



**SHL CONSOLIDATED BHD.**

Company No.: 293565-W

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**FOR**

**FOURTH QUARTER ENDED**

**31 MARCH 2018**

# **SHL CONSOLIDATED BHD.**

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

## **Interim Financial Report – 31 March 2018**

	Page No.
Condensed Consolidated Statement of Comprehensive Income	1
Condensed Consolidated Statement of Financial Position	2
Condensed Consolidated Statement of Changes In Equity	3
Condensed Consolidated Statement of Cash Flow	4
Notes to the Interim Financial Report	5 – 10
Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad	11 – 15

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Year Ended 31 March 2018**

(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		
	31-03-18	31-03-17	31-03-18	31-03-17		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
			A	B	A - B	
1. Revenue	42,491	38,103	180,540	203,033	(22,493)	-11.1%
2. Cost of Sales	(22,589)	(5,256)	(94,877)	(95,361)	(484)	-0.5%
3. <b>Gross Profit</b>	<b>19,902</b>	<b>32,847</b>	<b>85,663</b>	<b>107,672</b>	<b>(22,009)</b>	<b>-20.4%</b>
4. Other Operating Income	3,369	2,312	13,170	10,014	3,156	31.5%
5. Distribution Costs	(1,951)	(1,590)	(6,637)	(4,712)	1,925	40.9%
6. Administration Expenses	(627)	(3,314)	(10,144)	(11,413)	(1,269)	-11.1%
7. <b>Profit from Operations</b>	<b>20,693</b>	<b>30,255</b>	<b>82,052</b>	<b>101,561</b>	<b>(19,509)</b>	<b>-19.2%</b>
8. Finance Costs	(11)	(16)	(49)	(52)	(3)	-5.8%
9. Profit from Associate	18	165	1,152	780	372	47.7%
10. <b>Profit before Taxation</b>	<b>20,700</b>	<b>30,404</b>	<b>83,155</b>	<b>102,289</b>	<b>(19,134)</b>	<b>-18.7%</b>
11. Taxation	(3,115)	(5,816)	(12,843)	(19,862)	(7,019)	-35.3%
12. <b>Profit for the Period</b>	<b>17,585</b>	<b>24,588</b>	<b>70,312</b>	<b>82,427</b>	<b>(12,115)</b>	<b>-14.7%</b>
13. Other Comprehensive Income	19	-	178	-	178	-
14. <b>Total Comprehensive Income for the Period</b>	<b>17,604</b>	<b>24,588</b>	<b>70,490</b>	<b>82,427</b>	<b>(11,937)</b>	<b>-14.5%</b>
<b>Profit Attributable to:</b>						
15. Equity Holders of the Company	17,551	24,492	69,722	81,982	(12,260)	-15.0%
16. Non-controlling Interests	34	96	590	445	145	32.6%
	<b>17,585</b>	<b>24,588</b>	<b>70,312</b>	<b>82,427</b>	<b>(12,115)</b>	<b>-14.7%</b>
<b>Total Comprehensive Income Attributable to:</b>						
17. Equity Holders of the Company	17,570	24,492	69,900	81,982	(12,082)	-14.7%
18. Non-controlling Interests	34	96	590	445	145	32.6%
	<b>17,604</b>	<b>24,588</b>	<b>70,490</b>	<b>82,427</b>	<b>(11,937)</b>	<b>-14.5%</b>
<b>Earnings Per Share Attributable to Equity Holders of the Company:</b>						
19. Basic & Fully Diluted (Sen)	7.25	10.12	28.80	33.86	(5.06)	-14.9%

(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 31 March 2018

	(UNAUDITED) As At 31-03-2018 RM'000	(AUDITED) As At 31-03-2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	205,465	214,471
2. Prepaid lease payments	675	685
3. Investment in associate	10,214	15,437
4. Investment properties	69,880	69,880
5. Land held for property development	2,745	2,740
6. Investments	24	24
7. Trust account	2,361	2,399
8. Deferred tax assets	4,111	1,611
9. Trade receivables	547	2,322
	<b>296,022</b>	<b>309,569</b>
<b>10. Current assets</b>		
10.1 Prepaid lease payments	10	10
10.2 Property development costs	223,371	191,961
10.3 Inventories	9,483	15,210
10.4 Trade and other receivables	43,346	87,896
10.5 Current tax assets	478	2,057
10.6 Cash, deposits and short-term investment	370,772	290,420
	<b>647,460</b>	<b>587,554</b>
<b>11. TOTAL ASSETS</b>	<b>943,482</b>	<b>897,123</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
12. Share capital	247,726	242,124
13. Reserves	543,349	508,106
	791,075	750,230
14. Non-controlling Interests	61,572	18,610
<b>15. Total equity</b>	<b>852,647</b>	<b>768,840</b>
<b>16. Non-current liabilities</b>		
16.1 Deferred tax liabilities	21,505	21,983
16.2 Finance lease liabilities	220	604
16.3 Club establishment fund	10,988	11,022
	<b>32,713</b>	<b>33,609</b>
<b>17. Current liabilities</b>		
17.1 Trade and other payables	55,051	91,376
17.2 Current tax liabilities	2,688	2,793
17.3 Finance lease liabilities	383	505
	<b>58,122</b>	<b>94,674</b>
<b>18. TOTAL LIABILITIES</b>	<b>90,835</b>	<b>128,283</b>
<b>19. TOTAL EQUITY AND LIABILITIES</b>	<b>943,482</b>	<b>897,123</b>
<b>20. Net assets per share (RM)</b>	<b>3.27</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 Year Ended 31 March 2018**

*(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. 12 months ended</b>									
<b>31 March 2018</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	-	-	178	-	-	69,722	69,900	590	70,490
1.3 Realisation of revaluation reserve	-	-	(699)	-	-	699	-	-	-
1.4 Dividends paid	-	-	-	-	-	(29,055)	(29,055)	-	(29,055)
1.5 Non-controlling interests arising from business combinations	-	-	-	-	-	-	-	42,372	42,372
1.6 Transfer arising from "no-par-value" regime (Note 1)	5,602	(1,225)	-	-	(4,377)	-	-	-	-
<b>1.7 At 31 March 2018</b>	<b>247,726</b>	<b>-</b>	<b>95,809</b>	<b>(130,464)</b>	<b>6,663</b>	<b>571,341</b>	<b>791,075</b>	<b>61,572</b>	<b>852,647</b>
<b>2. 12 months ended</b>									
<b>31 March 2017</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	-	-	-	-	-	81,982	81,982	445	82,427
2.3 Realisation of revaluation reserve	-	-	(728)	-	-	974	246	-	246
2.4 Dividends paid	-	-	-	-	-	(46,003)	(46,003)	-	(46,003)
<b>2.5 At 31 March 2017</b>	<b>242,124</b>	<b>1,225</b>	<b>96,143</b>	<b>(130,464)</b>	<b>11,040</b>	<b>529,916</b>	<b>749,984</b>	<b>18,547</b>	<b>768,531</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 Year Ended 31 March 2018**

	<b>12 months ended 31-03-2018 RM'000</b>	<b>12 months ended 31-03-2017 RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	83,155	102,289
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	5,894	5,727
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	-	(24)
1.2.3 Interest expenses	49	52
1.2.4 Interest income	(12,700)	(10,016)
1.2.5 Loss / (profit) from associate	(1,152)	(780)
1.3 Operating profit before working capital changes	75,246	97,248
1.4 (Increase)/decrease in inventories and property development costs	(10,598)	(5,485)
1.5 (Increase)/decrease in receivables	46,328	(43,310)
1.6 (Increase)/decrease in fair market value of short-term investment	(455)	18
1.7 Increase/(decrease) in payables	(36,325)	(13,100)
1.8 Cash generated from operations	74,196	35,371
1.9 Tax paid	(14,172)	(10,780)
<b>1.10 Net cash inflow / (outflow) from operating activities</b>	<b>60,024</b>	<b>24,591</b>
<b>2 Cash flows from investing activities</b>		
2.1 Receipt/(Deposit) from/(to) trust account	38	48
2.2 Purchase of property, plant and equipment	(11,963)	(2,402)
2.3 Purchase of short-term investment	(10,000)	(50,000)
2.4 Purchase of land held for property development	(5)	(141)
2.5 Proceeds from disposal of property, plant and equipment	-	24
2.6 Dividends received from associate	6,375	-
2.7 Interest received	12,700	10,016
<b>2.8 Net cash inflow / (outflow) from investing activities</b>	<b>(2,855)</b>	<b>(42,455)</b>
<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	(34)	(822)
3.3 Payment of finance lease liabilities	(506)	(459)
3.4 Interest paid	(49)	(52)
3.5 Dividends paid to shareholders of the Company	(29,055)	(46,003)
<b>3.6 Net cash inflow / (outflow) from financing activities</b>	<b>12,728</b>	<b>(47,336)</b>
<b>4 Net increase / (decrease) in cash and cash equivalents</b>	<b>69,897</b>	<b>(65,200)</b>
<b>5 Cash and cash equivalents at 1 April 2017 / 2016</b>	<b>140,425</b>	<b>205,797</b>
<b>6 Cash and cash equivalents at 31 March 2018 / 2017</b>	<b>210,322</b>	<b>140,597</b>
<b>7 Analysis of Cash and Cash Equivalents :-</b>		
<b>8 Cash and deposits</b>	<b>210,322</b>	<b>140,597</b>

*(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
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

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>
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.

In accordance with the transitional provisions of the CA 2016, the amount standing to the credit of the Company's share premium account becomes part of the Company's share capital. This change does not have an impact on the number of shares in issue or the relative entitlement of any of the shareholders. The Company has a period of 24 months from the effective date of the CA 2016 to use the existing balance credited in the share premium account in manner as specified by the CA 2016. Included in the issued share capital as of 31 March 2018 is an amount of RM5,602,022 transferred from share premium, which can be utilised in a manner as specified by the CA 2016 during the 24 month-transitional period.

#### **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: -

	<b>As at 31 March 2018 RM'000</b>	<b>As at 31 March 2017 RM'000</b>
Cash and bank balances:		
- Housing development accounts	4,544	5,153
- Others	12,997	12,875
	17,541	18,028
Deposits with:		
- Licensed banks	192,781	122,569
<b>Cash and cash equivalents</b>	<b>210,322</b>	<b>140,597</b>
Short-term investment	160,450	149,995
<b>Total cash, deposits and short-term investment</b>	<b>370,772</b>	<b>290,592</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.

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

There were no material events subsequent to the end of current quarter to 24 May 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 March 2018 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	11,925	167,701	-	-	322	592	-	180,540
Inter-segment sales	21,963	-	79,511	40,974	8,048	-	(150,496)	-
<b>Total revenue</b>	<b>33,888</b>	<b>167,701</b>	<b>79,511</b>	<b>40,974</b>	<b>8,370</b>	<b>592</b>	<b>(150,496)</b>	<b>180,540</b>
<b>RESULTS</b>								
Operating profit	1,992	66,667	4,031	13	(919)	579	(3,011)	69,352
Interest income	864	7,290	1,675	402	1,351	1,118	-	12,700
Finance costs	(33)	(13)	-	-	(3)	-	-	(49)
Profit from associate	-	1,152	-	-	-	-	-	1,152
Profit before tax	2,823	75,096	5,706	415	429	1,697	(3,011)	83,155
Taxation								(12,843)
<b>Profit for the year</b>								<b>70,312</b>

The segmental analysis for the preceding year to date 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
<b>REVENUE</b>								
External sales	11,665	188,958	-	-	298	2,112	-	203,033
Inter-segment sales	16,845	-	96,301	25,799	18,255	-	(157,200)	-
<b>Total revenue</b>	<b>28,510</b>	<b>188,958</b>	<b>96,301</b>	<b>25,799</b>	<b>18,553</b>	<b>2,112</b>	<b>(157,200)</b>	<b>203,033</b>
<b>RESULTS</b>								
Operating profit	2,375	81,338	5,296	(31)	468	2,099	-	91,545
Interest income	788	5,900	1,477	405	1,208	238	-	10,016
Finance costs	(28)	(22)	-	-	(2)	-	-	(52)
Profit/(Loss) from associate	-	780	-	-	-	-	-	780
Profit before tax	3,135	87,996	6,773	374	1,674	2,337	-	102,289
Taxation								(19,862)
<b>Profit for the year</b>								<b>82,427</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 March 2018.

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

There were no contingent liabilities or contingent assets as at 31 March 2018.

**14. Capital commitments**

No capital commitment was outstanding as at 31 March 2018.

**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 RM0.12 million.
- (b) Procurement of engineering consultancy services of approximately RM7.28 million.
- (c) Rental expense of premises of approximately RM1.02 million.
- (d) Procurement of project delivery services and construction management services of approximately RM1.98 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	PERIOD			
31-03-18	31-03-17	31-03-18	31-03-17					
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	42,491	38,103	4,388	11.5%	180,540	203,033	(22,493)	-11.1%
Gross Profit	19,902	32,847	(12,945)	-39.4%	85,663	107,672	(22,009)	-20.4%
Profit from Operations	20,693	30,255	(9,562)	-31.6%	82,052	101,561	(19,509)	-19.2%
Profit before Taxation	20,700	30,404	(9,704)	-31.9%	83,155	102,289	(19,134)	-18.7%
Profit for the Period	17,585	24,588	(7,003)	-28.5%	70,312	82,427	(12,115)	-14.7%
Profit Attributable to Equity Holders of the Company	17,551	24,492	(6,941)	-28.3%	69,722	81,982	(12,260)	-15.0%

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

The Group revenue decreased by 11.1% from RM203.03 million reported in the preceding year corresponding period to RM180.54 million for the year ended 31 March 2018, mainly due to substantial handovers of sold units at Alam Budiman in Shah Alam, Selangor Darul Ehsan in the preceding year corresponding year.

The Group recorded a profit before taxation for the period ended 31 March 2018 of RM83.16 million, decreased by RM19.13 million or 18.7% as compared to preceding year's profit before taxation of RM102.29 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 RM167.70 million for the twelve months period ended 31 March 2018, representing about 92.9% 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) Construction – The decrease in pre-tax profit was mainly due to lower revenue recorded by the construction segment.
- (iii) Manufacturing – The decrease in pre-tax profit was mainly due to decrease in the sales of our clay bricks.
- (iv) Quarrying – the decrease in pre-tax profit was mainly due to lower revenue realised by our quarrying segment.
- (v) 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 March 2018 of RM20.70 million, decreased by RM9.70 million or 31.9% as compared to preceding year's profit before taxation of RM30.40 million. The decrease of the Group's profit is mainly due to lower profit margin 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 profit margin generated by our property development business.
- (ii) 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>Changes</b>	
	<b>CURRENT QUARTER</b>	<b>IMMEDIATE PRECEDING QUARTER</b>		
	<b>31-03-18</b>	<b>31-12-17</b>	<b>RM'000</b>	<b>%</b>
<b>Revenue</b>	<b>42,491</b>	<b>37,141</b>	<b>5,350</b>	<b>14.4%</b>
<b>Gross Profit</b>	<b>19,902</b>	<b>21,368</b>	<b>(1,466)</b>	<b>-6.9%</b>
<b>Profit from Operations</b>	<b>20,693</b>	<b>19,992</b>	<b>701</b>	<b>3.5%</b>
<b>Profit before Taxation</b>	<b>20,700</b>	<b>20,864</b>	<b>(164)</b>	<b>-0.8%</b>
<b>Profit for the Period</b>	<b>17,585</b>	<b>17,214</b>	<b>371</b>	<b>2.2%</b>
<b>Profit Attributable to Equity Holders of the Company</b>	<b>17,551</b>	<b>16,976</b>	<b>575</b>	<b>3.4%</b>

The Group's profit before taxation of RM20.70 million for the current quarter decreased by RM0.16 million compared to RM20.86 million achieved in the immediate preceding quarter. The lower profit registered for the current quarter is mainly due to lower profit margin generated by our property development business and lower profit generated by our associate.

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

Malaysia registered a strong economic growth of 5.9% in 2017. The Malaysian economy is projected to grow by 5.5% - 6.0% in 2018. Domestic demand will continue to be the main driver of growth, underpinned primarily by private sector activity. Private consumption growth is expected to remain sustained, supported by continued growth in employment and income, lower inflation and improving sentiments. Private investment growth is expected to be sustained, underpinned by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Public sector expenditure is projected to decline due to the contraction in public investment amid more moderate growth in public consumption.

The housing market in Malaysia has not been able to provide an adequate supply of affordable housing for the masses at affordable prices in relation to the demography of the nation. This undersupply of affordable homes at affordable prices is likely to worsen given the current trends in income and demographic factors. Going forward, a carefully-designed strategy of participation by the private sector for the housing market will ensure that the supply of houses is able to accommodate households of all income groups. Meeting the demand of affordable housing units will require the commitment of both the Government on policies and the private sector for efficiency planning towards the supply side of affordable homes.

Despite the current challenging and unpredictable Malaysian economic environment, SHL Consolidated Bhd will remain resilient and focused on building landed properties and affordable value homes at the new townships, namely Goodview Heights at Sungai Long South, Alam Budiman at Shah Alam and Bandar Sungai Long, all property development projects located in Selangor Darul Ehsan, the primary social and economic centre of Malaysia.

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</b>	<b>Current year-to- date</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Interest income	(3,348)	(12,700)
Interest expense	11	49
Depreciation and amortisation	1,766	5,894

**6. Taxation**

	Current quarter ended		Year-to-date ended	
	31 March		31 March	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Current	3,169	5,616	13,970	17,516
Under / (Over) provision in prior year	57	(2)	(35)	2,556
Deferred	(111)	202	(1,092)	(210)
	<u>3,115</u>	<u>5,816</u>	<u>12,843</u>	<u>19,862</u>
Effective tax rate	<u>15%</u>	<u>19%</u>	<u>15%</u>	<u>19%</u>

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 24 May 2018.

**8. Finance lease liabilities**

The Group finance lease liabilities are as follows: -

<u>Secured</u>	As at	As at
	31 March 2018	31 March 2017
	RM'000	RM'000
Short Term	383	504
Long Term	220	603
	<u>603</u>	<u>1,107</u>

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 2018 are as follows: -

	<b>As at 31 March 2018</b>	<b>As at 31 March 2017</b>
	RM'000	RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	579,342	544,274
- Unrealised	152,237	175,500
	731,579	719,774
Total share of accumulated profits from associate company:		
- Realised	8,710	12,644
- Unrealised	199	1,488
	8,909	14,132
Less: Consolidation adjustments	(169,147)	(203,931)
<b>Total group retained profits as per consolidated accounts</b>	<b>571,341</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, paid on 6 April 2018.

The total dividend declared in respect of the financial year ended 31 March 2018 was 8 sen per share.

**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**  
30 May 2018