



**SHL CONSOLIDATED BHD.**

Company No.: 293565-W

**(Incorporated in Malaysia)**

**INTERIM FINANCIAL REPORT**

**FOR**

**1ST QUARTER ENDED**

**30 JUNE 2017**

# **SHL CONSOLIDATED BHD.**

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

## **Interim Financial Report – 30 June 2017**

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**Financial Period Ended 30 June 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		
	30-06-17	30-06-16	30-06-17	30-06-16		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	50,766	60,743	50,766	60,743	(9,977)	-16%
2. Cost of Sales	(28,708)	(34,838)	(28,708)	(34,838)	(6,130)	-18%
3. Gross Profit	22,058	25,905	22,058	25,905	(3,847)	-15%
4. Other Operating Income	2,915	2,921	2,915	2,921	(6)	0%
5. Distribution Costs	(1,996)	(1,663)	(1,996)	(1,663)	333	20%
6. Administration Expenses	(2,772)	(2,882)	(2,772)	(2,882)	(110)	-4%
7. Profit from Operations	20,205	24,281	20,205	24,281	(4,076)	-17%
8. Finance Costs	(15)	(12)	(15)	(12)	3	25%
9. Profit/(Loss) from Associate	163	39	163	39	124	318%
10. Profit before Taxation	20,353	24,308	20,353	24,308	(3,955)	-16%
11. Taxation	(2,767)	(5,282)	(2,767)	(5,282)	(2,515)	-48%
12. Profit for the Period	17,586	19,026	17,586	19,026	(1,440)	-8%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	17,586	19,026	17,586	19,026	(1,440)	-8%
<b>Profit Attributable to:</b>						
15. Equity Holders of the Company	17,444	18,921	17,444	18,921	(1,477)	-8%
16. Non-controlling Interests	142	105	142	105	37	35%
	17,586	19,026	17,586	19,026	(1,440)	-8%
<b>Total Comprehensive Income Attributable to:</b>						
17. Equity Holders of the Company	17,444	18,921	17,444	18,921	(1,477)	-8%
18. Non-controlling Interests	142	105	142	105	37	35%
	17,586	19,026	17,586	19,026	(1,440)	-8%
<b>Earnings Per Share Attributable to Equity Holders of the Company:</b>						
19. Basic & Fully Diluted (Sen)	7.20	7.81	7.20	7.81	(0.61)	-8%

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2017 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 FINANCIAL POSITION**

As at 30 June 2017

	(UNAUDITED) As At 30-06-2017 RM'000	(AUDITED) As At 31-03-2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	199,491	214,471
2. Prepaid lease payments	683	685
3. Investment in associate	15,600	15,437
4. Investment properties	69,880	69,880
5. Land held for property development	2,741	2,740
6. Investments	24	24
7. Trust account	2,413	2,399
8. Deferred tax assets	3,428	1,611
9. Trade receivables	547	2,322
	<b>294,807</b>	<b>309,569</b>
<b>10. Current assets</b>		
10.1 Prepaid lease payments	10	10
10.2 Property development costs	202,995	191,961
10.3 Inventories	13,390	15,210
10.4 Trade and other receivables	32,299	87,896
10.5 Current tax assets	1,036	2,057
10.6 Cash and deposits	382,043	290,420
	<b>631,773</b>	<b>587,554</b>
<b>11. TOTAL ASSETS</b>	<b>926,580</b>	<b>897,123</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
12. Share capital	242,124	242,124
13. Reserves	525,651	508,106
	<b>767,775</b>	<b>750,230</b>
14. Non-controlling Interests	44,096	18,610
<b>15. Total equity</b>	<b>811,871</b>	<b>768,840</b>
<b>16. Non-current liabilities</b>		
16.1 Deferred tax liabilities	21,930	21,983
16.2 Finance lease liabilities	492	604
16.3 Club establishment fund	11,017	11,022
	<b>33,439</b>	<b>33,609</b>
<b>17. Current liabilities</b>		
17.1 Trade and other payables	76,819	91,376
17.2 Current tax liabilities	3,975	2,793
17.3 Finance lease liabilities	476	505
	<b>81,270</b>	<b>94,674</b>
<b>18. TOTAL LIABILITIES</b>	<b>114,709</b>	<b>128,283</b>
<b>19. TOTAL EQUITY AND LIABILITIES</b>	<b>926,580</b>	<b>897,123</b>
<b>20. Net assets per share (RM)</b>	<b>3.17</b>	<b>3.10</b>

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

*(The figures have not been audited)*

	Attributable to equity holders of the Company						Total	Non-controlling Interests	Total Equity	
	Non-distributable			Distributable						
	Share Capital	Share Premium	Revaluation Surplus	Merger Deficit	Capital Reserve	Retained Profits				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	A RM'000	B RM'000	A + B RM'000		
<b>1. 3 months ended</b>										
<b>30 June 2017</b>										
1.1	At 1 April 2017	242,124	1,225	96,330	(130,464)	11,040	529,975	750,230	18,610	768,840
1.2	Total comprehensive income for the period	-	-	-	-	-	17,444	17,444	142	17,586
1.3	Realisation of revaluation reserve	-	-	(292)	-	-	393	101	-	101
1.4	Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	25,344	25,344
1.5	<b>At 30 June 2017</b>	<b>242,124</b>	<b>1,225</b>	<b>96,038</b>	<b>(130,464)</b>	<b>11,040</b>	<b>547,812</b>	<b>767,775</b>	<b>44,096</b>	<b>811,871</b>
<b>2. 3 months ended</b>										
<b>30 June 2016</b>										
2.1	At 1 April 2016	242,124	1,225	96,871	(130,464)	11,040	492,963	713,759	18,102	731,861
2.2	Total comprehensive income for the period	-	-	-	-	-	18,921	18,921	105	19,026
2.3	Realisation of revaluation reserve	-	-	(246)	-	-	331	85	-	85
2.4	<b>At 30 June 2016</b>	<b>242,124</b>	<b>1,225</b>	<b>96,625</b>	<b>(130,464)</b>	<b>11,040</b>	<b>512,215</b>	<b>732,765</b>	<b>18,207</b>	<b>750,972</b>

*(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 2017 and the accompanying explanatory notes attached to the interim financial report)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**Financial Period Ended 30 June 2017**

	<b>3 months ended 30-06-2017 RM'000</b>	<b>3 months ended 30-06-2016 RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	20,353	24,308
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	1,461	1,373
1.2.2 Interest expenses	14	12
1.2.3 Interest income	(2,831)	(2,839)
1.2.4 Loss / (profit) from associate	(163)	(39)
1.3 Operating profit / (loss) before working capital changes	<u>18,834</u>	<u>22,815</u>
1.4 (Increase)/decrease in inventories and property development costs	5,871	(4,594)
1.5 (Increase)/decrease in receivables	57,370	6,413
1.6 Increase/(decrease) in payables	<u>(14,557)</u>	<u>(16,681)</u>
1.7 Cash generated from / (absorbed by) operations	67,518	7,953
1.8 Tax paid	<u>(2,333)</u>	<u>(5,070)</u>
<b>1.9 Net cash inflow / (outflow) from operating activities</b>	<u>65,185</u>	<u>2,883</u>
<b>2 Cash flows from investing activities</b>		
2.1 Receipt/(Deposit) from/(to) trust account	(13)	(17)
2.2 Purchase of property, plant and equipment	(1,564)	(440)
2.3 Purchase of land held for property development	-	(104)
2.4 Interest received	2,831	2,839
<b>2.5 Net cash inflow / (outflow) from investing activities</b>	<u>1,254</u>	<u>2,278</u>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from shares issued to non-controlling interest	25,344	-
3.2 Receipt / (Refund) of members' deposit	(5)	3
3.3 Payment of finance lease liabilities	(141)	(99)
3.4 Interest paid	(14)	(12)
<b>3.5 Net cash inflow / (outflow) from financing activities</b>	<u>25,184</u>	<u>(108)</u>
<b>4 Net increase / (decrease) in cash and cash equivalents</b>	91,623	5,053
<b>5 Cash and cash equivalents at 1 April 2017 / 2016</b>	<u>290,420</u>	<u>305,810</u>
<b>6 Cash and cash equivalents at 30 June 2017 / 2016</b>	<u><b>382,043</b></u>	<u><b>310,863</b></u>
<b>7 Analysis of Cash and Cash Equivalents :-</b>		
<b>8 Cash &amp; deposits</b>	<u><b>382,043</b></u>	<u><b>310,863</b></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 2017 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 2017.

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 2017, except for the adoption of the following new and revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations Committee (IC) interpretations.

	<b>Effective for financial periods beginning on or after</b>
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 :-

	<b>Effective for financial periods beginning on or after</b>
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 2017 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 2018, a second interim single-tier dividend of 6 sen per share, amounting to a net dividend of approximately RM14.53 million in respect of the financial year ended 31 March 2017, was paid on 5 July 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 16 August 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 30 June 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
<b>REVENUE</b>								
External sales	2,657	47,698	-	-	80	331	-	50,766
Inter-segment sales	804	-	17,467	6,694	2,752	-	(27,717)	-
<b>Total revenue</b>	<b>3,461</b>	<b>47,698</b>	<b>17,467</b>	<b>6,694</b>	<b>2,832</b>	<b>331</b>	<b>(27,717)</b>	<b>50,766</b>
<b>RESULTS</b>								
Segment results	421	16,208	303	7	102	333	-	17,374
Interest income								2,831
Finance costs								(15)
Profit/(Loss) from associate								163
Profit before tax								20,353
Taxation								(2,767)
<b>Profit for the year</b>								<b>17,586</b>

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**

SHL Consolidated Bhd. ('SHL') has on 3 May 2017 entered into a Joint Venture Agreement ('the JV Agreement') with Marubeni Corporation ('Marubeni') to:

- Carry on the business of undertaking the development of a land held under Geran 331496, Lot 27762 Seksyen 5, Bandar Cheras, Daerah Ulu Langat, Selangor Darul Ehsan comprising a land area of approximately 9.557 acres ('the Land'); and
- Engage in all such activities as may be incidental thereto.

Pursuant to the JV Agreement:

- (a) Sin Heap Lee Development Sdn. Bhd. ('SHL Development'), a wholly-owned subsidiary of SHL and MC Chance Malaysia Sdn. Bhd. ('MCCM'), a wholly owned subsidiary of Marubeni has on 4 May 2017 incorporated a new company namely SHL-M Ventures Sdn. Bhd. ('SHL-M Ventures') as a joint venture company to carry out the joint venture activities of developing the Land. The principal activity of SHL-M Ventures is property development.
- (b) SHL Development has subscribed for Fifty One Million Four Hundred Fifty Six Thousand (51,456,000) ordinary shares and MCCM has subscribed for Twenty Five Million Three Hundred Forty Four Thousand (25,344,000) ordinary shares at an issue price of Ringgit Malaysia One (RM1.00) for each ordinary share in SHL-M Ventures, representing 67% and 33% respectively of the issued and paid-up share capital of SHL-M Ventures.

**12. Changes in contingent liabilities or contingent assets**

There were no contingent liabilities or contingent assets as at 30 June 2017.

**13. Capital commitments**

No capital commitment was outstanding as at 30 June 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 RM0.03 million.
- b) Procurement of engineering consultancy services for approximately RM0.80 million.
- c) Rental expense of premises for approximately RM0.26 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 June 2017 of RM20.35 million, decreased by RM3.96 million or 16.3% as compared to preceding year's profit before taxation of RM24.31 million. The decrease in the Group's profit is mainly due to lower revenue realised by our property development 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 decrease in pre-tax profit was mainly due to lower revenue realised by our property development business.
- (ii) There are no significant variations for other business segments.

**2. Variation of results against preceding quarter**

The Group's profit before taxation of RM20.35 million for the current quarter decreased by RM10.05 million compared to RM30.40 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is mainly due to lower profit margin realised by our property development 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:

	<b>Current year quarter <u>RM'000</u></b>	<b>Current year-to- date <u>RM'000</u></b>
Interest income	(2,831)	(2,831)
Interest expense	14	14
Depreciation and amortisation	1,461	1,461

**6. Tax expense**

	<b>Current quarter ended 30 June</b>		<b>Year-to-date ended 30 June</b>	
	<b>2017 <u>RM'000</u></b>	<b>2016 <u>RM'000</u></b>	<b>2017 <u>RM'000</u></b>	<b>2016 <u>RM'000</u></b>
Current	2,980	3,643	2,980	3,643
Under / (Over) provision in prior year	-	1,026	-	1,026
Deferred	(213)	613	(213)	613
	<b><u>2,767</u></b>	<b><u>5,282</u></b>	<b><u>2,767</u></b>	<b><u>5,282</u></b>
Effective tax rate	<b><u>14%</u></b>	<b><u>22%</u></b>	<b><u>14%</u></b>	<b><u>22%</u></b>

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 16 August 2017.

**8. Finance lease liabilities**

The Group finance lease liabilities as at 30 June 2017 are as follows: -

	<b>Secured</b>
	<u>RM'000</u>
Short Term	476
Long Term	<u>492</u>
	<b><u>968</u></b>

The above finance lease liabilities 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: -

	<b>As at 30 June 2017</b>	<b>As at 31 March 2017</b>
	<u>RM'000</u>	<u>RM'000</u>
<hr/>		
Total retained profits of the Company and its subsidiaries:		
- Realised	555,363	544,274
- Unrealised	168,810	175,500
	724,173	719,774
Total share of accumulated profits from associate company:		
- Realised	12,807	12,644
- Unrealised	1,488	1,488
	14,295	14,132
Less: Consolidation adjustments	(190,656)	(203,931)
<b>Total group retained profits as per consolidated accounts</b>	<b><u>547,812</u></b>	<b><u>529,975</u></b>

## **10. Dividend**

10.1 No dividend was declared for the current quarter ended 30 June 2017.

10.2 In respect of the previous financial year ended 31 March 2017:

- (i) The Board of Directors has proposed a final single-tier dividend of 6 sen per share (2016: 6 sen per share) in respect of the financial year ended 31 March 2017, 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 5 October 2017.
- (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 18 September 2017 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.**

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**Dato' Sri Ir. Yap Chong Lee**  
**Executive Director**  
22 August 2017