



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

THIRD QUARTER ENDED

31 DECEMBER 2019

SHL CONSOLIDATED BHD.

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Interim Financial Report – 31 December 2019

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 31 December 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		
	31/12/2019	31/12/2018	31/12/2019	31/12/2018		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	33,924	42,773	111,356	139,183	(27,827)	-20.0%
2. Cost of Sales	(18,909)	(24,345)	(64,337)	(72,458)	(8,121)	-11.2%
3. Gross Profit	15,015	18,428	47,019	66,725	(19,706)	-29.5%
4. Other Operating Income	6,427	2,954	12,208	9,984	2,224	22.3%
5. Distribution Costs	(590)	(579)	(2,004)	(2,050)	(46)	-2.2%
6. Administration Expenses	(3,227)	(1,707)	(8,687)	(7,072)	1,615	22.8%
7. Finance Costs	(2)	(5)	(6)	(18)	(12)	-66.7%
8. Profit from Associate	37	269	35	306	(271)	-88.6%
9. Profit before Taxation	17,660	19,360	48,565	67,875	(19,310)	-28.4%
10. Taxation	(6,477)	(3,136)	(13,766)	(12,228)	1,538	12.6%
11. Profit for the Period	11,183	16,224	34,799	55,647	(20,848)	-37.5%
12. Other Comprehensive Income	7	36	42	83	(41)	-49.4%
13. Total Comprehensive Income for the Period	11,190	16,260	34,841	55,730	(20,889)	-37.5%
Profit Attributable to:						
14. Equity Holders of the Company	9,443	14,766	31,461	49,968	(18,507)	-37.0%
15. Non-controlling Interests	1,740	1,458	3,338	5,679	(2,341)	-41.2%
	11,183	16,224	34,799	55,647	(20,848)	-37.5%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	9,450	14,802	31,503	50,051	(18,548)	-37.1%
17. Non-controlling Interests	1,740	1,458	3,338	5,679	(2,341)	-41.2%
	11,190	16,260	34,841	55,730	(20,889)	-37.5%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	3.90	6.10	12.99	20.64	(7.65)	-37.1%

(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 31 December 2019

	(UNAUDITED) 31/12/2019 RM'000	(AUDITED) 31/03/2019 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	199,449	201,155
2. Investment in associate	9,041	10,536
3. Investment properties	69,880	69,880
4. Investments	24	24
5. Inventories	2,751	2,749
6. Trust account	2,155	2,192
7. Deferred tax assets	5,843	5,311
8. Trade receivables	-	20
	289,143	291,867
9. Current assets		
9.1 Inventories	234,730	269,169
9.2 Trade receivables	59,026	20,605
9.3 Contract assets	-	95,010
9.4 Other receivables	8,769	7,643
9.5 Current tax assets	228	497
9.6 Cash, deposits and short-term investments	377,839	308,698
	680,592	701,622
10. TOTAL ASSETS	969,735	993,489
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
11. Share capital	247,726	247,726
12. Reserves	549,514	556,751
	797,240	804,477
13. Non-controlling Interests	85,256	80,268
14. Total equity	882,496	884,745
15. Non-current liabilities		
15.1 Deferred tax liabilities	26,060	32,086
15.2 Finance lease liabilities	-	10
15.3 Club establishment fund	10,703	10,756
	36,763	42,852
16. Current liabilities		
16.1 Trade payables	16,742	21,992
16.2 Contract liabilities	8,847	36,298
16.3 Other payables	9,411	6,570
16.4 Current tax liabilities	15,448	822
16.5 Finance lease liabilities	28	210
	50,476	65,892
17. TOTAL LIABILITIES	87,239	108,744
18. TOTAL EQUITY AND LIABILITIES	969,735	993,489
19. Net assets per share (RM)	3.29	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 31 December 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. 9 months ended								
31 December 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	-	42	-	-	31,461	31,503	3,338	34,841
1.3 Realisation of revaluation surplus	-	(160)	-	-	160	-	-	-
1.4 Dividends paid	-	-	-	-	(38,740)	(38,740)	-	(38,740)
1.5 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650
1.6 At 31 December 2019	247,726	87,963	(130,464)	6,663	585,352	797,240	85,256	882,496
2. 9 months ended								
31 December 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	-	83	-	-	49,968	50,051	5,679	55,730
2.5 Realisation of revaluation surplus	-	(320)	-	-	320	-	-	-
2.6 Dividends paid	-	-	-	-	(38,740)	(38,740)	(2,000)	(40,740)
2.7 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	13,728	13,728
2.8 At 31 December 2018	247,726	95,569	(130,464)	6,663	580,041	799,535	78,979	878,514

(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 31 December 2019

	9 months ended 31/12/2019	9 months ended 31/12/2018
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	48,565	67,875
1.2 Adjustments for :-		
1.2.1 Depreciation	2,145	2,174
1.2.2 Loss / (gain) on disposal of property, plant and equipment	(5)	(6)
1.2.3 Fair value gain on short-term investments	(1,383)	(747)
1.2.4 Fixed assets written off	1	16
1.2.5 Interest expenses	6	18
1.2.6 Interest income	(7,821)	(8,434)
1.2.7 Loss / (profit) from associate	(35)	(306)
1.3 Operating profit before working capital changes	41,473	60,590
1.4 (Increase) / decrease in inventories	34,439	2,536
1.5 (Increase) / decrease in receivables	55,484	(81,592)
1.6 Increase / (decrease) in payables	(29,860)	4,316
1.7 Cash generated from / (absorbed by) operations	101,536	(14,150)
1.8 Tax paid	(5,388)	(7,701)
1.9 Net cash from / (used in) operating activities	96,148	(21,851)
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	37	290
2.2 Purchase of property, plant and equipment	(440)	(488)
2.3 Reinvestment of short-term investments	(2,612)	(3,540)
2.4 Purchase of land held for property development	(2)	-
2.5 Proceeds from disposal of property, plant and equipment	5	6
2.6 Proceeds from disposal of short-term investments	-	9,936
2.7 Proceeds from redemption of short-term investments	4,081	4,352
2.8 Dividends received from associate	1,530	-
2.9 Interest received	7,821	8,434
2.10 Net cash from / (used in) investing activities	10,420	18,990
3 Cash flows from financing activities		
3.1 Proceeds of shares issued to indirect non-controlling interests	1,650	13,728
3.2 Repayment of club members' deposits	(53)	(50)
3.3 Payment of finance lease liabilities	(192)	(308)
3.4 Interest paid	(6)	(18)
3.5 Dividends paid to owners of the Company	(38,740)	(38,740)
3.6 Dividends paid to non-controlling interests	-	(2,000)
3.7 Net cash from / (used in) financing activities	(37,341)	(27,388)
4 Net increase / (decrease) in cash and cash equivalents	69,227	(30,249)
5 Cash and cash equivalents at 1 April 2019 / 2018	158,207	210,323
6 Cash and cash equivalents at 31 December 2019 / 2018	227,434	180,074
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	227,434	180,074

(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
	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,751	2,745
<i>Current:</i>		
At cost:		
- Completed development units	3,411	6,522
- Building materials	818	113
- Raw materials	342	246
- Goods for resale	186	194
- Work in progress	12	152
- Finished goods	7,192	6,881
	11,961	14,108
Property development costs	222,769	221,091
	234,730	235,199
Total inventories	<u>237,481</u>	<u>237,944</u>

10. Cash, deposits and short-term investments

	As at	As at
	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	2,167	2,104
- Bank current accounts and petty cash	15,712	23,871
	17,879	25,975
Short-term deposits	209,555	154,099
Cash and cash equivalents	<u>227,434</u>	<u>180,074</u>
Short-term investments	150,405	150,450
Total cash, deposits and short-term investments	<u>377,839</u>	<u>330,524</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 20 February 2020, 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 31 December 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	9,942	101,259	-	-	155	-	-	111,356
Inter-segment sales	1,873	82	20,511	9,010	1,856	-	(33,332)	-
Total revenue	11,815	101,341	20,511	9,010	2,011	-	(33,332)	111,356
RESULTS								
Operating profit	1,997	33,100	10,129	84	(1,223)	(8)	(3,364)	40,715
Interest income	773	4,183	1,319	190	931	425	-	7,821
Finance costs	(3)	(3)	-	-	-	-	-	(6)
Profit from associate	-	35	-	-	-	-	-	35
Profit before tax	2,767	37,315	11,448	274	(292)	417	(3,364)	48,565
Taxation								(13,766)
Profit for the year								34,799
ASSETS								
Segment assets	122,267	762,648	109,593	12,652	82,238	21,094	(155,869)	954,623
Investment in associate	-	9,041	-	-	-	-	-	9,041
Current and deferred tax assets	96	16	-	-	116	-	5,843	6,071
Total assets	122,363	771,705	109,593	12,652	82,354	21,094	(150,026)	969,735
LIABILITIES								
Segment liabilities	14,241	44,311	32,241	1,471	746	14	(47,293)	45,731
Current and deferred tax liabilities	7,248	27,022	2,352	220	4,487	32	147	41,508
Total liabilities	21,489	71,333	34,593	1,691	5,233	46	(47,146)	87,239
OTHERS								
Capital expenditure	403	27	12	-	-	-	-	442
Non-cash expenses :								
Depreciation	927	217	83	-	918	-	-	2,145

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The segmental analysis for the preceding 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
REVENUE								
External sales	8,598	130,201	86	-	255	43	-	139,183
Inter-segment sales	1,788	1,519	52,613	20,056	5,220	-	(81,196)	-
Total revenue	10,386	131,720	52,699	20,056	5,475	43	(81,196)	139,183
RESULTS								
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)
Profit for the year								55,647
ASSETS								
Segment assets	119,558	794,280	96,817	17,243	84,534	35,823	(188,027)	960,228
Investment in associate	-	10,520	-	-	-	-	-	10,520
Current and deferred tax assets	208	-	-	-	-	-	5,168	5,376
Total assets	119,766	804,800	96,817	17,243	84,534	35,823	(182,859)	976,124
LIABILITIES								
Segment liabilities	14,373	41,188	36,974	3,806	1,604	519	(30,076)	68,388
Current and deferred tax liabilities	4,929	14,824	97	140	8,330	90	812	29,222
Total liabilities	19,302	56,012	37,071	3,946	9,934	609	(29,264)	97,610
OTHERS								
Capital expenditure	95	264	129	-	-	-	-	488
Non-cash expenses :								
Depreciation	858	287	88	-	941	-	-	2,174

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 31 December 2019.

14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 31 December 2019.

15. Capital commitments

No capital commitment was outstanding as at 31 December 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 RM0.10 million.
- (b) Procurement of engineering consultancy services of approximately RM1.42 million.
- (c) Rental expense of premises of approximately RM0.82 million.
- (d) Procurement of project delivery services and construction management services of approximately RM0.79 million.
- (e) Procurement of legal services of approximately RM0.08 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	
	31/12/2019	31/12/2018	RM'000	%	31/12/2019	31/12/2018	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	33,924	42,773	(8,849)	-20.7%	111,356	139,183	(27,827)	-20.0%
Gross Profit	15,015	18,428	(3,413)	-18.5%	47,019	66,725	(19,706)	-29.5%
Profit before Taxation	17,660	19,360	(1,700)	-8.8%	48,565	67,875	(19,310)	-28.4%
Profit for the Period	11,183	16,224	(5,041)	-31.1%	34,799	55,647	(20,848)	-37.5%
Profit Attributable to Equity Holders of the Company	9,443	14,766	(5,323)	-36.0%	31,461	49,968	(18,507)	-37.0%

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

The Group revenue decreased by 20.0% from RM139.18 million reported in the preceding year corresponding period to RM111.36 million for the period ended 31 December 2019, mainly due to lower revenue generated by our property development segment.

The Group recorded a profit before taxation for the period ended 31 December 2019 of RM48.57 million, decreased by RM19.31 million or 28.4% as compared to preceding year's profit before taxation of RM67.88 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 RM101.26 million for the nine months period ended 31 December 2019, representing about 90.9% of the consolidated revenue. The property segment will remain focused on building landed properties and affordable value homes with readily available mortgage financing facilities from banks. Goodview Heights, an integrated mixed-development township in Sungai Long South, Selangor Darul Ehsan, Villa Sungai Long semi-detached houses and bungalows 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. The financial performance is in tandem with the prevailing poor economic condition.
- (ii) Construction – The increase in pre-tax profit was mainly due to increase in profit margin recorded by the construction 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 2019 of RM17.66 million, decreased by RM1.70 million or 8.8% as compared to preceding year's profit before taxation of RM19.36 million. The decrease of the Group's profit is mainly due to lower revenue generated by the property development segment and increase in administration expenses.

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

- (i) Property development – The decrease in pre-tax profit was mainly due to lower revenue generated by the property development segment.
- (ii) Construction – The increase in pre-tax profit was mainly due to increase in profit margin recorded by the construction 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

	INDIVIDUAL QUARTER		Changes	
	CURRENT QUARTER	IMMEDIATE PRECEDING QUARTER		
	31/12/2019	30/09/2019	RM'000	%
Revenue	33,924	39,011	(5,087)	-13.0%
Gross Profit	15,015	17,062	(2,047)	-12.0%
Profit before Taxation	17,660	15,582	2,078	13.3%
Profit for the Period	11,183	10,677	506	4.7%
Profit Attributable to Equity Holders of the Company	9,443	10,246	(803)	-7.8%

The Group revenue decreased by 13.0% from RM39.01 million reported in the immediate preceding quarter to RM33.92 million for the current quarter is mainly due to lower revenue generated by the property development segment.

The Group's profit before taxation of RM17.66 million for the current quarter increased by RM2.08 million compared to RM15.58 million achieved in the immediate preceding quarter. The increase in pre-tax profit was mainly due to increase in other operating income and decrease in distribution costs.

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3. Prospects for the next financial year

The Malaysian economy expanded by 4.3% in 2019. Going into 2020, growth, particularly in the first quarter of 2020, will be affected by the Covid-19 outbreak and the recent national political uncertainties. The overall impact on the Malaysian economy will, however, depend on the duration and spread of the outbreak as well as policy responses by authorities and the resolution of the current political landscape. For the year as a whole, growth will be supported by household spending, underpinned by continued income and employment growth amid modest price pressures.

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 Villa Sungai Long and 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	(3,451)	(7,821)
Interest expense	2	6
Depreciation	710	2,145

6. Taxation

	Current quarter ended		Year-to-date ended	
	31 December		31 December	
	2019	2018	2019	2018
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	7,255	(363)	19,592	9,654
Under / (Over) provision in prior year	92	(44)	692	(44)
Deferred	(870)	3,543	(6,518)	2,618
	<u>6,477</u>	<u>3,136</u>	<u>13,766</u>	<u>12,228</u>
Effective tax rate	<u>36.7%</u>	<u>16.2%</u>	<u>28.3%</u>	<u>18.0%</u>

The effective tax rate of the Group for the current quarter and year-to-date were 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 20 February 2020.

8. Finance lease liabilities

<u>Secured</u>	As at	As at
	31/12/2019	31/12/2018
	<u>RM'000</u>	<u>RM'000</u>
Short Term	28	267
Long Term	-	28
	<u>28</u>	<u>295</u>

The above finance lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 31 December 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
26 February 2020