



SHL CONSOLIDATED BHD

Company No.: 293565-W

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

4TH QUARTER ENDED

31 MARCH 2017

SHL CONSOLIDATED BHD.

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

Interim Financial Report – 31 March 2017

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2017

(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		
	31-03-17	31-03-16	31-03-17	31-03-16		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	38,103	47,711	203,033	230,521	(27,488)	-12%
2. Cost of Sales	(5,256)	(17,854)	(95,361)	(131,820)	(36,459)	-28%
3. Gross Profit	32,847	29,857	107,672	98,701	8,971	9%
4. Other Income	2,312	2,832	10,014	14,654	(4,640)	-32%
5. Distribution Costs	(1,590)	(2,482)	(4,712)	(5,451)	(739)	-14%
6. Administration Expenses	(3,314)	(3,261)	(11,413)	(9,490)	1,923	20%
7. Profit from Operations	30,255	26,946	101,561	98,414	3,147	3%
8. Finance Costs	(16)	(15)	(52)	(55)	(3)	-5%
9. Profit/(Loss) from Associate	165	(988)	780	(1,084)	1,864	-172%
10. Profit before Taxation	30,404	25,943	102,289	97,275	5,014	5%
11. Taxation	(5,816)	(2,743)	(19,862)	(12,185)	7,677	63%
12. Profit for the Period	24,588	23,200	82,427	85,090	(2,663)	-3%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	24,588	23,200	82,427	85,090	(2,663)	-3%
Profit Attributable to:						
15. Owners of the Parent	24,492	23,092	81,982	84,540	(2,558)	-3%
16. Non-controlling Interests	96	108	445	550	(105)	-19%
	24,588	23,200	82,427	85,090	(2,663)	-3%
Total Comprehensive Income Attributable to:						
17. Owners of the Parent	24,492	23,092	81,982	84,540	(2,558)	-3%
18. Non-controlling Interests	96	108	445	550	(105)	-19%
	24,588	23,200	82,427	85,090	(2,663)	-3%
Earnings Per Share Attributable to Owners of the Parent:						
19. Basic & Fully Diluted (Sen)	10.12	9.54	33.86	34.92	(1.06)	-3%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2016 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	(UNAUDITED) As At 31-03-2017 RM'000	(AUDITED) As At 31-03-2016 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	214,472	215,735
2. Prepaid lease payments	685	695
3. Investment in associate	15,437	14,657
4. Investment properties	69,880	69,880
5. Land held for property development	2,741	4,031
6. Investments	24	24
7. Trust account	2,363	2,411
8. Deferred tax assets	1,868	1,868
9. Trade receivables	2,322	2,346
	309,792	311,647
10. Current assets		
10.1 Prepaid lease payments	10	10
10.2 Property development costs	191,017	184,093
10.3 Inventories	15,209	16,648
10.4 Trade and other receivables	88,025	44,685
10.5 Current tax assets	2,056	8,699
10.6 Cash and deposits	290,592	305,810
	586,909	559,945
11. TOTAL ASSETS	896,701	871,592
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
12. Share capital	242,124	242,124
13. Reserves	507,860	471,635
	749,984	713,759
14. Non-controlling Interests	18,547	18,102
15. Total equity	768,531	731,861
16. Non-current liabilities		
16.1 Deferred tax liabilities	22,216	22,656
16.2 Borrowings	603	569
16.3 Club establishment fund	11,023	11,845
	33,842	35,070
17. Current liabilities		
17.1 Trade and other payables	91,143	104,243
17.2 Taxation	2,681	41
17.3 Borrowings	504	377
	94,328	104,661
18. TOTAL LIABILITIES	128,170	139,731
19. TOTAL EQUITY AND LIABILITIES	896,701	871,592
20. Net assets per share (RM)	3.10	2.95

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2016 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 Year Ended 31 March 2017

(The figures have not been audited)

	Non-distributable				Capital Reserve	Distributable	Total	Non-controlling Interests	Total Equity
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit		Retained Profits			
	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 2017									
1.1 At 1 April 2016	242,124	1,225	96,871	(130,464)	11,040	492,963	713,759	18,102	731,861
1.2 Total comprehensive income for the period	-	-	-	-	-	81,982	81,982	445	82,427
1.3 Realisation of revaluation reserve	-	-	(728)	-	-	974	246	-	246
1.4 Dividends paid	-	-	-	-	-	(46,003)	(46,003)	-	(46,003)
1.5 At 31 March 2017	242,124	1,225	96,143	(130,464)	11,040	529,916	749,984	18,547	768,531
2. 12 months ended									
31 March 2016									
2.1 At 1 April 2015	242,124	1,225	97,235	(130,464)	11,040	473,246	694,406	19,795	714,201
2.2 Total comprehensive income for the period	-	-	-	-	-	84,540	84,540	550	85,090
2.3 Realisation of revaluation reserve	-	-	(361)	-	-	580	219	-	219
2.4 Dividends paid	-	-	-	-	-	(60,530)	(60,530)	-	(60,530)
2.5 At 31 March 2016	242,124	1,225	96,874	(130,464)	11,040	497,836	718,635	20,345	738,980

(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 2016 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Year Ended 31 March 2017

	12 months ended 31-03-2017 RM'000	12 months ended 31-03-2016 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	102,289	97,275
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	5,727	8,004
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(24)	(159)
1.2.3 Interest expenses	52	54
1.2.4 Interest income	(10,016)	(13,114)
1.2.5 Provision for doubtful debts	-	(1)
1.2.6 Loss / (profit) from associate	(780)	1,084
1.3 Operating profit / (loss) before working capital changes	97,248	93,143
1.4 (Increase)/decrease in inventories and property development costs	(5,485)	36,319
1.5 (Increase)/decrease in receivables	(43,310)	73,206
1.6 Increase/(decrease) in payables	(13,100)	(52,167)
1.7 Cash generated from / (absorbed by) operations	35,353	150,501
1.8 Tax paid	(10,780)	(26,763)
1.9 Net cash inflow / (outflow) from operating activities	24,573	123,738
2 Cash flows from investing activities		
2.1 Receipt/(Deposit) from/(to) trust account	48	(242)
2.2 Purchase of property, plant and equipment	(2,402)	(1,968)
2.3 Purchase of land held for property development	(141)	(122)
2.4 Proceeds from disposal of property, plant and equipment	24	99
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	10,016	13,114
2.9 Net cash inflow / (outflow) from investing activities	7,545	27,450
3 Cash flows from financing activities		
3.1 Receipt / (Refund) of members' deposit	(822)	26
3.2 Payment of finance lease liabilities	(459)	(335)
3.3 Interest paid	(52)	(54)
3.4 Dividends paid to shareholders of the Company	(46,003)	(60,530)
3.5 Net cash inflow / (outflow) from financing activities	(47,336)	(60,893)
4 Net increase / (decrease) in cash and cash equivalents	(15,218)	90,295
5 Cash and cash equivalents at 1 April 2016 / 2015	305,810	215,590
6 Cash and cash equivalents at 31 March 2017 / 2016	290,592	305,885
7 Analysis of Cash and Cash Equivalents :-		
8 Cash & deposits	290,592	305,885

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2016 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 2016.

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 2016, 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 14 : Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to FRS 11 : Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 101 : Disclosure Initiative	1 January 2016
Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127 : Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to FRSs 2012 – 2014 Cycle (Amendment to FRS 5 : Non-current Assets Held for Sale and Discontinued Operations, Amendment to FRS 7 : Financial Instruments : Disclosures, Amendment to FRS 119 : Employee Benefits, Amendment to FRS 134 : Interim Financial Reporting)	1 January 2016
Amendments to FRS 107 : Disclosure Initiative	1 January 2017
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The Group has yet to adopt the following FRSs, amendments to FRSs that have been issued but not yet effective :-

	Effective for financial periods beginning on or after
FRS 9 : Financial Instruments	1 January 2018
MFRS 16 : Leases	1 January 2019
Amendments to FRS 10 and FRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 adopt the MFRS 15 *Revenue from Contracts with Customers* effective 1 April 2018.

2. Audit report for the preceding annual financial statements

The audit report for the financial statements for the year ended 31 March 2016 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 2017:

- i) a second interim single-tier dividend of 7 sen per share, amounting to a net dividend of approximately RM16.95 million in respect of the financial year ended 31 March 2016, was paid on 1 July 2016.
- ii) The final single-tier dividend of 6 sen per share, amounting to a net dividend payable of approximately RM14.53 million in respect of the financial year ended 31 March 2016, was paid on 5 October 2016.
- iii) a first interim single-tier dividend of 6 sen per share, amounting to a net dividend payable of approximately RM14.53 million in respect of the financial year ending 31 March 2017, was paid on 12 January 2017.

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 25 May 2017, 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 2017 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	11,665	188,958	-	-	298	2,112	-	203,033
Inter-segment sales	16,845	-	96,301	25,799	18,255	-	(157,200)	-
Total revenue	28,510	188,958	96,301	25,799	18,553	2,112	(157,200)	203,033
RESULTS								
Segment results	2,375	81,338	5,296	(31)	468	2,099	-	91,545
Interest income								10,016
Finance costs								(52)
Profit/(Loss) from associate								780
Profit before tax								102,289
Taxation								(19,862)
Profit for the year								82,427

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 2017.

13. Capital commitments

No capital commitment was outstanding as at 31 March 2017.

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 RM4.17 million.
- c) Rental expense of premises for approximately RM1.01 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 March 2017 of RM102.29 million, increased by RM5.01 million or 5.2% as compared to preceding year's profit before taxation of RM97.28 million. The increase in the Group's profit is mainly due to higher profit margin realised by our property development and construction business.

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 increase in pre-tax profit was mainly due to higher profit margin realised by our property development business.
- (ii) Construction – The increase in pre-tax profit was mainly due to higher profit margin realised by our construction business.
- (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 31 March 2017 of RM30.40 million, increased by RM4.46 million or 17.2% as compared to preceding year's profit before taxation of RM25.94 million. The increase of the Group's profit is mainly due to higher profit margin realised by our property development and construction business.

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 increase in pre-tax profit was mainly due to higher profit margin realised by our property development business.
- (ii) Construction – The increase in pre-tax profit was mainly due to higher profit margin realised by our construction business.
- (iii) There are no significant variations for other business segments.

2. Variation of results against preceding quarter

The Group's profit before taxation of RM30.40 million for the current quarter increased by RM4.93 million compared to RM25.47 million achieved in the immediate preceding quarter. The higher profit registered for the current quarter is mainly due to higher profit margin realised by our property development and construction business.

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 2017, 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 has resulted 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	(2,378)	(10,016)
Interest expense	16	52
Depreciation and amortisation	1,450	5,727

6. Tax expense

	Current quarter ended 31 March		Year-to-date ended 31 March	
	2017 <u>RM'000</u>	2016 <u>RM'000</u>	2017 <u>RM'000</u>	2016 <u>RM'000</u>
Current	5,616	3,513	17,516	15,759
Under / (Over) provision in prior year	(2)	210	2,556	(2,168)
Deferred	202	(980)	(210)	(1,406)
	<u>5,816</u>	<u>2,743</u>	<u>19,862</u>	<u>12,185</u>
Effective tax rate	<u>19%</u>	<u>11%</u>	<u>19%</u>	<u>13%</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 25 May 2017.

8. Borrowings

The Group borrowings as at 31 March 2017 are as follows: -

	Secured
	<u>RM'000</u>
Short Term	504
Long Term	<u>603</u>
	<u>1,107</u>

The above borrowings are denominated in Ringgit Malaysia.

9. Realised and Unrealised Profits/Losses

The realised and unrealised profits/losses as at 31 March 2017 are as follows: -

	As at 31 March 2017	As at 31 March 2016
	RM'000	RM'000
<hr/>		
Total retained profits of the Company and its subsidiaries:		
- Realised	526,778	507,197
- Unrealised	175,285	199,927
	702,063	707,124
Total share of accumulated profits from associate company:		
- Realised	12,644	11,908
- Unrealised	1,488	1,444
	716,195	720,476
Less: Consolidation adjustments	(186,279)	(227,513)
Total group retained profits as per consolidated accounts	<u>529,916</u>	<u>492,963</u>

10. Dividend

The Board of Directors has declared a second interim single-tier dividend of 6 sen per share (2016: 7 sen per share), amounting to a net dividend payable of approximately RM14.53 million (2016: RM16.95 million) in respect of the financial year ended 31 March 2017, payable on 5 July 2017.

The total dividend declared in respect of the financial year ended 31 March 2017 was 12 sen per share.

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
31 May 2017