 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 current year ended 31 March 2016 of RM97.28 million, decreased by RM26.78 million or 22% as compared to preceding year's profit before taxation of RM124.06 million. The decrease in the Group's profit is in tandem with the current weak economic condition of Malaysia, mainly due to compression of average gross margin on sales, 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 decrease in pre-tax profit was mainly due to:
 - (a) compression of average gross margin on sales.
 - (b) adjustment of gross margin on sales by our associate.
 - (c) increase in administration expenses.
- (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 current quarter ended 31 March 2016 of RM25.94 million, decreased by RM20.17 million or 43% as compared to preceding year's corresponding quarter profit before taxation of RM46.11 million. The decrease in the Group's profit is in tandem with the current weak economic condition of Malaysia, mainly due to lower revenue generated from our property development projects, 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 – lower revenue generated from our property development projects, adjustment of gross margin on sales by our associate and increase in administration expenses.
- (ii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM25.94 million for the current quarter was marginally lower by RM1.19 million compared to RM24.75 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is due to decrease in revenue generated from our property development projects.

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, unstable 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	(3,300)	(13,114)
Other income	468	(1,540)
Interest expense	13	54
Depreciation and amortisation	1,706	8,004
Provision for doubtful debts	-	(1)

6. Tax expense

	Current quarter ended 31 March		Year-to-date ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current	3,513	5,171	15,759	18,009
Under / (Over) provision in prior year	210	(28)	(2,168)	(29)
Deferred	(980)	(3,625)	(1,406)	769
	2,743	1,518	12,185	18,749
Effective tax rate	11%	3%	13%	15%

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 May 2016.

8. Borrowings

The Group borrowings as at 31 March 2016 are as follows:

	Secured RM'000
Short Term	369
Long Term	575
	944

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits

The realised and unrealised profits as at 31 March 2016 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	538,185	452,270
- Unrealised	147,903	166,900
	686,088	619,170
Total share of accumulated profits / from associate company:		
- Realised	14,122	23,493
	700,210	642,663
Less: Consolidation adjustments	(202,374)	(153,639)
Total group retained profits as per consolidated accounts	497,836	489,024

10. Dividend

The Board of Directors has declared a second interim single-tier dividend of 7 sen per share (2015: 10 sen per share), amounting to a net dividend payable of approximately RM16.95 million (2015: RM24.21 million) for the financial year ended 31 March 2016, to be paid on 1 July 2016.

Total dividend declared in respect of the financial year ended 31 March 2016 was 14 sen per share (2015: 17 sen per share)

11. Earnings per share (Basic and fully diluted)

Earnings per share of the Group is calculated by dividing profit for the year attributable to ordinary equity holders of SHL Consolidated Bhd by the number of ordinary shares in issue during the said financial year.

For and on behalf of the Board
SHL CONSOLIDATED BHD.

Dato' Sri Ir. Yap Chong Lee
Executive Director
26 May 2016