



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

SECOND QUARTER ENDED

30 SEPTEMBER 2019

SHL CONSOLIDATED BHD.

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Interim Financial Report – 30 September 2019

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 30 September 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		
	30/09/2019	30/09/2018	30/09/2019	30/09/2018	RM'000	%
	RM'000	RM'000	RM'000	RM'000		
1. Revenue	39,011	45,347	77,432	96,410	(18,978)	-19.7%
2. Cost of Sales	(21,949)	(21,878)	(45,428)	(48,113)	(2,685)	-5.6%
3. Gross Profit	17,062	23,469	32,004	48,297	(16,293)	-33.7%
4. Other Operating Income	3,259	3,932	5,781	7,030	(1,249)	-17.8%
5. Distribution Costs	(1,561)	(735)	(1,414)	(1,471)	(57)	-3.9%
6. Administration Expenses	(3,156)	(2,915)	(5,460)	(5,365)	95	1.8%
7. Finance Costs	(2)	(6)	(4)	(13)	(9)	-69.2%
8. Profit from Associate	(20)	1	(2)	37	(39)	-105.4%
9. Profit before Taxation	15,582	23,746	30,905	48,515	(17,610)	-36.3%
10. Taxation	(4,905)	(4,795)	(7,289)	(9,092)	(1,803)	-19.8%
11. Profit for the Period	10,677	18,951	23,616	39,423	(15,807)	-40.1%
12. Other Comprehensive Income	8	26	35	47	(12)	-25.5%
13. Total Comprehensive Income for the Period	10,685	18,977	23,651	39,470	(15,819)	-40.1%
Profit Attributable to:						
14. Equity Holders of the Company	10,246	17,726	22,018	35,202	(13,184)	-37.5%
15. Non-controlling Interests	431	1,225	1,598	4,221	(2,623)	-62.1%
	10,677	18,951	23,616	39,423	(15,807)	-40.1%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	10,254	17,752	22,053	35,249	(13,196)	-37.4%
17. Non-controlling Interests	431	1,225	1,598	4,221	(2,623)	-62.1%
	10,685	18,977	23,651	39,470	(15,819)	-40.1%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	4.23	7.32	9.09	14.54	(5.45)	-37.5%

(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 September 2019

	(UNAUDITED) 30/09/2019	(AUDITED) 31/03/2019
	RM'000	RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	200,053	201,155
2. Investment in associate	9,004	10,536
3. Investment properties	69,880	69,880
4. Investments	24	24
5. Inventories	2,750	2,749
6. Trust account	2,106	2,192
7. Deferred tax assets	5,121	5,311
8. Trade receivables	-	20
	288,938	291,867
9. Current assets		
9.1 Inventories	252,601	269,169
9.2 Trade receivables	26,419	20,605
9.3 Contract assets	-	95,010
9.4 Other receivables	8,345	7,643
9.5 Current tax assets	652	497
9.6 Cash, deposits and short-term investments	388,213	308,698
	676,230	701,622
10. TOTAL ASSETS	965,168	993,489
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
11. Share capital	247,726	247,726
12. Reserves	559,434	556,751
	807,160	804,477
13. Non-controlling Interests	83,516	80,268
14. Total equity	890,676	884,745
15. Non-current liabilities		
15.1 Deferred tax liabilities	26,214	32,086
15.2 Finance lease liabilities	-	10
15.3 Club establishment fund	10,746	10,756
	36,960	42,852
16. Current liabilities		
16.1 Trade payables	11,006	21,992
16.2 Contract liabilities	8,196	36,298
16.3 Other payables	9,458	6,570
16.4 Current tax liabilities	8,805	822
16.5 Finance lease liabilities	67	210
	37,532	65,892
17. TOTAL LIABILITIES	74,492	108,744
18. TOTAL EQUITY AND LIABILITIES	965,168	993,489
19. Net assets per share (RM)	3.33	3.32

(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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 September 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	
1. 6 months ended								
30 September 2019								
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	-	35	-	-	22,018	22,053	1,598	23,651
1.3 Realisation of revaluation surplus	-	(132)	-	-	132	-	-	-
1.4 Dividends paid	-	-	-	-	(19,370)	(19,370)	-	(19,370)
1.5 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650
1.6 At 30 September 2019	247,726	87,984	(130,464)	6,663	595,251	807,160	83,516	890,676
2. 6 months ended								
30 September 2018								
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	-	47	-	-	35,202	35,249	4,221	39,470
2.5 Realisation of revaluation surplus	-	(177)	-	-	177	-	-	-
2.6 Dividends paid	-	-	-	-	(19,370)	(19,370)	-	(19,370)
2.7 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	10,428	10,428
2.8 At 30 September 2018	247,726	95,676	(130,464)	6,663	584,502	804,103	76,221	880,324

(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)

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

	6 months ended 30/09/2019	6 months ended 30/09/2018
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	30,905	48,515
1.2 Adjustments for :-		
1.2.1 Depreciation	1,435	2,869
1.2.2 Loss / (gain) on disposal of property, plant and equipment	(5)	(6)
1.2.3 Fair value gain on short-term investments	(1,326)	(639)
1.2.4 Fixed assets written off	1	16
1.2.5 Interest expenses	4	13
1.2.6 Interest income	(4,370)	(5,595)
1.2.7 Loss / (profit) from associate	2	(37)
1.3 Operating profit before working capital changes	26,646	45,136
1.4 (Increase) / decrease in inventories	16,568	976
1.5 (Increase) / decrease in receivables	88,517	(66,932)
1.6 Increase / (decrease) in payables	(36,200)	14,678
1.7 Cash generated from / (absorbed by) operations	95,531	(6,142)
1.8 Tax paid	(5,111)	(5,967)
1.9 Net cash from / (used in) operating activities	90,420	(12,109)
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	86	351
2.2 Purchase of property, plant and equipment	(334)	(391)
2.3 Reinvestment of short-term investments	(1,398)	(2,275)
2.4 Purchase of land held for property development	(1)	(1)
2.5 Proceeds from disposal of property, plant and equipment	5	6
2.6 Proceeds from redemption of short-term investments	2,781	2,923
2.7 Dividends received from associate	1,530	-
2.8 Interest received	4,370	5,595
2.9 Net cash from / (used in) investing activities	7,039	6,208
3 Cash flows from financing activities		
3.1 Proceeds of shares issued to indirect non-controlling interests	1,650	10,428
3.2 Repayment of club members' deposits	(10)	(5)
3.3 Payment of finance lease liabilities	(153)	(221)
3.4 Interest paid	(4)	(13)
3.5 Dividends paid to owners of the Company	(19,370)	(19,370)
3.6 Net cash from / (used in) financing activities	(17,887)	(9,181)
4 Net increase / (decrease) in cash and cash equivalents	79,572	(15,082)
5 Cash and cash equivalents at 1 April 2019 / 2018	158,207	210,323
6 Cash and cash equivalents at 30 September 2019 / 2018	237,779	195,241
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	237,779	195,241

(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.

	Effective for financial periods beginning on or after
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:-

	Effective for financial periods beginning on or after
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.

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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:

- (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 2019, was paid on 8 April 2019.
- (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 2019, was paid on 4 October 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

	As at	As at
	30/09/2019	30/09/2018
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,750	2,746
<i>Current:</i>		
At cost:		
- Completed development units	3,411	6,522
- Building materials	647	910
- Raw materials	346	247
- Goods for resale	208	228
- Work in progress	11	194
- Finished goods	7,263	4,529
	11,886	12,630
Property development costs	240,715	224,129
	252,601	236,759
Total inventories	<u>255,351</u>	<u>239,505</u>

10. Cash, deposits and short-term investments

	As at	As at
	30/09/2019	30/09/2018
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	1,904	2,744
- Bank current accounts and petty cash	29,614	13,126
	31,518	15,870
Short-term deposits	206,261	179,371
Cash and cash equivalents	<u>237,779</u>	<u>195,241</u>
Short-term investments	150,434	160,442
Total cash, deposits and short-term investments	<u>388,213</u>	<u>355,683</u>

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.

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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 21 November 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 September 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
REVENUE								
External sales	6,089	71,258	-	-	85	-	-	77,432
Inter-segment sales	1,247	41	19,990	6,970	1,711	-	(29,959)	-
Total revenue	7,336	71,299	19,990	6,970	1,796	-	(29,959)	77,432
RESULTS								
Operating profit	251	24,351	1,883	36	(574)	(3)	597	26,541
Interest income	542	2,314	495	110	590	319	-	4,370
Finance costs	(2)	(2)	-	-	-	-	-	(4)
Loss from associate	-	(2)	-	-	-	-	-	(2)
Profit before tax	791	26,661	2,378	146	16	316	597	30,905
Taxation								(7,289)
Profit for the year								23,616
ASSETS								
Segment assets	139,978	750,631	104,626	14,150	82,486	21,012	(162,492)	950,391
Investment in associate	-	9,004	-	-	-	-	-	9,004
Current and deferred tax assets	96	-	514	-	42	-	5,121	5,773
Total assets	140,074	759,635	105,140	14,150	82,528	21,012	(157,371)	965,168
LIABILITIES								
Segment liabilities	13,959	49,058	36,365	3,035	649	10	(63,603)	39,473
Current and deferred tax liabilities	6,873	27,379	-	197	4,563	30	(4,023)	35,019
Total liabilities	20,832	76,437	36,365	3,232	5,212	40	(67,626)	74,492
OTHERS								
Capital expenditure	297	26	12	-	-	-	-	335
Non-cash expenses :								
Depreciation	614	147	62	-	612	-	-	1,435

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The segmental analysis for the preceding year to date ended 30 September 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
REVENUE								
External sales	5,526	90,607	87	-	149	41	-	96,410
Inter-segment sales	1,134	1,095	33,977	15,421	4,486	-	(56,113)	-
Total revenue	6,660	91,702	34,064	15,421	4,635	41	(56,113)	96,410
RESULTS								
Operating profit	509	41,734	2,526	11	24	37	(1,945)	42,896
Interest income	449	3,046	639	212	734	515	-	5,595
Finance costs	(10)	(3)	-	-	-	-	-	(13)
Profit from associate	-	37	-	-	-	-	-	37
Profit before tax	948	44,814	3,165	223	758	552	(1,945)	48,515
Taxation								(9,092)
Profit for the year								39,423
ASSETS								
Segment assets	120,873	787,051	97,488	19,366	82,870	55,004	(191,213)	971,439
Investment in associate	-	10,251	-	-	-	-	-	10,251
Current and deferred tax assets	215	20	825	-	-	-	4,360	5,420
Total assets	121,088	797,322	98,313	19,366	82,870	55,004	(186,853)	987,110
LIABILITIES								
Segment liabilities	14,178	49,525	44,471	6,013	1,595	512	(37,412)	78,882
Current and deferred tax liabilities	4,809	12,854	-	127	7,991	67	2,056	27,904
Total liabilities	18,987	62,379	44,471	6,140	9,586	579	(35,356)	106,786
OTHERS								
Capital expenditure	28	235	129	-	-	-	-	392
Non-cash expenses :								
Depreciation	569	206	58	-	2,036	-	-	2,869

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

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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 September 2019.

14. Changes in contingent liabilities or contingent assets

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

15. Capital commitments

No capital commitment was outstanding as at 30 September 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 RM0.07 million.
- (b) Procurement of engineering consultancy services of approximately RM1.08 million.
- (c) Rental expense of premises of approximately RM0.53 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				
30/09/2019	QUARTER 30/09/2018	30/09/2019	PERIOD 30/09/2018					
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	39,011	45,347	(6,336)	-14.0%	77,432	96,410	(18,978)	-19.7%
Gross Profit	17,062	23,469	(6,407)	-27.3%	32,004	48,297	(16,293)	-33.7%
Profit before Taxation	15,582	23,746	(8,164)	-34.4%	30,905	48,515	(17,610)	-36.3%
Profit for the Period	10,677	18,951	(8,274)	-43.7%	23,616	39,423	(15,807)	-40.1%
Profit Attributable to Equity Holders of the Company	10,246	17,726	(7,480)	-42.2%	22,018	35,202	(13,184)	-37.5%

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

The Group revenue decreased by 19.7% from RM96.41 million reported in the preceding year corresponding period to RM77.43 million for the period ended 30 September 2019, mainly due to lower revenue generated by our property development segment.

The Group recorded a profit before taxation for the period ended 30 September 2019 of RM30.91 million, decreased by RM17.61 million or 36.3% as compared to preceding year's profit before taxation of RM48.52 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 RM71.26 million for the six months period ended 30 September 2019, representing about 92.0% 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.

1.2 Current Quarter vs Preceding Year Corresponding Quarter

On a quarterly basis, the Group recorded a profit before taxation for the period ended 30 September 2019 of RM15.58 million, decreased by RM8.17 million or 34.4% as compared to preceding year's profit before taxation of RM23.75 million. The decrease of the Group's profit is mainly due to lower revenue and profit margin generated by the property development segment, decrease in other operating income and increase in distribution costs.

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 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	
	30/09/2019	30/06/2019	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	39,011	38,421	590	1.5%
Gross Profit	17,062	14,942	2,120	14.2%
Profit before Taxation	15,582	15,323	259	1.7%
Profit for the Period	10,677	12,939	(2,262)	-17.5%
Profit Attributable to Equity Holders of the Company	10,246	11,772	(1,526)	-13.0%

The Group revenue increased by 1.5% from RM38.42 million reported in the immediate preceding quarter to RM39.01 million for the current quarter is mainly due to higher revenue generated by the investment and services segment.

The Group's profit before taxation of RM15.58 million for the current quarter increased by RM0.26 million compared to RM15.32 million achieved in the immediate preceding quarter. The increase in pre-tax profit was mainly due to higher revenue generated by the investment and services segment and increase in other operating income.

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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:

	Current year quarter	Current year-to- date
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(2,677)	(4,370)
Interest expense	2	4
Depreciation	718	1,435

6. Taxation

	Current quarter ended		Year-to-date ended	
	30 September		30 September	
	2019	2018	2019	2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	4,249	5,490	12,337	10,017
Under / (Over) provision in prior year	600	-	600	-
Deferred	56	(695)	(5,648)	(925)
	<u>4,905</u>	<u>4,795</u>	<u>7,289</u>	<u>9,092</u>
Effective tax rate	<u>31.5%</u>	<u>20.2%</u>	<u>23.6%</u>	<u>18.7%</u>

The effective tax rate of the Group for the current quarter was higher than the statutory rate due to a review of gross profit margin of the property development segment resulting in a higher amount of taxable income and income tax payable.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 21 November 2019.

8. Finance lease liabilities

<u>Secured</u>	As at	As at
	30/09/2019	30/09/2018
	<u>RM'000</u>	<u>RM'000</u>
Short Term	67	315
Long Term	-	67
	<u>67</u>	<u>382</u>

The above finance lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 30 September 2019 and preceding year corresponding quarter.

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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.

Dato' Sri Ir. Yap Chong Lee
Executive Director
27 November 2019