



**SHL CONSOLIDATED BHD.**

Company No.: 293565-W

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT**

**FOR**

**FIRST QUARTER ENDED**

**30 JUNE 2019**

# **SHL CONSOLIDATED BHD.**

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

## **Interim Financial Report – 30 June 2019**

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Financial Period Ended 30 June 2019**

*(The figures have not been audited)*

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT	PRECEDING	CURRENT	PRECEDING		
	YEAR	YEAR	YEAR	YEAR		
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING		
	30-06-19	30-06-18	30-06-19	30-06-18	RM'000	%
	RM'000	RM'000	RM'000	RM'000		
1. Revenue	38,421	51,063	38,421	51,063	(12,642)	-24.8%
2. Cost of Sales	(23,479)	(26,235)	(23,479)	(26,235)	(2,756)	-10.5%
3. <b>Gross Profit</b>	<b>14,942</b>	<b>24,828</b>	<b>14,942</b>	<b>24,828</b>	<b>(9,886)</b>	<b>-39.8%</b>
4. Other Operating Income	2,522	3,098	2,522	3,098	(576)	-18.6%
5. Distribution Costs	147	(736)	147	(736)	(883)	-120.0%
6. Administration Expenses	(2,304)	(2,450)	(2,304)	(2,450)	(146)	-6.0%
7. Finance Costs	(2)	(7)	(2)	(7)	(5)	-71.4%
8. Profit from Associate	18	36	18	36	(18)	-50.0%
9. <b>Profit before Taxation</b>	<b>15,323</b>	<b>24,769</b>	<b>15,323</b>	<b>24,769</b>	<b>(9,446)</b>	<b>-38.1%</b>
10. Taxation	(2,384)	(4,297)	(2,384)	(4,297)	(1,913)	-44.5%
11. <b>Profit for the Period</b>	<b>12,939</b>	<b>20,472</b>	<b>12,939</b>	<b>20,472</b>	<b>(7,533)</b>	<b>-36.8%</b>
12. <b>Other Comprehensive Income</b>	<b>27</b>	<b>21</b>	<b>27</b>	<b>21</b>	<b>6</b>	<b>28.6%</b>
13. <b>Total Comprehensive Income for the Period</b>	<b>12,966</b>	<b>20,493</b>	<b>12,966</b>	<b>20,493</b>	<b>(7,527)</b>	<b>-36.7%</b>
<b>Profit Attributable to:</b>						
14. <b>Equity Holders of the Company</b>	<b>11,772</b>	<b>17,476</b>	<b>11,772</b>	<b>17,476</b>	<b>(5,704)</b>	<b>-32.6%</b>
15. <b>Non-controlling Interests</b>	<b>1,167</b>	<b>2,996</b>	<b>1,167</b>	<b>2,996</b>	<b>(1,829)</b>	<b>-61.0%</b>
	<b>12,939</b>	<b>20,472</b>	<b>12,939</b>	<b>20,472</b>	<b>(7,533)</b>	<b>-36.8%</b>
<b>Total Comprehensive Income Attributable to:</b>						
16. <b>Equity Holders of the Company</b>	<b>11,799</b>	<b>17,497</b>	<b>11,799</b>	<b>17,497</b>	<b>(5,698)</b>	<b>-32.6%</b>
17. <b>Non-controlling Interests</b>	<b>1,167</b>	<b>2,996</b>	<b>1,167</b>	<b>2,996</b>	<b>(1,829)</b>	<b>-61.0%</b>
	<b>12,966</b>	<b>20,493</b>	<b>12,966</b>	<b>20,493</b>	<b>(7,527)</b>	<b>-36.7%</b>
<b>Earnings Per Share Attributable to Equity Holders of the Company:</b>						
18. <b>Basic &amp; Fully Diluted (Sen)</b>	<b>4.86</b>	<b>7.22</b>	<b>4.86</b>	<b>7.22</b>	<b>(2.36)</b>	<b>-32.7%</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 2019 and the accompanying explanatory notes attached to the interim financial report)*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 30 June 2019

	(UNAUDITED) As At 30-06-2019 RM'000	(AUDITED) As At 31-03-2019 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
1. Property, plant and equipment	200,547	201,155
2. Investment in associate	10,554	10,536
3. Investment properties	69,880	69,880
4. Inventories	2,749	2,749
5. Investments	24	24
6. Trust account	2,199	2,192
7. Deferred tax assets	5,281	5,311
8. Trade receivables	-	20
	<b>291,234</b>	<b>291,867</b>
<b>9. Current assets</b>		
9.1 Inventories	266,247	269,169
9.2 Contract assets, trade and other receivables	44,886	123,258
9.3 Current tax assets	1,168	497
9.4 Cash, deposits and short-term investments	373,646	308,698
	<b>685,947</b>	<b>701,622</b>
<b>10. TOTAL ASSETS</b>	<b>977,181</b>	<b>993,489</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to equity holders of the Company</b>		
11. Share capital	247,726	247,726
12. Reserves	549,180	556,751
	796,906	804,477
13. Non-controlling Interests	83,085	80,268
<b>14. Total equity</b>	<b>879,991</b>	<b>884,745</b>
<b>15. Non-current liabilities</b>		
15.1 Deferred tax liabilities	26,325	32,086
15.2 Finance lease liabilities	1	10
15.3 Club establishment fund	10,749	10,756
	<b>37,075</b>	<b>42,852</b>
<b>16. Current liabilities</b>		
16.1 Contract liabilities, trade and other payables	53,473	64,860
16.2 Current tax liabilities	6,499	822
16.3 Finance lease liabilities	143	210
	<b>60,115</b>	<b>65,892</b>
<b>17. TOTAL LIABILITIES</b>	<b>97,190</b>	<b>108,744</b>
<b>18. TOTAL EQUITY AND LIABILITIES</b>	<b>977,181</b>	<b>993,489</b>
<b>19. Net assets per share (RM)</b>	<b>3.29</b>	<b>3.32</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 2019 and the accompanying explanatory notes attached to the interim financial report)*

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

**Financial Period Ended 30 June 2019**

*(The figures have not been audited)*

	Attributable to equity holders of the Company					Total	Non-controlling Interests	Total Equity
	Non-distributable		Distributable					
	Share Capital	Revaluation Surplus	Merger Deficit	Capital Reserves	Retained Profits			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>1. 3 months ended</b>								
<b>30 June 2019</b>								
1.1 At 1 April 2019	247,726	88,081	(130,464)	6,663	592,471	804,477	80,268	884,745
1.2 Total comprehensive income for the period	-	27	-	-	11,772	11,799	1,167	12,966
1.3 Realisation of revaluation surplus	-	(107)	-	-	107	-	-	-
1.4 Dividends paid	-	-	-	-	(19,370)	(19,370)	-	(19,370)
1.5 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650
<b>1.6 At 30 June 2019</b>	<b>247,726</b>	<b>88,001</b>	<b>(130,464)</b>	<b>6,663</b>	<b>584,980</b>	<b>796,906</b>	<b>83,085</b>	<b>879,991</b>
<b>2. 3 months ended</b>								
<b>30 June 2018</b>								
2.1 At 1 April 2018 (as previously reported)	247,726	95,806	(130,464)	6,663	570,743	790,474	61,572	852,046
2.2 Effect of adopting MFRS 9	-	-	-	-	(2,250)	(2,250)	-	(2,250)
2.3 At 1 April 2018 (restated)	247,726	95,806	(130,464)	6,663	568,493	788,224	61,572	849,796
2.4 Total comprehensive income for the period	-	21	-	-	17,476	17,497	2,996	20,493
2.5 Realisation of revaluation surplus	-	(72)	-	-	72	-	-	-
2.6 Dividends paid	-	-	-	-	(19,370)	(19,370)	-	(19,370)
2.7 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	7,128	7,128
<b>2.8 At 30 June 2018</b>	<b>247,726</b>	<b>95,755</b>	<b>(130,464)</b>	<b>6,663</b>	<b>566,671</b>	<b>786,351</b>	<b>71,696</b>	<b>858,047</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 2019 and the accompanying explanatory notes attached to the interim financial report)*

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**Financial Period Ended 30 June 2019**

	<b>3 months ended 30-06-2019 RM'000</b>	<b>3 months ended 30-06-2018 RM'000</b>
<b>1 Cash flows from operating activities</b>		
1.1 Profit before taxation	15,323	24,769
1.2 Adjustments for :-		
1.2.1 Depreciation	717	1,433
1.2.2 Loss / (gain) on disposal of property, plant and equipment	(5)	-
1.2.3 Fair value gain on short-term investments	(819)	(172)
1.2.4 Fixed assets written off	1	-
1.2.5 Interest expenses	2	7
1.2.6 Interest income	(1,693)	(2,837)
1.2.7 Loss / (profit) from associate	(18)	(36)
1.3 Operating profit before working capital changes	<u>13,508</u>	<u>23,164</u>
1.4 (Increase) / decrease in inventories	2,922	2,486
1.5 (Increase) / decrease in receivables	78,393	(32,704)
1.6 Increase / (decrease) in payables	<u>(11,387)</u>	<u>7,681</u>
1.7 Cash generated from / (absorbed by) operations	83,436	627
1.8 Tax paid	<u>(3,083)</u>	<u>(4,170)</u>
<b>1.9 Net cash from / (used in) operating activities</b>	<u><b>80,353</b></u>	<u><b>(3,543)</b></u>
<b>2 Cash flows from investing activities</b>		
2.1 Claim received from / (payment to) trust account	(7)	445
2.2 Purchase of property, plant and equipment	(110)	(199)
2.3 Reinvestment of short-term investments	(575)	(1,278)
2.4 Proceeds from disposal of property, plant and equipment	5	-
2.5 Proceeds from redemption of short-term investments	1,421	1,448
2.6 Interest received	<u>1,693</u>	<u>2,837</u>
<b>2.7 Net cash from / (used in) investing activities</b>	<u><b>2,427</b></u>	<u><b>3,253</b></u>
<b>3 Cash flows from financing activities</b>		
3.1 Proceeds of shares issued to indirect non-controlling interests	1,650	7,128
3.2 Repayment of club members' deposits	(7)	(1)
3.3 Payment of finance lease liabilities	(76)	(111)
3.4 Interest paid	(2)	(7)
3.5 Dividends paid to owners of the Company	<u>(19,370)</u>	<u>(19,370)</u>
<b>3.6 Net cash from / (used in) financing activities</b>	<u><b>(17,805)</b></u>	<u><b>(12,361)</b></u>
4 Net increase / (decrease) in cash and cash equivalents	64,975	(12,651)
<b>5 Cash and cash equivalents at 1 April 2019 / 2018</b>	<u><b>158,207</b></u>	<u><b>210,323</b></u>
<b>6 Cash and cash equivalents at 30 June 2019 / 2018</b>	<u><b>223,182</b></u>	<u><b>197,672</b></u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	<u><b>223,182</b></u>	<u><b>197,672</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 2019 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 on 31 January 2017 in Malaysia. These financial statements also comply with International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2019, which have been prepared in accordance with the MFRSs, International Financial Reporting Standards (IFRSs) 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 financial year ended 31 March 2019, except for the adoption of the following accounting pronouncements.

	<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

Based on the Group’s best estimates at the current reporting period, the Group believes that the adoption of the above accounting pronouncements will have no material impact on the Group’s financial statements.

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 Malaysian Accounting Standards Board (MASB), but yet to be effective:-

	<b>Effective for financial periods beginning on or after</b>
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	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.

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

The audit report for the financial statements for the year ended 31 March 2019 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 period-to-date.

**7. Dividends paid**

During the financial year ending 31 March 2020, 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 2019, was paid on 8 April 2019.

**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. Inventories**

	<b>As at 30-Jun-19 <u>RM'000</u></b>	<b>As at 30-Jun-18 <u>RM'000</u></b>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,749	2,745
<i>Current:</i>		
At cost:		
- Completed development units	3,411	6,522
- Building materials	522	651
- Raw materials	267	116
- Goods for resale	163	203
- Work in progress	11	26
- Finished goods	7,623	2,928
	11,997	10,446
Property development costs	254,250	224,803
	266,247	235,249
<b>Total inventories</b>	<b>268,996</b>	<b>237,994</b>

**10. Cash, deposits and short-term investments**

	<b>As at 30-Jun-19 <u>RM'000</u></b>	<b>As at 30-Jun-18 <u>RM'000</u></b>
Cash and bank balances:		
- Housing development accounts	64,515	2,815
- Bank current accounts and petty cash	11,566	16,114
	76,081	18,929
Short-term deposits	147,101	178,743
<b>Cash and cash equivalents</b>	<b>223,182</b>	<b>197,672</b>
Short-term investments	150,464	160,453
<b>Total cash, deposits and short-term investments</b>	<b>373,646</b>	<b>358,125</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. The management funds aim 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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**11. Material events subsequent to the end of the reporting period**

There were no material events subsequent to the end of current quarter to 14 August 2019, the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report.

**12. Segmental information**

The segmental analysis for the current year to date ended 30 June 2019 is tabulated below:

	Investment and services RM'000	Property development RM'000	Construction RM'000	Trading RM'000	Manufacturing RM'000	Quarrying RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>								
External sales	2,629	35,769	-	-	23	-	-	38,421
Inter-segment sales	19,964	18	15,581	3,269	875	-	(39,707)	-
<b>Total revenue</b>	<b>22,593</b>	<b>35,787</b>	<b>15,581</b>	<b>3,269</b>	<b>898</b>	<b>-</b>	<b>(39,707)</b>	<b>38,421</b>
<b>RESULTS</b>								
Operating profit	(34)	13,639	(124)	17	(257)	2	371	13,614
Interest income	189	906	178	29	274	117	-	1,693
Finance costs	(1)	(1)	-	-	-	-	-	(2)
Profit from associate	-	18	-	-	-	-	-	18
Profit before tax	154	14,562	54	46	17	119	371	15,323
Taxation								(2,384)
<b>Profit for the year</b>								<b>12,939</b>
<b>ASSETS</b>								
Segment assets	123,636	799,192	102,186	14,075	82,499	30,377	(191,787)	960,178
Investment in associate	-	10,554	-	-	-	-	-	10,554
Current and deferred tax assets	83	483	297	-	39	10	5,537	6,449
<b>Total assets</b>	<b>123,719</b>	<b>810,229</b>	<b>102,483</b>	<b>14,075</b>	<b>82,538</b>	<b>30,387</b>	<b>(186,250)</b>	<b>977,181</b>
<b>LIABILITIES</b>								
Segment liabilities	13,813	47,170	40,915	3,106	617	505	(41,760)	64,366
Current and deferred tax liabilities	6,667	20,187	-	179	4,640	9	1,142	32,824
<b>Total liabilities</b>	<b>20,480</b>	<b>67,357</b>	<b>40,915</b>	<b>3,285</b>	<b>5,257</b>	<b>514</b>	<b>(40,618)</b>	<b>97,190</b>
<b>OTHERS</b>								
Capital expenditure	110	-	-	-	-	-	-	110
<b>Non-cash expenses :</b>								
Depreciation	306	74	31	-	306	-	-	717

**SHL CONSOLIDATED BHD.** (Company No.: 293565-W)  
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The segmental analysis for the preceding year to date ended 30 June 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	2,619	48,264	82	-	79	19	-	51,063
Inter-segment sales	586	-	17,344	8,413	2,716	-	(29,059)	-
<b>Total revenue</b>	<b>3,205</b>	<b>48,264</b>	<b>17,426</b>	<b>8,413</b>	<b>2,795</b>	<b>19</b>	<b>(29,059)</b>	<b>51,063</b>
<b>RESULTS</b>								
Operating profit	147	21,800	65	7	(135)	19	-	21,903
Interest income	379	1,410	384	104	366	194	-	2,837
Finance costs	(5)	(2)	-	-	-	-	-	(7)
Profit from associate	-	36	-	-	-	-	-	36
Profit before tax	521	23,244	449	111	231	213	-	24,769
Taxation								(4,297)
<b>Profit for the year</b>								<b>20,472</b>
<b>ASSETS</b>								
Segment assets	119,367	788,458	94,108	20,586	81,784	36,153	(201,149)	939,307
Investment in associate	-	10,250	-	-	-	-	-	10,250
Current and deferred tax assets	281	36	613	-	-	-	5,091	6,021
<b>Total assets</b>	<b>119,648</b>	<b>798,744</b>	<b>94,721</b>	<b>20,586</b>	<b>81,784</b>	<b>36,153</b>	<b>(196,058)</b>	<b>955,578</b>
<b>LIABILITIES</b>								
Segment liabilities	14,243	43,688	40,511	7,338	923	509	(35,213)	71,999
Current and deferred tax liabilities	4,698	10,640	-	107	7,976	12	2,099	25,532
<b>Total liabilities</b>	<b>18,941</b>	<b>54,328</b>	<b>40,511</b>	<b>7,445</b>	<b>8,899</b>	<b>521</b>	<b>(33,114)</b>	<b>97,531</b>
<b>OTHERS</b>								
Capital expenditure	4	66	129	-	-	-	-	199
<b>Non-cash expenses :</b>								
Depreciation	285	103	27	-	1,018	-	-	1,433

Segmental reporting by geographical locations has not been presented as all the activities of the Group's operations are carried out in Malaysia only.

**13. 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 Seventeen Million Two Hundred Fifty Thousand (117,250,000) ordinary shares and MCCM has subscribed for Fifty-Seven Million Seven Hundred Fifty Thousand (57,750,000) 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 30 June 2019.

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

There were no contingent liabilities or contingent assets as at 30 June 2019.

**15. Capital commitments**

No capital commitment was outstanding as at 30 June 2019.

**16. 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 RM0.03 million.
- (b) Procurement of engineering consultancy services of approximately RM0.15 million.
- (c) Rental expense of premises of approximately RM0.26 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			
30-06-19	30-06-18	30-06-19	30-06-18	RM'000	RM'000	RM'000	%	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	38,421	51,063	(12,642)	-24.8%	38,421	51,063	(12,642)	-24.8%
Gross Profit	14,942	24,828	(9,886)	-39.8%	14,942	24,828	(9,886)	-39.8%
Profit before Taxation	15,323	24,769	(9,446)	-38.1%	15,323	24,769	(9,446)	-38.1%
Profit for the Period	12,939	20,472	(7,533)	-36.8%	12,939	20,472	(7,533)	-36.8%
Profit Attributable to Equity Holders of the Company	11,772	17,476	(5,704)	-32.6%	11,772	17,476	(5,704)	-32.6%

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

The Group revenue decreased by 24.8% from RM51.06 million reported in the preceding year corresponding period to RM38.42 million for the period ended 30 June 2019, mainly due to lower revenue generated by our property development segment.

The Group recorded a profit before taxation for the period ended 30 June 2019 of RM15.32 million, decreased by RM9.45 million or 38.1% as compared to preceding year's profit before taxation of RM24.77 million. The decrease of the Group's profit is mainly due to lower revenue and gross profit margin generated by the property development segment.

The property development segment continues to be the key contributor registering a revenue of RM35.77 million for the three months period ended 30 June 2019, representing about 93.1% 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 decrease in pre-tax profit was mainly due to lower revenue and gross profit margin generated by the property development segment.
- (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

	INDIVIDUAL QUARTER			
	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER	Changes	
	30-06-19	31-03-19	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	38,421	32,027	6,394	20.0%
Gross Profit	14,942	15,399	(457)	-3.0%
Profit before Taxation	15,323	13,827	1,496	10.8%
Profit for the Period	12,939	15,085	(2,146)	-14.2%
Profit Attributable to Equity Holders of the Company	11,772	13,279	(1,507)	-11.3%

The Group revenue increased by 20.0% from RM32.03 million reported in the immediate preceding quarter to RM38.42 million for the current quarter is mainly due to higher revenue generated by the property development segment.

The Group's profit before taxation of RM15.32 million for the current quarter increased by RM1.49 million compared to RM13.83 million achieved in the immediate preceding quarter. The increase in pre-tax profit was mainly due to higher revenue generated by the property development segment and decrease in distribution costs and administration expenses.

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

Against the backdrop of a challenging global environment, the Malaysian economy is expected to sustain its growth momentum, expanding by 4.3% - 4.8% in 2019 (2018: 4.7%). Domestic demand will remain the anchor of growth, underpinned by continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm supported by stable labour market conditions and continued wage growth. The implementation of several government measures, particularly aimed at alleviating rising cost of living, is expected to further support consumption spending, especially by lower income households. Private investment activity will be supported by the implementation of on-going multi-year projects, particularly in the manufacturing and services sectors. Public sector expenditure, however, is expected to weigh on growth. The projected contraction in public investment will be mainly due to lower investment by public corporations following the completion of large-scale projects, while the expectations for a moderate growth in public consumption reflect the continued reprioritisation of government spending.

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 Sg Long Residence at Bandar Sungai Long, Goodview Heights at Sungai Long South, Alam Budiman at Shah Alam and Rasa at Batang Kali, all property development projects located in Selangor Darul Ehsan, the primary social and economic centre of Malaysia.

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	(1,693)	(1,693)
Interest expense	2	2
Depreciation	717	717

**6. Taxation**

	Current quarter ended		Year-to-date ended	
	30 June		30 June	
	2019	2018	2019	2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	8,088	4,527	8,088	4,527
Deferred	(5,704)	(230)	(5,704)	(230)
	<u>2,384</u>	<u>4,297</u>	<u>2,384</u>	<u>4,297</u>
Effective tax rate	<u>15.6%</u>	<u>17.3%</u>	<u>15.6%</u>	<u>17.3%</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 14 August 2019.

**8. Finance lease liabilities**

<u>Secured</u>	As at	As at
	30-Jun-19	30-Jun-18
	<u>RM'000</u>	<u>RM'000</u>
Short Term	143	348
Long Term	1	144
	<u>144</u>	<u>492</u>

The above finance lease liabilities are denominated in Ringgit Malaysia.

**9. Dividend**

9.1 No dividend was declared for the current quarter ended 30 June 2019.

9.2 In respect of the previous financial year ended 31 March 2019:

- (i) The Board of Directors has proposed a final dividend of 8 sen per share (2018: 8 sen per share) in respect of the financial year ended 31 March 2019, which is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.
- (ii) The dividend, if approved, will be paid on 4 October 2019.
- (iii) A Depositor shall qualify for entitlement to the dividend only in respect of:
  - (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 20 September 2019 in respect of transfers; and
  - (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.



**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 financial year 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 August 2019