



**SHL CONSOLIDATED BHD.**

Company No.: 293565-W

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**FOR**

**THIRD QUARTER ENDED**

**31 DECEMBER 2017**

# **SHL CONSOLIDATED BHD.**

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

## **Interim Financial Report – 31 December 2017**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Period Ended 31 December 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		
	31-12-17	31-12-16	31-12-17	31-12-16		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	37,141	50,169	138,049	164,930	(26,881)	-16.3%
2. Cost of Sales	(15,773)	(23,683)	(72,288)	(90,105)	(17,817)	-19.8%
3. Gross Profit	21,368	26,486	65,761	74,825	(9,064)	-12.1%
4. Other Operating Income	3,323	2,485	9,801	7,702	2,099	27.3%
5. Distribution Costs	(1,491)	(826)	(4,686)	(3,122)	1,564	50.1%
6. Administration Expenses	(3,208)	(2,641)	(9,517)	(8,099)	1,418	17.5%
7. Profit from Operations	19,992	25,504	61,359	71,306	(9,947)	-13.9%
8. Finance Costs	(9)	(14)	(38)	(36)	2	5.6%
9. Profit from Associate	881	(16)	1,134	615	519	84.4%
10. Profit before Taxation	20,864	25,474	62,455	71,885	(9,430)	-13.1%
11. Taxation	(3,650)	(4,232)	(9,728)	(14,046)	(4,318)	-30.7%
12. Profit for the Period	17,214	21,242	52,727	57,839	(5,112)	-8.8%
13. Other Comprehensive Income	-	-	-	-	-	-
14. Total Comprehensive Income for the Period	17,214	21,242	52,727	57,839	(5,112)	-8.8%
<b>Profit Attributable to:</b>						
15. Equity Holders of the Company	16,976	21,136	52,171	57,490	(5,319)	-9.3%
16. Non-controlling Interests	238	106	556	349	207	59.3%
	17,214	21,242	52,727	57,839	(5,112)	-8.8%
<b>Total Comprehensive Income Attributable to:</b>						
17. Equity Holders of the Company	16,976	21,136	52,171	57,490	(5,319)	-9.3%
18. Non-controlling Interests	238	106	556	349	207	59.3%
	17,214	21,242	52,727	57,839	(5,112)	-8.8%
<b>Earnings Per Share Attributable to Equity Holders of the Company:</b>						
19. Basic & Fully Diluted (Sen)	7.01	8.73	21.55	23.74	(2.19)	-9.2%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2017 and the accompanying explanatory notes attached to the interim financial report)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2017**

	(UNAUDITED) As At 31-12-2017 RM'000	(AUDITED) As At 31-03-2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	199,022	214,471
2. Prepaid lease payments	677	685
3. Investment in associate	10,196	15,437
4. Investment properties	69,880	69,880
5. Land held for property development	2,742	2,740
6. Investments	24	24
7. Trust account	2,307	2,399
8. Deferred tax assets	4,111	1,611
9. Trade receivables	547	2,322
	<b>289,506</b>	<b>309,569</b>
<b>10. Current assets</b>		
10.1 Prepaid lease payments	10	10
10.2 Property development costs	212,988	191,961
10.3 Inventories	9,791	15,210
10.4 Trade and other receivables	50,169	87,896
10.5 Current tax assets	606	2,057
10.6 Cash, deposits and short term investment	376,215	290,420
	<b>649,779</b>	<b>587,554</b>
<b>11. TOTAL ASSETS</b>	<b>939,285</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	531,381	508,106
	773,505	750,230
14. Non-controlling Interests	61,538	18,610
<b>15. Total equity</b>	<b>835,043</b>	<b>768,840</b>
<b>16. Non-current liabilities</b>		
16.1 Deferred tax liabilities	21,750	21,983
16.2 Finance lease liabilities	296	604
16.3 Club establishment fund	10,998	11,022
	<b>33,044</b>	<b>33,609</b>
<b>17. Current liabilities</b>		
17.1 Trade and other payables	64,936	91,376
17.2 Current tax liabilities	5,839	2,793
17.3 Finance lease liabilities	423	505
	<b>71,198</b>	<b>94,674</b>
<b>18. TOTAL LIABILITIES</b>	<b>104,242</b>	<b>128,283</b>
<b>19. TOTAL EQUITY AND LIABILITIES</b>	<b>939,285</b>	<b>897,123</b>
<b>20. Net assets per share (RM)</b>	<b>3.19</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 31 December 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. 9 months ended</b>									
<b>31 December 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	-	-	159	-	-	52,171	52,330	556	52,886
1.3 Realisation of revaluation reserve	-	-	(626)	-	-	626	-	-	-
1.4 Dividends paid	-	-	-	-	-	(29,055)	(29,055)	-	(29,055)
1.5 Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	42,372	42,372
<b>1.6 At 31 December 2017</b>	<b>242,124</b>	<b>1,225</b>	<b>95,863</b>	<b>(130,464)</b>	<b>11,040</b>	<b>553,717</b>	<b>773,505</b>	<b>61,538</b>	<b>835,043</b>
<b>2. 9 months ended</b>									
<b>31 December 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	-	-	-	-	-	57,490	57,490	349	57,839
2.3 Realisation of revaluation reserve	-	-	(350)	-	-	470	120	-	120
2.4 Dividends paid	-	-	-	-	-	(31,475)	(31,475)	-	(31,475)
<b>2.5 At 31 December 2016</b>	<b>242,124</b>	<b>1,225</b>	<b>96,521</b>	<b>(130,464)</b>	<b>11,040</b>	<b>519,448</b>	<b>739,894</b>	<b>18,451</b>	<b>758,345</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 31 December 2017**

	<b>9 months ended 31-12-2017</b>	<b>9 months ended 31-12-2016</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	62,455	71,885
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	4,128	4,277
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	-	(24)
1.2.3 Interest expenses	38	36
1.2.4 Interest income	(9,352)	(7,638)
1.2.5 Loss / (profit) from associate	(1,134)	(615)
1.3 Operating profit before working capital changes	<u>56,135</u>	<u>67,921</u>
1.4 (Increase)/decrease in inventories and property development costs	(523)	4,207
1.5 (Increase)/decrease in receivables	39,502	(11,910)
1.6 (Increase)/decrease in fair market value of short term investment	(471)	55
1.7 Increase/(decrease) in payables	<u>(26,440)</u>	<u>(45,813)</u>
1.8 Cash generated from operations	68,203	14,460
1.9 Tax paid	<u>(7,806)</u>	<u>(8,142)</u>
<b>1.10 Net cash inflow / (outflow) from operating activities</b>	<u>60,397</u>	<u>6,318</u>
<b>2 Cash flows from investing activities</b>		
2.1 Receipt/(Deposit) from/(to) trust account	92	(179)
2.2 Purchase of property, plant and equipment	(3,756)	(2,388)
2.3 Purchase of short term investment	(10,000)	(50,000)
2.4 Purchase of land held for property development	(1)	(137)
2.5 Proceeds from disposal of property, plant and equipment	-	24
2.6 Dividends received from associate	6,375	-
2.7 Interest received	<u>9,352</u>	<u>7,638</u>
<b>2.8 Net cash inflow / (outflow) from investing activities</b>	<u>2,062</u>	<u>(45,042)</u>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds from shares issued to non-controlling interest	42,372	-
3.2 Receipt / (Refund) of members' deposit	(24)	(724)
3.3 Payment of finance lease liabilities	(390)	(317)
3.4 Interest paid	(38)	(36)
3.5 Dividends paid to shareholders of the Company	<u>(29,055)</u>	<u>(31,475)</u>
<b>3.6 Net cash inflow / (outflow) from financing activities</b>	<u>12,865</u>	<u>(32,552)</u>
<b>4 Net increase / (decrease) in cash and cash equivalents</b>	75,324	(71,276)
<b>5 Cash and cash equivalents at 1 April 2017 / 2016</b>	<u>140,425</u>	<u>205,797</u>
<b>6 Cash and cash equivalents at 31 December 2017 / 2016</b>	<u>215,749</u>	<u>134,521</u>
<b>7 Analysis of Cash and Cash Equivalents :-</b>		
<b>8 Cash and deposits</b>	<u>215,749</u>	<u>134,521</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, paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of Companies Act 2016 (“CA 2016”) that became effective 31 January 2017 in Malaysia.

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>
Amendments to FRS 107 : Disclosure Initiative	1 January 2017
Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 – 2016 Cycle (Amendments to FRS 12 : Disclosure of Interests in Other Entities)	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>
Amendments to FRS 2 : Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 9 : Financial Instruments	1 January 2018
FRS 15 : Revenue from Contracts with Customers	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 except as mentioned below:

#### FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking ‘expected loss’ impairment model. This standard replaces FRS 139 *Financial Instruments: Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three principal classification categories for financial assets: Amortised Cost, Fair Value through Other Comprehensive Income and Fair Value through Profit or Loss. The standard eliminates the existing FRS 139 categories of Held-to-Maturity, Loans and Receivables and Available-for Sale.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income without subsequent recycling to profit or loss. There are now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

### **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 falls within the scope definition of Transitioning Entities and has availed itself of this transitional arrangement and will continue to apply FRSs in the preparation of its financial statements. Accordingly, the Group will be required to apply MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* in its financial statements for the financial year ending 31 March 2019, being the first set of financial statements prepared in accordance with the new MFRS Framework. In presenting their first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group is currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemption as provided for in MFRS 1. At the date of authorisation for issue of these financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adopting the new MFRS Framework on the Group's first set of financial statements prepared in accordance with the MFRS Framework cannot be determined and estimated reliably until the process is complete.

The Group and the Company will adopt the MFRS 15 Revenue from Contracts with Customers effective 1 April 2018.



### **Companies Act 2016 (CA 2016)**

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which the Companies Act 2016 comes into operation, except for Section 241 and Division 8 of Part III.

Pursuant to the circular issued by Malaysian Institute of Accountants on 2 February 2017, the Companies Commission of Malaysia had clarified that the CA 2016 should be complied with for the preparation of financial statements, the directors' report and the auditors' report thereon commencing from the financial year/period ended 31 January 2017.

Following the requirements of the CA 2016, the amount standing in the share premium and merger reserve account will be recognised as part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the CA 2016 or utilised for the purposes as set out in Section 618(3) of the CA 2016, within 24 months from the commencement of the CA 2016.

As at 31 December 2017, no adjustment is made to the share premium and merger reserve accounts as the Group and the Company has yet to decide on the transitional treatments.

#### **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.

The CA 2016, which came into operation on 31 January 2017, abolished the concept of:

- Authorized share capital
- Par value of share capital
- Share premium and merger reserve accounts

The ordinary shares of RM1 each have no par value upon enactment of the CA 2016.

**7. Dividends paid**

During the financial year ending 31 March 2018:

- (i) 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.
- (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 2017, was paid on 5 October 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. Cash, deposits and short-term investment**

The Group cash, deposits and short-term investment are as follows: -

	As at 31 December 2017 RM'000	As at 31 December 2016 RM'000
Cash and bank balances:		
- Housing development accounts	2,418	5,775
- Others	15,241	22,324
	17,659	28,099
Deposits with:		
- Licensed banks	198,090	106,422
<b>Cash and cash equivalents</b>	<b>215,749</b>	<b>134,521</b>
Short-term investment	160,466	149,958
<b>Total cash, deposits and short term investment</b>	<b>376,215</b>	<b>284,479</b>

Housing Development Accounts are held and maintained pursuant to Section 7A of the Housing Development Act, 1966. These accounts are restricted from use in other operations.

Short-term investment is placements made in management funds that invest in Islamic deposits and other Shariah-compliant investment instruments permitted by the Shariah Advisory Council of the Securities Commission Malaysia and/ or Shariah Adviser. Short-term fund aims to provide a higher level of liquidity while providing better return from non-taxable income by predominantly investing its assets in Sukuk and short-term Islamic Money Market Instruments. The income is calculated daily and distributed at month end.

**10. Material events subsequent to the end of the reporting period**

There were no material events subsequent to the end of current quarter to 21 February 2018, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

**11. Segmental information**

The segmental analysis for the current year to date ended 31 December 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	8,640	128,621	-	-	223	565	-	138,049
Inter-segment sales	1,977	-	56,767	29,616	5,156	-	(93,516)	-
<b>Total revenue</b>	<b>10,617</b>	<b>128,621</b>	<b>56,767</b>	<b>29,616</b>	<b>5,379</b>	<b>565</b>	<b>(93,516)</b>	<b>138,049</b>
<b>RESULTS</b>								
Segment results	981	49,330	2,383	13	(1,258)	558	-	52,007
Interest income								9,352
Finance costs								(38)
Profit from associate								1,134
Profit before tax								62,455
Taxation								(9,728)
<b>Profit for the year</b>								<b>52,727</b>

The segmental analysis for the preceding year to date ended 31 December 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
<b>REVENUE</b>								
External sales	8,698	154,264	-	-	212	1,756	-	164,930
Inter-segment sales	1,759	-	73,573	23,905	5,527	-	(104,764)	-
<b>Total revenue</b>	<b>10,457</b>	<b>154,264</b>	<b>73,573</b>	<b>23,905</b>	<b>5,739</b>	<b>1,756</b>	<b>(104,764)</b>	<b>164,930</b>
<b>RESULTS</b>								
Segment results	2,259	56,739	2,613	(13)	321	1,749	-	63,668
Interest income								7,638
Finance costs								(36)
Profit from associate								615
Profit before tax								71,885
Taxation								(14,046)
<b>Profit for the period</b>								<b>57,839</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.

**12. 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') into 568 units of condominium in Bandar Sungai Long; 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 Eighty Six Million Twenty Eight Thousand (86,028,000) ordinary shares and MCCM has subscribed for Forty Two Million Three Hundred Seventy Two Thousand (42,372,000) 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 as at 31 December 2017.

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

There were no contingent liabilities or contingent assets as at 31 December 2017.

**14. Capital commitments**

No capital commitment was outstanding as at 31 December 2017.

**15. 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 of approximately RM0.09 million.
- (b) Procurement of engineering consultancy services of approximately RM5.45 million.
- (c) Rental expense of premises of approximately RM0.77 million.
- (d) Procurement of project delivery services and construction management services of approximately RM1.19 million.

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of performance**

Financial review for current quarter and financial period to date

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT	PRECEDING	Changes		CURRENT	PRECEDING	Changes	
	YEAR	YEAR			YEAR	YEAR		
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING				
31-12-17	31-12-16	31-12-17	31-12-16					
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	37,141	50,169	(13,028)	-26.0%	138,049	164,930	(26,881)	-16.3%
Gross Profit	21,368	26,486	(5,118)	-19.3%	65,761	74,825	(9,064)	-12.1%
Profit from Operations	19,992	25,504	(5,512)	-21.6%	61,359	71,306	(9,947)	-13.9%
Profit before Taxation	20,864	25,474	(4,610)	-18.1%	62,455	71,885	(9,430)	-13.1%
Profit for the Period	17,214	21,242	(4,028)	-19.0%	52,727	57,839	(5,112)	-8.8%
Profit Attributable to Equity Holders of the Company	16,976	21,136	(4,160)	-19.7%	52,171	57,490	(5,319)	-9.3%

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

The Group revenue decreased by 16.3% from RM164.93 million reported in the preceding year corresponding period to RM138.05 million for the period ended 31 December 2017, mainly due to substantial handovers of sold units at Alam Budiman in Shah Alam, Selangor Darul Ehsan in the preceding year corresponding period.

The Group registered higher gross profit margin in the current financial period under review from 45.4% to 47.6% mainly due to higher gross profit margins realised by our property development business.

The Group recorded a profit before taxation for the period ended 31 December 2017 of RM62.46 million, decreased by RM9.43 million or 13.1% as compared to preceding year's profit before taxation of RM71.89 million. The decrease of the Group's profit is mainly due to lower revenue generated by our property development business

The property development segment continues to be the key contributor registering a revenue of RM128.62 million for the nine-months period ended 31 December 2017, representing about 93.2% of the consolidated revenue. The property segment will remain focused on building landed properties and affordable value homes with readily available mortgage financing facilities from banks. Goodview Heights in Sungai Long South, Selangor Darul Ehsan has contributed significantly to the financial performance of the Group.

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 segment.
- (ii) Manufacturing – The decrease in pre-tax profit was mainly due to decrease in the sales of our clay bricks.
- (iii) There are no significant variations for other business segments.

## **1.2 Current Quarter vs Preceding Year Corresponding Quarter**

On a quarterly basis, the Group recorded a profit before taxation for the period ended 31 December 2017 of RM20.86 million, decreased by RM4.61 million or 18.1% as compared to preceding year's profit before taxation of RM25.47 million. The decrease of the Group's profit is mainly due to lower revenue generated 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 generated by our property development business.
- (ii) Manufacturing – The decrease in pre-tax profit was mainly due to decrease in the sales of our clay bricks.
- (iii) There are no significant variations for other business segments.

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

### **Financial review for current quarter compared with immediate preceding quarter**

	<b>INDIVIDUAL QUARTER</b>			
	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEDING QUARTER</b>	<b>Changes</b>	
	<b>31-12-17</b>	<b>30-09-17</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
<b>Revenue</b>	<b>37,141</b>	<b>50,142</b>	<b>(13,001)</b>	<b>-25.9%</b>
<b>Gross Profit</b>	<b>21,368</b>	<b>22,335</b>	<b>(967)</b>	<b>-4.3%</b>
<b>Profit from Operations</b>	<b>19,992</b>	<b>21,162</b>	<b>(1,170)</b>	<b>-5.5%</b>
<b>Profit before Taxation</b>	<b>20,864</b>	<b>21,238</b>	<b>(374)</b>	<b>-1.8%</b>
<b>Profit for the Period</b>	<b>17,214</b>	<b>17,927</b>	<b>(713)</b>	<b>-4.0%</b>
<b>Profit Attributable to Equity Holders of the Company</b>	<b>16,976</b>	<b>17,751</b>	<b>(775)</b>	<b>-4.4%</b>

The Group's profit before taxation of RM20.86 million for the current quarter decreased by RM0.38 million compared to RM21.24 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is mainly due to lower revenue generated by our property development business.

**3. Prospects for the next financial year**

Malaysia registered a strong economic growth of 5.9% in 2017. For 2018, the Malaysian economy is expected to remain favourable with domestic demand continuing to be the key driver of growth.

SHL Consolidated Bhd has on 3 May 2017 entered into a joint venture agreement with Marubeni Corporation, Japan to develop 568 units of condominium in Bandar Sungai Long, Selangor Darul Ehsan, with the potential of engaging in development projects in the ASEAN region. This relationship will enhance the acceleration of supply of houses, generate revenue growth and efficiency, improvement of delivery system, recycling of human resource, exchange of information and comprehensive evaluation of the domestic and international property market. The joint venture with Marubeni Corporation, Japan will enhance the Group's growth prospects going forward and the above-mentioned project undertaken by the Group's joint-venture is expected to begin contributing to our Group's earnings.

The newly completed 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 both 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	(3,149)	(9,352)
Interest expense	12	38
Depreciation and amortisation	1,199	4,128

**6. Taxation**

	Current quarter ended		Year-to-date ended	
	31 December		31 December	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Current	3,625	5,354	10,801	11,900
Under / (Over) provision in prior year	(92)	255	(92)	2,558
Deferred	117	(1,377)	(981)	(412)
	<b>3,650</b>	<b>4,232</b>	<b>9,728</b>	<b>14,046</b>
Effective tax rate	<b>17%</b>	<b>17%</b>	<b>16%</b>	<b>20%</b>

The effective tax rate of the Group for the current quarter and year-to-date were 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 21 February 2018.

**8. Finance lease liabilities**

The Group finance lease liabilities are as follows: -

<b><u>Secured</u></b>	As at	As at
	31 December 2017	31 December 2016
	RM'000	RM'000
Short Term	423	530
Long Term	296	719
	<b>719</b>	<b>1,249</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 December 2017 are as follows: -

	As at 30 September 2017 RM'000	As at 31 March 2017 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	553,767	544,274
- Unrealised	157,721	175,500
	711,488	719,774
Total share of accumulated profits from associate company:		
- Realised	15,009	12,644
- Unrealised	257	1,488
	15,266	14,132
Less: Consolidation adjustments	(173,037)	(203,931)
<b>Total group retained profits as per consolidated accounts</b>	<b>553,717</b>	<b>529,975</b>

The determination of realised and unrealised profits is compiled based on the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

**10. Dividend**

The Board of Directors has declared an interim dividend of single-tier dividend of 8 sen per share (2017: 6 sen per share), amounting to a net dividend payable of approximately RM19.37 million (2017: RM14.53 million) for the financial year ending 31 March 2018, to be paid on 6 April 2018.

**11. Earnings per share (Basic and fully diluted)**

The calculation of basic earnings per share of the Group is based on the net profit attributable to ordinary shareholders and the number of ordinary shares outstanding during the said financial period.

Fully diluted earnings per share is the same as basic earnings per share as it is considered that there are no dilutive potential ordinary shares.

For and on behalf of the Board  
**SHL CONSOLIDATED BHD.**

**Dato' Sri Ir. Yap Chong Lee**  
Executive Director  
27 February 2018