



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

FOURTH QUARTER ENDED

31 MARCH 2020

SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)
(Incorporated in Malaysia)

Interim Financial Report – 31 March 2020

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	CURRENT	PRECEDING	CURRENT	PRECEDING		
	YEAR	YEAR	YEAR	YEAR		
	QUARTER	CORRESPONDING	TO DATE	CORRESPONDING		
	31/03/2020	31/03/2019	31/03/2020	31/03/2019		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	26,763	32,027	138,119	171,210	(33,091)	-19.3%
2. Cost of Sales	(8,753)	(16,628)	(73,090)	(89,086)	(15,996)	-18.0%
3. Gross Profit	18,010	15,399	65,029	82,124	(17,095)	-20.8%
4. Other Operating Income	8,627	3,015	20,835	12,999	7,836	60.3%
5. Distribution Costs	(812)	(1,659)	(2,816)	(3,709)	(893)	-24.1%
6. Administration Expenses	(9,385)	(2,941)	(18,072)	(10,013)	8,059	80.5%
7. Finance Costs	1	(3)	(5)	(21)	(16)	-76.2%
8. Profit from Associate	(44)	16	(9)	322	(331)	-102.8%
9. Profit before Taxation	16,397	13,827	64,962	81,702	(16,740)	-20.5%
10. Taxation	(5,365)	1,258	(19,131)	(10,970)	8,161	74.4%
11. Profit for the Year	11,032	15,085	45,831	70,732	(24,901)	-35.2%
12. Other Comprehensive Income	22,883	(9)	22,925	74	22,851	30879.7%
13. Total Comprehensive Income for the Year	33,915	15,076	68,756	70,806	(2,050)	-2.9%
Profit Attributable to:						
14. Equity Holders of the Company	10,328	13,279	41,789	63,247	(21,458)	-33.9%
15. Non-controlling Interests	704	1,806	4,042	7,485	(3,443)	-46.0%
	11,032	15,085	45,831	70,732	(24,901)	-35.2%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	33,211	13,270	64,714	63,321	1,393	2.2%
17. Non-controlling Interests	704	1,806	4,042	7,485	(3,443)	-46.0%
	33,915	15,076	68,756	70,806	(2,050)	-2.9%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	4.27	5.48	17.26	26.12	(8.86)	-33.9%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2019 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2020

	(UNAUDITED) 31/03/2020 RM'000	(AUDITED) 31/03/2019 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	217,854	201,155
2. Investment in associate	8,997	10,536
3. Investment properties	75,180	69,880
4. Investments	24	24
5. Inventories	2,754	2,749
6. Trust account	2,069	2,192
7. Deferred tax assets	5,888	5,311
8. Trade receivables	-	20
	312,766	291,867
9. Current assets		
9.1 Inventories	319,916	269,169
9.2 Trade receivables	13,469	20,605
9.3 Contract assets	-	95,010
9.4 Other receivables	8,887	7,643
9.5 Current tax assets	607	497
9.6 Cash, deposits and short-term investments	368,600	308,698
	711,479	701,622
10. TOTAL ASSETS	1,024,245	993,489
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
11. Share capital	247,726	247,726
12. Reserves	582,725	556,751
	830,451	804,477
13. Non-controlling Interests	79,690	80,268
14. Total equity	910,141	884,745
15. Non-current liabilities		
15.1 Deferred tax liabilities	27,561	32,086
15.2 Finance lease liabilities	-	10
15.3 Club establishment fund	10,700	10,756
	38,261	42,852
16. Current liabilities		
16.1 Trade payables	57,020	21,992
16.2 Contract liabilities	372	36,298
16.3 Other payables	7,790	6,570
16.4 Current tax liabilities	10,655	822
16.5 Finance lease liabilities	6	210
	75,843	65,892
17. TOTAL LIABILITIES	114,104	108,744
18. TOTAL EQUITY AND LIABILITIES	1,024,245	993,489
19. Net assets per share (RM)	3.43	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 Year Ended 31 March 2020

(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
	Share Capital	Revaluation Surplus	Merger Deficit	Capital Reserves								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
1. 12 months ended												
31 March 2020												
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 year	-	22,925	-	-	41,789	64,714	4,042	68,756				
1.3 Realisation of revaluation surplus	-	(7,166)	-	-	7,166	-	-	-				
1.4 Dividends paid	-	-	-	-	(38,740)	(38,740)	(6,270)	(45,010)				
1.5 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650				
1.6 At 31 March 2020	247,726	103,840	(130,464)	6,663	602,686	830,451	79,690	910,141				
2. 12 months ended												
31 March 2019												
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 year	-	74	-	-	63,247	63,321	7,485	70,806				
2.5 Realisation of revaluation surplus	-	(282)	-	-	282	-	-	-				
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 March 2019	247,726	95,598	(130,464)	6,663	593,282	812,805	80,785	893,590				

(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 Year Ended 31 March 2020

	12 months ended 31/03/2020 RM'000	12 months ended 31/03/2019 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	64,962	81,702
1.2 Adjustments for :-		
1.2.1 Depreciation	2,847	2,879
1.2.2 Fair value adjustment of investment property	(5,300)	-
1.2.3 Loss / (gain) on disposal of property, plant and equipment	(5)	(6)
1.2.4 Fair value gain on short-term investments	(1,075)	(1,159)
1.2.5 Fixed assets written off	1	397
1.2.6 Interest expenses	5	21
1.2.7 Interest income	(11,139)	(11,177)
1.2.8 Derecognition of subsidiary	-	(44)
1.2.9 Revaluation deficit on lands	369	-
1.2.10 Impairment loss on property, plant and equipment	5,933	-
1.2.11 Loss / (profit) from associate	9	(322)
1.3 Operating profit before working capital changes	56,607	72,291
1.4 (Increase) / decrease in inventories	(50,747)	(27,759)
1.5 (Increase) / decrease in receivables	100,926	(89,369)
1.6 Increase / (decrease) in payables	322	11,535
1.7 Cash generated from / (absorbed by) operations	107,108	(33,302)
1.8 Tax paid	(16,989)	(12,055)
1.9 Net cash from / (used in) operating activities	90,119	(45,357)
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	123	243
2.2 Purchase of property, plant and equipment	(449)	(1,734)
2.3 Reinvestment of short-term investments	(4,108)	(4,481)
2.4 Purchase of land held for property development	(5)	(4)
2.5 Proceeds from disposal of property, plant and equipment	5	10
2.6 Proceeds from disposal of short-term investments	-	9,936
2.7 Proceeds from redemption of short-term investments	5,298	5,663
2.8 Dividends received from associate	1,530	-
2.9 Interest received	11,139	11,177
2.10 Cash flows from derecognition of subsidiary	-	44
2.11 Net cash from / (used in) investing activities	13,533	20,854
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	(56)	(231)
3.3 Payment of finance lease liabilities	(214)	(383)
3.4 Interest paid	(5)	(21)
3.5 Dividends paid to owners of the Company	(38,740)	(38,740)
3.6 Dividends paid to non-controlling interests	(6,270)	(2,000)
3.7 Net cash from / (used in) financing activities	(43,635)	(27,647)
4 Net increase / (decrease) in cash and cash equivalents	60,017	(52,150)
5 Cash and cash equivalents at 1 April 2019 / 2018	158,207	210,323
6 Cash and cash equivalents at 31 March 2020 / 2019	218,224	158,173
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	218,224	158,173

(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.

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

Investment properties, freehold and leasehold land and buildings of the Group were revalued by the directors during the financial year ended 31 March 2020 based on valuation carried out by an independent registered valuer on a comparison method.

9. Inventories

	As at	As at
	31/03/2020	31/03/2019
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,754	2,749
<i>Current:</i>		
At cost:		
- Completed development units	217,004	6,522
- Building materials	1,133	296
- Raw materials	360	116
- Goods for resale	173	175
- Work in progress	11	11
- Finished goods	7,135	7,966
	225,816	15,086
Property development costs	94,100	253,861
	319,916	268,947
Total inventories	<u>322,670</u>	<u>271,696</u>

10. Cash, deposits and short-term investments

	As at	As at
	31/03/2020	31/03/2019
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	2,644	2,054
- Bank current accounts and petty cash	11,334	7,023
	13,978	9,077
Short-term deposits	204,246	149,096
Cash and cash equivalents	<u>218,224</u>	<u>158,173</u>
Short-term investments	150,376	150,492
Total cash, deposits and short-term investments	<u>368,600</u>	<u>308,665</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 18 June 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 March 2020 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	13,472	124,459	-	-	188	-	-	138,119
Inter-segment sales	2,798	186	73,805	10,984	2,012	-	(89,785)	-
Total revenue	16,270	124,645	73,805	10,984	2,200	-	(89,785)	138,119
RESULTS								
Operating profit	8,039	38,296	19,641	62	(7,952)	(216)	(4,033)	53,837
Interest income	1,035	6,214	1,706	263	1,376	545	-	11,139
Finance costs	(2)	(3)	-	-	-	-	-	(5)
Profit from associate	-	(9)	-	-	-	-	-	(9)
Profit before tax	9,072	44,498	21,347	325	(6,576)	329	(4,033)	64,962
Taxation								(19,131)
Profit for the year								45,831
ASSETS								
Segment assets	121,066	853,644	105,891	12,858	75,794	24,889	(185,389)	1,008,753
Investment in associate	-	8,997	-	-	-	-	-	8,997
Current and deferred tax assets	27	406	-	-	180	29	5,853	6,495
Total assets	121,093	863,047	105,891	12,858	75,974	24,918	(179,536)	1,024,245
LIABILITIES								
Segment liabilities	13,402	109,278	20,619	1,670	626	10	(69,717)	75,888
Current and deferred tax liabilities	6,493	26,085	1,253	188	2,960	5	1,232	38,216
Total liabilities	19,895	135,363	21,872	1,858	3,586	15	(68,485)	114,104
OTHERS								
Capital expenditure	271	171	12	-	-	-	-	454
Non-cash expenses :								
Depreciation	1,235	283	105	-	1,224	-	-	2,847
Impairment loss on property, plant and equipment	-	-	-	-	5,933	-	-	5,933
Total non-cash expenses	1,235	283	105	-	7,157	-	-	8,780

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The segmental analysis for the preceding year to date ended 31 March 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	11,872	158,882	86	-	326	44	-	171,210
Inter-segment sales	2,587	2,097	91,345	23,882	5,410	-	(125,321)	-
Total revenue	14,459	160,979	91,431	23,882	5,736	44	(125,321)	171,210
RESULTS								
Operating profit	1,932	66,919	5,711	12	259	(187)	(4,422)	70,224
Interest income	1,069	5,793	1,183	367	1,485	1,280	-	11,177
Finance costs	(15)	(6)	-	-	-	-	-	(21)
Profit from associate	-	322	-	-	-	-	-	322
Profit before tax	2,986	73,028	6,894	379	1,744	1,093	(4,422)	81,702
Taxation								(10,970)
Profit for the year								70,732
ASSETS								
Segment assets	121,120	818,006	111,361	16,903	82,589	36,915	(210,243)	976,651
Investment in associate	-	10,536	-	-	-	-	-	10,536
Current and deferred tax assets	71	(892)	-	-	-	-	6,773	5,952
Total assets	121,191	827,650	111,361	16,903	82,589	36,915	(203,470)	993,139
LIABILITIES								
Segment liabilities	13,728	63,218	46,441	3,462	620	508	(52,626)	75,351
Current and deferred tax liabilities	4,786	13,131	196	97	4,369	23	1,596	24,198
Total liabilities	18,514	76,349	46,637	3,559	4,989	531	(51,030)	99,549
OTHERS								
Capital expenditure	1,235	374	129	-	-	-	-	1,738
Non-cash expenses :								
Depreciation	1,152	363	118	-	1,246	-	-	2,879

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 March 2020.

14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at 31 March 2020.

15. Capital commitments

No capital commitment was outstanding as at 31 March 2020.

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 RM0.13 million.
- (b) Procurement of engineering consultancy services of approximately RM2.33 million.
- (c) Rental expense of premises of approximately RM1.09 million.
- (d) Procurement of project delivery services and construction management services of approximately RM1.98 million.
- (e) Procurement of legal services of approximately RM0.15 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	
	31/03/2020	31/03/2019	RM'000	%	31/03/2020	31/03/2019	RM'000	%
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	26,763	32,027	(5,264)	-16.4%	138,119	171,210	(33,091)	-19.3%
Gross Profit	18,010	15,399	2,611	17.0%	65,029	82,124	(17,095)	-20.8%
Profit before Taxation	16,397	13,827	2,570	18.6%	64,962	81,702	(16,740)	-20.5%
Profit for the Period	11,032	15,085	(4,053)	-26.9%	45,831	70,732	(24,901)	-35.2%
Profit Attributable to Equity Holders of the Company	10,328	13,279	(2,951)	-22.2%	41,789	63,247	(21,458)	-33.9%

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

The Group revenue decreased by 19.3% from RM171.21 million reported in the preceding year corresponding period to RM138.12 million for the year ended 31 March 2020, mainly due to lower revenue generated by our property development segment.

The Group recorded a profit before taxation for the year ended 31 March 2020 of RM64.96 million, decreased by RM16.74 million or 20.5% as compared to preceding year's profit before taxation of RM81.70 million. The decrease of the Group's profit is mainly due to lower revenue generated by the property development segment and impairment loss on brick manufacturing plant.

The property development segment continues to be the key contributor registering a revenue of RM124.46 million for the twelve months period ended 31 March 2020, representing about 90.1% 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, 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) Investment and services – The increase in pre-tax profit was mainly due to fair value gain on revaluation of the Group's investment properties.
- (ii) Property Development – The decrease in pre-tax profit was mainly due to lower revenue generated by the property development segment. The financial performance is in tandem with the prevailing poor economic condition.
- (iii) Construction – The increase in pre-tax profit was mainly due to increase in profit margin recorded by the construction segment.
- (iv) Manufacturing – The decrease in pre-tax profit was mainly due to impairment loss on brick manufacturing plant by the manufacturing segment.
- (v) There are no significant variations for other business segments.

1.2 Current Quarter vs Preceding Year Corresponding Quarter

On a quarterly basis, the Group recorded a profit before taxation for the period ended 31 March 2020 of RM16.40 million, increased by RM2.57 million or 18.6% as compared to preceding year's profit before taxation of RM13.83 million. The increase of the Group's profit is mainly due to increase in profit margin recorded by the construction segment and also fair value gain on revaluation of the Group's investment properties.

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

- (i) Investment and services – The increase in pre-tax profit was mainly due to fair value gain on revaluation of the Group's investment properties
- (ii) Property development – The decrease in pre-tax profit was mainly due to lower revenue generated by the property development segment.
- (iii) Construction – The increase in pre-tax profit was mainly due to increase in profit margin recorded by the construction segment.
- (iv) Manufacturing – The decrease in pre-tax profit was mainly due to impairment loss on brick manufacturing plant by the manufacturing segment.
- (v) 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		
	31/03/2020	31/12/2019	RM'000	%
Revenue	26,763	33,924	(7,161)	-21.1%
Gross Profit	18,010	15,015	2,995	19.9%
Profit before Taxation	16,397	17,660	(1,263)	-7.2%
Profit for the Period	11,032	11,183	(151)	-1.4%
Profit Attributable to Equity Holders of the Company	10,328	9,443	885	9.4%

The Group revenue decreased by 21.1% from RM33.92 million reported in the immediate preceding quarter to RM26.76 million for the current quarter is mainly due to lower revenue generated by the property development segment.

The Group's profit before taxation of RM16.40 million for the current quarter decreased by RM1.26 million compared to RM17.66 million achieved in the immediate preceding quarter. The decrease in pre-tax profit was mainly due to impairment loss on brick manufacturing plant by the manufacturing segment.

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3. Prospects for the next financial year

The Malaysian economy expanded by 4.3% in 2019. Against this highly challenging economic outlook, Malaysia's GDP growth is projected to be between -2.0% to 0.5% in 2020 (2019: 4.3%). The domestic economy will be impacted by the necessary global and domestic actions taken to contain the outbreak. Of significance, tourism-related sectors are expected to be affected by broad-based travel restrictions and travel risk aversion, while production disruptions in the global supply chain will weigh on the manufacturing sector and exports. The implementation and subsequent extension of the Movement Control Order (MCO), while critical, will dampen economic activity following the suspension of operations by non-essential service providers and lower operating capacity of manufacturing firms. Beyond the MCO period, reduced social and recreational activities until the pandemic is fully controlled globally and domestically will continue to dampen consumption and investment activity. Apart from the pandemic, the domestic economy will also be affected by the sharp decline and volatile shifts in crude oil prices and continued supply disruption in the commodities sector.

Given the significant headwinds to growth arising from Covid-19, the Government and Bank Negara Malaysia have introduced large countercyclical policy measures to mitigate the economic impact of the pandemic.

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	(3,318)	(11,139)
Fair value gain on investment properties	(5,300)	(5,300)
Interest expense	(1)	5
Depreciation	702	2,847
Impairment loss on property, plant and equipment	5,933	5,933

6. Taxation

	Current quarter ended		Year-to-date ended	
	31 March		31 March	
	2020	2019	2020	2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	6,424	376	26,016	10,030
Under / (Over) provision in prior year	1	(1)	693	(45)
Deferred	(1,060)	(1,633)	(7,578)	985
	<u>5,365</u>	<u>(1,258)</u>	<u>19,131</u>	<u>10,970</u>
Effective tax rate	<u>32.7%</u>	<u>-9.1%</u>	<u>29.4%</u>	<u>13.4%</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 18 June 2020.

8. Finance lease liabilities

<u>Secured</u>	As at	As at
	31/03/2020	31/03/2019
	<u>RM'000</u>	<u>RM'000</u>
Short Term	6	210
Long Term	-	10
	<u>6</u>	<u>220</u>

The above finance lease liabilities are denominated in Ringgit Malaysia.

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9. Dividend

The Board of Directors has declared an interim dividend of single-tier dividend of 7 sen per share (2019: 8 sen per share), amounting to a net dividend payable of approximately RM16.95 million (2019: RM19.37 million) for the financial year ending 31 March 2020, paid on 15 April 2020.

The total dividend declared in respect of the financial year ended 31 March 2020 was 7 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 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
24 June 2020