



**SHL CONSOLIDATED BHD.**

Company No.: 293565-W

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**FOR**

**THIRD QUARTER ENDED**

**31 DECEMBER 2018**

# **SHL CONSOLIDATED BHD.**

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

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

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Period Ended 31 December 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		
	31-12-18	31-12-17	31-12-18	31-12-17	RM'000	%
	RM'000	RM'000	RM'000	RM'000		
1. Revenue	42,773	37,141	139,183	138,049	1,134	0.8%
2. Cost of Sales	(24,345)	(15,773)	(72,458)	(72,288)	170	0.2%
3. <b>Gross Profit</b>	<b>18,428</b>	<b>21,368</b>	<b>66,725</b>	<b>65,761</b>	<b>964</b>	<b>1.5%</b>
4. Other Operating Income	2,954	3,323	9,984	9,801	183	1.9%
5. Distribution Costs	(579)	(1,491)	(2,050)	(4,686)	(2,636)	-56.3%
6. Administration Expenses	(1,707)	(3,208)	(7,072)	(9,517)	(2,445)	-25.7%
7. Finance Costs	(5)	(9)	(18)	(38)	(20)	-52.6%
8. Profit from Associate	269	881	306	1,134	(828)	-73.0%
9. <b>Profit before Taxation</b>	<b>19,360</b>	<b>20,864</b>	<b>67,875</b>	<b>62,455</b>	<b>5,420</b>	<b>8.7%</b>
10. Taxation	(3,136)	(3,650)	(12,228)	(9,728)	2,500	25.7%
11. <b>Profit for the Period</b>	<b>16,224</b>	<b>17,214</b>	<b>55,647</b>	<b>52,727</b>	<b>2,920</b>	<b>5.5%</b>
12. <b>Other Comprehensive Income</b>	<b>36</b>	<b>-</b>	<b>83</b>	<b>-</b>	<b>83</b>	<b>-</b>
13. <b>Total Comprehensive Income for the Period</b>	<b>16,260</b>	<b>17,214</b>	<b>55,730</b>	<b>52,727</b>	<b>3,003</b>	<b>5.7%</b>
<b>Profit Attributable to:</b>						
14. <b>Equity Holders of the Company</b>	<b>14,766</b>	<b>16,976</b>	<b>49,968</b>	<b>52,171</b>	<b>(2,203)</b>	<b>-4.2%</b>
15. <b>Non-controlling Interests</b>	<b>1,458</b>	<b>238</b>	<b>5,679</b>	<b>556</b>	<b>5,123</b>	<b>921.4%</b>
	<b>16,224</b>	<b>17,214</b>	<b>55,647</b>	<b>52,727</b>	<b>2,920</b>	<b>5.5%</b>
<b>Total Comprehensive Income Attributable to:</b>						
16. <b>Equity Holders of the Company</b>	<b>14,802</b>	<b>16,976</b>	<b>50,051</b>	<b>52,171</b>	<b>(2,120)</b>	<b>-4.1%</b>
17. <b>Non-controlling Interests</b>	<b>1,458</b>	<b>238</b>	<b>5,679</b>	<b>556</b>	<b>5,123</b>	<b>921.4%</b>
	<b>16,260</b>	<b>17,214</b>	<b>55,730</b>	<b>52,727</b>	<b>3,003</b>	<b>5.7%</b>
<b>Earnings Per Share Attributable to Equity Holders of the Company:</b>						
18. <b>Basic &amp; Fully Diluted (Sen)</b>	<b>6.10</b>	<b>7.01</b>	<b>20.64</b>	<b>21.55</b>	<b>(0.91)</b>	<b>-4.2%</b>

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2018 and the accompanying explanatory notes attached to the interim financial report)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2018**

	(UNAUDITED) As At 31-12-2018 RM'000	(AUDITED) As At 31-03-2018 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	204,447	205,465
2. Prepaid lease payments	-	675
3. Investment in associate	10,520	10,214
4. Investment properties	69,880	69,880
5. Land held for property development	2,745	2,745
6. Investments	24	24
7. Trust account	2,107	2,397
8. Deferred tax assets	5,168	4,924
9. Trade receivables	20	547
	<b>294,911</b>	<b>296,871</b>
<b>10. Current assets</b>		
10.1 Prepaid lease payments	-	10
10.2 Property development costs	221,091	227,841
10.3 Inventories	14,108	9,894
10.4 Trade and other receivables	115,282	35,414
10.5 Current tax assets	208	477
10.6 Cash, deposits and short-term investments	330,524	370,774
	<b>681,213</b>	<b>644,410</b>
<b>11. TOTAL ASSETS</b>	<b>976,124</b>	<b>941,281</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
12. Share capital	247,726	247,726
13. Reserves	551,809	542,748
	799,535	790,474
14. Non-controlling Interests	78,979	61,572
<b>15. Total equity</b>	<b>878,514</b>	<b>852,046</b>
<b>16. Non-current liabilities</b>		
16.1 Deferred tax liabilities	24,488	21,235
16.2 Finance lease liabilities	28	220
16.3 Club establishment fund	10,938	10,988
	<b>35,454</b>	<b>32,443</b>
<b>17. Current liabilities</b>		
17.1 Trade and other payables	57,155	52,839
17.2 Current tax liabilities	4,734	3,570
17.3 Finance lease liabilities	267	383
	<b>62,156</b>	<b>56,792</b>
<b>18. TOTAL LIABILITIES</b>	<b>97,610</b>	<b>89,235</b>
<b>19. TOTAL EQUITY AND LIABILITIES</b>	<b>976,124</b>	<b>941,281</b>
<b>20. Net assets per share (RM)</b>	<b>3.30</b>	<b>3.26</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 2018 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 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	RM'000	RM'000	RM'000	
<b>1. 9 months ended</b>									
<b>31 December 2018</b>									
1.1 At 1 April 2018	247,726	-	95,806	(130,464)	6,663	570,743	790,474	61,572	852,046
1.2 Effect of MFRS 9 adoption	-	-	-	-	-	(2,250)	(2,250)	-	(2,250)
1.3 At 1 April 2018 (restated)	247,726	-	95,806	(130,464)	6,663	568,493	788,224	61,572	849,796
1.4 Total comprehensive income for the period	-	-	83	-	-	49,968	50,051	5,679	55,730
1.5 Realisation of revaluation surplus	-	-	(320)	-	-	320	-	-	-
1.6 Dividends paid	-	-	-	-	-	(38,740)	(38,740)	(2,000)	(40,740)
1.7 Purchase of indirect subsidiary	-	-	-	-	-	-	-	13,728	13,728
<b>1.8 At 31 December 2018</b>	<b>247,726</b>	<b>-</b>	<b>95,569</b>	<b>(130,464)</b>	<b>6,663</b>	<b>580,041</b>	<b>799,535</b>	<b>78,979</b>	<b>878,514</b>
<b>2. 9 months ended</b>									
<b>31 December 2017</b>									
2.1 At 1 April 2017	242,124	1,225	96,330	(130,464)	11,040	529,975	750,230	18,610	768,840
2.2 Total comprehensive income for the period	-	-	159	-	-	52,171	52,330	556	52,886
2.3 Realisation of revaluation surplus	-	-	(626)	-	-	626	-	-	-
2.4 Dividends paid	-	-	-	-	-	(29,055)	(29,055)	-	(29,055)
2.5 Purchase of indirect subsidiary	-	-	-	-	-	-	-	42,372	42,372
<b>2.6 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>

*(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 2018 and the accompanying explanatory notes attached to the interim financial report)*

**SHL CONSOLIDATED BHD.** (Company No.: 293565-W)  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**Financial Period Ended 31 December 2018**

	<b>9 months ended 31-12-2018 RM'000</b>	<b>9 months ended 31-12-2017 RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	67,875	62,455
1.2 Adjustments for :-		
1.2.1 Depreciation and amortisation	2,174	4,128
1.2.2 Loss / (gain) on disposal of property, plant and equipment and investment property	(6)	-
1.2.3 Fair value gain on short-term investments	(747)	-
1.2.4 Fixed assets written off	16	-
1.2.5 Interest expenses	18	38
1.2.6 Interest income	(8,434)	(9,352)
1.2.7 Loss / (profit) from associate	(306)	(1,134)
1.3 Operating profit before working capital changes	<u>60,590</u>	<u>56,135</u>
1.4 (Increase) / decrease in inventories and property development costs	2,536	(523)
1.5 (Increase) / decrease in receivables	(81,592)	39,502
1.6 Increase / (decrease) in payables	4,316	(26,440)
1.7 (Increase) / decrease in fair market value of short-term investments	-	(471)
1.8 Cash generated from / (absorbed by) operations	<u>(14,150)</u>	<u>68,203</u>
1.9 Tax paid	<u>(7,701)</u>	<u>(7,806)</u>
<b>1.10 Net cash from / (used in) operating activities</b>	<u>(21,851)</u>	<u>60,397</u>
<b>2 Cash flows from investing activities</b>		
2.1 Claim received from / (payment to) trust account	290	92
2.2 Purchase of property, plant and equipment	(488)	(3,756)
2.3 Purchase / reinvestment of short-term investments	(3,540)	(10,000)
2.4 Purchase of land held for property development	-	(1)
2.5 Proceeds from disposal of property, plant and equipment	6	-
2.6 Proceeds from disposal of short-term investments	9,936	-
2.7 Proceeds from redemption of short-term investments	4,352	-
2.8 Dividends received from associate	-	6,375
2.9 Interest received	8,434	9,352
<b>2.10 Net cash from / (used in) investing activities</b>	<u>18,990</u>	<u>2,062</u>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds of shares issued to indirect non-controlling interest	13,728	42,372
3.2 Repayment of club members' deposits	(50)	(24)
3.3 Payment of finance lease liabilities	(308)	(390)
3.4 Interest paid	(18)	(38)
3.5 Dividends paid to owners of the Company	(38,740)	(29,055)
3.6 Dividends paid to non-controlling interests	(2,000)	-
<b>3.7 Net cash from / (used in) financing activities</b>	<u>(27,388)</u>	<u>12,865</u>
<b>4 Net increase / (decrease) in cash and cash equivalents</b>	<u>(30,249)</u>	<u>75,324</u>
<b>5 Cash and cash equivalents at 1 April 2018 / 2017</b>	<u>210,323</u>	<u>140,425</u>
<b>6 Cash and cash equivalents at 31 December 2018 / 2017</b>	<u><b>180,074</b></u>	<u><b>215,749</b></u>
<b>7 Analysis of Cash and Cash Equivalents :-</b>		
<b>8 Cash and deposits</b>	<u><b>180,074</b></u>	<u><b>215,749</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 2018 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 Malaysian Financial Reporting Standard (“MFRS”) 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 financial year ended 31 March 2018, which have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the CA 2016.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the audited financial statements for the year ended 31 March 2018, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and Interpretations Committee (IC) interpretations.

	<b>Effective for financial periods beginning on or after</b>
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 15 Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 140 Investment Property	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018

No early adoption is made by the Group on the following accounting pronouncements that are expected to have application to the Group’s operations. These accounting pronouncements have been issued by the MASB, but yet to be effective:-

	<b>Effective for financial periods beginning on or after</b>
MFRS 16 Leases	1 January 2019
Amendments to MFRS 9 Financial Instruments	1 January 2019
Amendments to MFRS 119 Employee Benefits	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015 – 2017 Cycle	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 10 Consolidated Financial Statements	To be announced
Amendments to MFRS 128 Investments in Associates and Joint Ventures	To be announced

The Group is in the process of assessing the impact of these accounting pronouncements.

### **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.

Transitioning Entities will be allowed to defer adoption of the MFRS framework. The adoption of MFRS framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018. The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS framework. Accordingly, the Group is required to prepare financial statements using the MFRS framework in their first MFRS financial statements for the year ending 31 March 2019.

In presenting its first MFRS financial statements for the year ending 31 March 2019, the Group is required to restate the comparative financial statements to amounts reflecting the application of MFRS framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

These consolidated condensed interim financial statements are part of the period covered by the Group’s first MFRS annual financial statements for the year ending 31 March 2019 and hence MFRS 1 First-time Adoption of Malaysian Financial Standards has been applied. Comparative figures, where applicable, have been restated as result of transition to MFRS framework.

The effects on the adoption of MFRS framework are as follows:-

#### **MFRS 9 Financial Instruments**

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial assets. This standard replaces FRS 139 *Financial Instruments: Recognition and Measurement*.

#### **Classification – Financial Assets**

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

MFRS 9 contains three principal classification categories for financial assets:

- Measured at amortised costs
- Measured at fair value through other comprehensive income (“FVOCI”)
- Measured at fair value through profit or loss (“FVTPL”)

Based on its assessment, the Group believes that the new classification requirements will have no material impact on the Group’s financial assets.



### **Classification – Financial Liabilities**

MFRS 9 largely retains the existing requirements in FRS 139 for the classification of financial liabilities. However, under FRS 139 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:-

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in other comprehensive income; and
- The remaining amount of change in the fair value is presented in profit or loss

The Group believes that the new classification requirements will have no material impact on the Group's financial liabilities.

### **Impairment – Financial Assets and Contract Assets**

MFRS 9 replaces the 'incurred loss' model in FRS 139 with a forward-looking 'expected credit loss' ("ECL") model. This will require considerable judgement about how changes in economic factors affect ECL, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI (except for investments in equity instruments), and to contract assets.

Under MFRS 9, loss allowances will be measured on either of the following bases:-

- 12-month ECL: this is ECL that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECL: this is ECL that result from all possible default events over the expected life of financial instruments.

### Trade and other receivables, including contract assets

The Group has chosen to apply the simplified approach prescribed by MFRS 9, which requires a lifetime ECL to be recognised from initial recognition of the trade and other receivables, including contract assets.

As a result, the following comparatives in the interim financial report have been restated for the carrying amount of the Group's statement of financial position from FRS 139 to MFRS 9 as at 1 April 2018:-

	<b>FRS 139</b> Carrying amount as at 31 March 2018 <u>RM'000</u>	<b>Remeasurement</b>  <u>RM'000</u>	<b>MFRS 9</b> Carrying amount as at 1 April 2018 <u>RM'000</u>
<b>Trade receivables</b>			
Opening balance	28,155	-	28,155
Increase in loss allowance*	-	(2,250)	(2,250)
<b>Total trade receivables</b>	<b>28,155</b>	<b>(2,250)</b>	<b>25,905</b>
<b>Retained profits</b>			
Opening balance	570,743	-	570,743
Increase in loss allowance for trade receivables	-	(2,250)	(2,250)
<b>Total retained profits</b>	<b>570,743</b>	<b>(2,250)</b>	<b>568,493</b>

\* The Group applied the simplified approach in providing for ECL.

### Cash, deposits and short-term investments

The cash, deposits and short-term investments are held with bank and financial institution counterparties with good credit ratings. The estimated impairment on cash, deposits and short-term investments will be calculated on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that their cash, deposits and short-term investments have low credit risk based on the external credit ratings of the counterparties.

**MFRS 15 Revenue from Contracts with Customers**

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- 1) Identify the contracts with a customer;
- 2) Identify the performance obligation in the contract;
- 3) Determine the transaction price;
- 4) Allocate the transaction price to the performance obligations in the contract; and
- 5) Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The key effects as a result of adopting this standard on the property development activities of the Group are as follows:

- In respect of sales of properties that do not come under the purview of Financial Reporting Standards Implementation Committee (“FRSIC”) Consensus 23 *Application of MFRS 15 “Revenue from Contracts with Customers” on Sale of Residential Properties* issued by the Malaysian Institute of Accountants, the Group has to assess if the property has an alternative use to the Group and whether the sales and purchase arrangement provides the Group with an enforceable right to payment for work completed to date, in determining whether or not the sale of property units should be recognised at a point in time (completion method) or over time (percentage of completion method);
- It requires the identification of separate performance obligations arising from the sale of property units from the various property development projects of the Group, such as the sale of property with complimentary giveaways, and may result in the acceleration of deferment of revenue recognition relating to these separate performance obligations depending on whether the related goods and/or services are delivered or satisfied. This would affect the timing of revenue recognition for the property development activities;
- It requires the recognition of the financing component relating to the sale of property units under the deferred payment scheme (10:90 scheme). This would result in the recognition of interest income using the effective interest method over the terms of the deferment;
- It requires that expenses attributable to securing contracts with customers such as commission expenses be capitalised and expensed by reference to the progress towards complete satisfaction of the performance obligation; and
- It views liquidated ascertained damages (“LAD”) payable when the developer fails to deliver vacant possession within the stipulated period as consideration payable to customers and is presented as a reduction of the transaction price which would then be accounted for in the profit or loss over the tenure of the respective property development project instead of being accounted for as a direct charge to the profit or loss when the obligation arises.
- It requires additional disclosures on significant judgements and accounting estimates made. This amongst others, determining the transaction prices of those contracts that include variable consideration, transaction price allocation to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. MFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows.

Based on the Group’s best estimates at the current reporting period, the Group does not expect the application of MFRS 15 to result in significant impact on the Group’s financial statements.

**MFRS 117 Leases**

Leasehold land that has an indefinite economic life and title that is unexpected to be passed to the Group by end of the lease period is classified as operating lease. The up-front payments for right to use the leasehold land over a predetermined period are accounted for as prepaid lease payments and are measured at cost less accumulated amortisation. The up-front payments are recognised as expenses in profit and loss to match the inflow of benefits accrued.

The Group had previously adopted the transitional provisions available on FRS 117 *Lease* to carry the unamortised revalued prepaid lease payments as surrogate cost upon its initial application of FRS 117 in year 2006.

Under MFRS 117 *Leases*, leases in which the entity assumes substantially all risks and rewards of ownership are classified as finance leases. An item of property, plant and equipment leased by way of finance lease is measured at an amount equal of its fair value and present value of the minimum lease payments at the inception of the lease.

In calculating the present value of the minimum lease payments, the discount rate is the interest rate implicit in the lease, if this is practicable to determine; otherwise, the incremental borrowing rate of the Group is used.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment in accordance with MFRS 116 *Property, Plant and Equipment*.

The following tables represent the reconciliations from FRSs to MFRS 117 for statements of financial position as at 1 April 2018.

	<b>FRS</b>	<b>Effect of</b>	<b>MFRS</b>
		<b>transition to MFRS #</b>	
<b><u>At 1 April 2018</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Property, plant and equipment	205,465	685	206,150
Prepaid lease payments	685	(685)	-

# Reclassification of long-term leasehold land from prepaid lease payments to property, plant and equipment.

### **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.

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 March 2018, the Company transfers the credit standing in the share premium and merger reserve accounts of RM1,225,214 and RM4,376,808 respectively to the share capital account pursuant to the transitional provision set out in Section 618(2) of the CA 2016.

There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any member of the Company as a result of this transitional provision.

#### **2. Audit report for the preceding annual financial statements**

The audit report for the financial statements for the year ended 31 March 2018 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 was 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 2019:

- (i) An interim dividend of 8 sen per share, amounting to a net dividend of approximately RM19.37 million in respect of the financial year ended 31 March 2018, was paid on 6 April 2018.
- (ii) A final dividend of 8 sen per share, amounting to a net dividend payable of approximately RM19.37 million in respect of the financial year ended 31 March 2018, was paid on 5 October 2018.

**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 investments**

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

	<b>As at</b>	<b>As at</b>
	<b>31-12-2018</b>	<b>31-12-2017</b>
	<b><u>RM'000</u></b>	<b><u>RM'000</u></b>
Cash and bank balances:		
- Housing development accounts	2,104	2,418
- Bank current accounts and petty cash	23,871	15,241
	25,975	17,659
Short-term deposits	154,099	198,090
<b>Cash and cash equivalents</b>	<b>180,074</b>	<b>215,749</b>
Short-term investments	150,450	160,466
<b>Total cash, deposits and short-term investments</b>	<b>330,524</b>	<b>376,215</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 investments are 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.

**SHL CONSOLIDATED BHD.** (Company No.: 293565-W)  
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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 14 February 2019, 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 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	8,598	130,201	86	-	255	43	-	139,183
Inter-segment sales	24,008	1,519	52,613	20,056	5,220	-	(103,416)	-
<b>Total revenue</b>	<b>32,606</b>	<b>131,720</b>	<b>52,699</b>	<b>20,056</b>	<b>5,475</b>	<b>43</b>	<b>(103,416)</b>	<b>139,183</b>
<b>RESULTS</b>								
Operating profit	848	55,713	3,627	13	1,217	29	(2,294)	59,153
Interest income	765	4,531	958	303	1,103	774	-	8,434
Finance costs	(13)	(5)	-	-	-	-	-	(18)
Profit from associate	-	306	-	-	-	-	-	306
Profit before tax	1,600	60,545	4,585	316	2,320	803	(2,294)	67,875
Taxation								(12,228)
<b>Profit for the year</b>								<b>55,647</b>
<b>ASSETS</b>								
Segment assets	113,521	800,317	96,817	17,243	84,534	35,823	(188,027)	960,228
Investment in associate	-	10,520	-	-	-	-	-	10,520
Unallocated assets								5,376
<b>Total assets</b>								<b>976,124</b>
<b>LIABILITIES</b>								
Segment liabilities	14,176	41,357	36,974	3,806	1,604	519	(29,868)	68,568
Unallocated liabilities								29,042
<b>Total liabilities</b>								<b>97,610</b>
<b>OTHERS</b>								
Capital expenditure	95	264	129	-	-	-	-	488
<b>Non-cash expenses :</b>								
Depreciation and amortisation	858	287	88	-	941	-	-	2,174

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

The segmental analysis for the preceding 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>								
Operating profit	981	49,330	2,383	13	(1,258)	558	-	52,007
Interest income	647	5,539	1,215	300	969	682	-	9,352
Finance costs	(26)	(10)	-	-	(2)	-	-	(38)
Profit from associate	-	1,134	-	-	-	-	-	1,134
Profit before tax	1,602	55,993	3,598	313	(291)	1,240	-	62,455
Taxation	-	-	-	-	-	-	-	(9,728)
<b>Profit for the year</b>								<b>52,727</b>
<b>ASSETS</b>								
Segment assets	112,351	778,543	100,275	23,908	80,809	27,711	(199,225)	924,372
Investment in associate	-	10,196	-	-	-	-	-	10,196
Unallocated assets								4,717
<b>Total assets</b>								<b>939,285</b>
<b>LIABILITIES</b>								
Segment liabilities	14,912	31,680	43,329	10,803	883	506	(25,548)	76,565
Unallocated liabilities								27,677
<b>Total liabilities</b>								<b>104,242</b>
<b>OTHERS</b>								
Capital expenditure	1,947	1,672	138	-	-	-	-	3,757
<b>Non-cash expenses :</b>								
Depreciation and amortisation	952	359	69	-	2,748	-	-	4,128

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 One Hundred Thirteen Million Nine Hundred Thousand (113,900,000) ordinary shares and MCCM has subscribed for Fifty-Six Million One Hundred Thousand (56,100,000) 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 2018.

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

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

**14. Capital commitments**

No capital commitment was outstanding as at 31 December 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 RM0.10 million.
- (b) Procurement of engineering consultancy services of approximately RM2.12 million.
- (c) Rental expense of premises of approximately RM0.77 million.
- (d) Procurement of project delivery services and construction management services of approximately RM0.79 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 YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	Changes		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	Changes	
	31-12-18	31-12-17	RM'000	%	31-12-18	31-12-17	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	42,773	37,141	5,632	15.2%	139,183	138,049	1,134	0.8%
Gross Profit	18,428	21,368	(2,940)	-13.8%	66,725	65,761	964	1.5%
Profit before Taxation	19,360	20,864	(1,504)	-7.2%	67,875	62,455	5,420	8.7%
Profit for the Period	16,224	17,214	(990)	-5.8%	55,647	52,727	2,920	5.5%
Profit Attributable to Equity Holders of the Company	14,766	16,976	(2,210)	-13.0%	49,968	52,171	(2,203)	-4.2%

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

The Group revenue increased marginally by 0.8% from RM138.05 million reported in the preceding year corresponding period to RM139.18 million for the period ended 31 December 2018, mainly due to the successful new launch of Sg Long Residence condominiums located at Bandar Sungai Long, Selangor Darul Ehsan in February 2018.

The Group recorded a profit before taxation for the period ended 31 December 2018 of RM67.88 million, increased by RM5.42 million or 8.7% as compared to preceding year's profit before taxation of RM62.46 million. The increase of the Group's profit is mainly due to higher revenue and profit margin generated by the property development segment and decrease in distribution costs and administration expenses.

The property development segment continues to be the key contributor registering a revenue of RM130.20 million for the nine months period ended 31 December 2018, representing about 93.5% 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, an integrated mixed-development township in Sungai Long South, Selangor Darul Ehsan and Sg Long Residence condominiums in Bandar Sungai Long, Selangor Darul Ehsan have 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 increase in pre-tax profit was mainly due to higher revenue and profit margin generated by the property development segment.
- (ii) Manufacturing – The increase in pre-tax profit was mainly due to increase in revenue and profit margin recorded by the manufacturing segment.
- (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 2018 of RM19.36 million, decreased by RM1.5 million or 7.2% as compared to preceding year's profit before taxation of RM20.86 million. The decrease of the Group's profit is mainly due to lower profit margin generated by the property development segment.

Performance of the respective operating business segments for the current year-to-date as compared to the preceding year-to-date is analysed as follows:

- (i) Property development – The increase in pre-tax profit was mainly due to higher revenue and profit margin generated by the property development segment.
- (ii) Manufacturing – The increase in pre-tax profit was mainly due to increase in revenue and profit margin recorded by the manufacturing segment.
- (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</b>	<b>IMMEDIATE</b>	<b>Changes</b>	
	<b>QUARTER</b>	<b>PRECEDING</b>		
	<b>31-12-18</b>	<b>QUARTER</b>		
	<b>RM'000</b>	<b>30-09-18</b>	<b>RM'000</b>	<b>%</b>
	<b>RM'000</b>	<b>RM'000</b>		
<b>Revenue</b>	42,773	45,347	(2,574)	-5.7%
<b>Gross Profit</b>	18,428	23,469	(5,041)	-21.5%
<b>Profit before Taxation</b>	19,360	23,746	(4,386)	-18.5%
<b>Profit for the Period</b>	16,224	18,951	(2,727)	-14.4%
<b>Profit Attributable to Equity Holders of the Company</b>	14,766	17,726	(2,960)	-16.7%

The Group revenue decreased by 5.7% from RM45.34 million reported in the immediate preceding quarter to RM42.77 million for the current quarter is mainly due to lower revenue and profit margin generated by the property development segment.

The Group's profit before taxation of RM19.36 million for the current quarter decreased by RM4.39 million compared to RM23.75 million achieved in the immediate preceding quarter. The decrease in pre-tax profit was mainly due to lower revenue and profit margin generated by the property development segment.

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

The Malaysian economy recorded a respectable growth of 4.7% in 2018. Growth in 2018 was further affected by unanticipated supply disruptions in the commodity-related sectors. For 2019, as the supply disruptions recede and new production facilities commence, the Malaysian economy is expected to continue to expand at a steady pace.

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 Sg Long Residence at 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 <u>RM'000</u></b>	<b>Current year-to- date <u>RM'000</u></b>
Interest income	(2,839)	(8,434)
Interest expense	5	18
Depreciation and amortisation	(695)	2,174

**6. Taxation**

	Current quarter ended		Year-to-date ended	
	31 December		31 December	
	2018	2017	2018	2017
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	(363)	3,625	9,654	10,801
Under / (Over) provision in prior year	(44)	(92)	(44)	(92)
Deferred	<u>3,543</u>	<u>117</u>	<u>2,618</u>	<u>(981)</u>
	<b><u>3,136</u></b>	<b><u>3,650</u></b>	<b><u>12,228</u></b>	<b><u>9,728</u></b>
Effective tax rate	<b><u>16%</u></b>	<b><u>17%</u></b>	<b><u>18%</u></b>	<b><u>16%</u></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 14 February 2019.

**8. Finance lease liabilities**

The Group finance lease liabilities are as follows: -

<u>Secured</u>	As at	As at
	31-12-2018	31-12-2017
	<u>RM'000</u>	<u>RM'000</u>
Short Term	267	423
Long Term	<u>28</u>	<u>296</u>
	<b><u>295</u></b>	<b><u>719</u></b>

The above finance lease liabilities are denominated in Ringgit Malaysia.

**9. Dividend**

No dividend was declared for the current quarter ended 31 December 2018 (preceding year corresponding period 31 December 2017 : 8 sen per share).

**10. 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 of 242,123,725.

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.**

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**Dato' Sri Ir. Yap Chong Lee**  
**Executive Director**  
20 February 2019