



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

THIRD QUARTER ENDED

31 DECEMBER 2020

SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)
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Interim Financial Report – 31 December 2020

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Period Ended 31 December 2020

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	Current	Preceding	Current	Preceding		
	Year	Year	Year	Year		
	Quarter	Corresponding Quarter	To Date	Corresponding Period		
	31/12/2020	31/12/2019	31/12/2020	31/12/2019		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	31,387	33,924	62,789	111,356	(48,567)	-43.6%
2. Cost of Sales	(18,233)	(18,909)	(37,755)	(64,337)	(26,582)	-41.3%
3. Gross Profit	13,154	15,015	25,034	47,019	(21,985)	-46.8%
4. Other Operating Income	2,218	6,427	6,896	12,208	(5,312)	-43.5%
5. Distribution Costs	(461)	(590)	(1,513)	(2,004)	(491)	-24.5%
6. Administration Expenses	(2,722)	(3,227)	(8,118)	(8,687)	(569)	-6.6%
7. Finance Costs	-	(2)	-	(6)	(6)	-100.0%
8. Profit / (Loss) from Associate	(24)	37	(125)	35	(160)	-457.1%
9. Profit before Taxation	12,165	17,660	22,174	48,565	(26,391)	-54.3%
10. Taxation	(3,470)	(6,477)	(5,965)	(13,766)	(7,801)	-56.7%
11. Profit for the Period	8,695	11,183	16,209	34,799	(18,590)	-53.4%
12. Other Comprehensive Income	1	7	4	42	(38)	-90.5%
13. Total Comprehensive Income for the Period	8,696	11,190	16,213	34,841	(18,628)	-53.5%
Profit Attributable to:						
14. Equity Holders of the Company	7,372	9,443	13,603	31,461	(17,858)	-56.8%
15. Non-controlling Interests	1,323	1,740	2,606	3,338	(732)	-21.9%
	8,695	11,183	16,209	34,799	(18,590)	-53.4%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	7,373	9,450	13,607	31,503	(17,896)	-56.8%
17. Non-controlling Interests	1,323	1,740	2,606	3,338	(732)	-21.9%
	8,696	11,190	16,213	34,841	(18,628)	-53.5%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	3.04	3.90	5.62	12.99	(7.37)	-56.7%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	(UNAUDITED) 31/12/2020 RM'000	(AUDITED) 31/03/2020 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	210,458	219,505
2. Investment in associate	8,872	8,997
3. Investment properties	75,180	75,180
4. Investments	24	24
5. Inventories	2,754	2,753
6. Trust account	2,247	2,105
7. Deferred tax assets	6,622	7,879
	306,157	316,443
8. Current assets		
8.1 Inventories	332,660	319,616
8.2 Trade receivables	25,148	13,469
8.3 Other receivables	9,408	8,872
8.4 Current tax assets	5,105	222
8.5 Cash, deposits and short-term investments	321,069	368,707
	693,390	710,886
9. TOTAL ASSETS	999,547	1,027,329
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
10. Share capital	247,726	247,726
11. Reserves	567,266	582,714
	814,992	830,440
12. Non-controlling Interests	81,103	79,297
13. Total equity	896,095	909,737
14. Non-current liabilities		
14.1 Deferred tax liabilities	27,105	27,489
14.2 Lease liabilities	45	-
14.3 Club establishment fund	10,663	10,700
	37,813	38,189
15. Current liabilities		
15.1 Trade payables	56,091	58,536
15.2 Contract liabilities	390	372
15.3 Other payables	7,711	7,698
15.4 Current tax liabilities	1,437	12,791
15.5 Lease liabilities	10	6
	65,639	79,403
16. TOTAL LIABILITIES	103,452	117,592
17. TOTAL EQUITY AND LIABILITIES	999,547	1,027,329
18. Net assets per share (RM)	3.37	3.43

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2020 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Financial Period Ended 31 December 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			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
1. 9 months ended								
31 December 2020								
1.1 At 1 April 2020	247,726	103,770	(130,464)	6,663	602,745	830,440	79,297	909,737
1.2 Total comprehensive income for the period	-	4	-	-	13,603	13,607	2,606	16,213
1.3 Realisation of revaluation surplus	-	(1,242)	-	-	1,242	-	-	-
1.4 Dividends paid	-	-	-	-	(29,055)	(29,055)	(800)	(29,855)
1.5 At 31 December 2020	247,726	102,532	(130,464)	6,663	588,535	814,992	81,103	896,095
2. 9 months ended								
31 December 2019								
2.1 At 1 April 2019	247,726	88,081	(130,464)	6,663	592,471	804,477	80,268	884,745
2.2 Total comprehensive income for the period	-	42	-	-	31,461	31,503	3,338	34,841
2.3 Realisation of revaluation surplus	-	(160)	-	-	160	-	-	-
2.4 Dividends paid	-	-	-	-	(38,740)	(38,740)	-	(38,740)
2.5 Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650
2.6 At 31 December 2019	247,726	87,963	(130,464)	6,663	585,352	797,240	85,256	882,496

(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 2020 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 31 December 2020

	9 months ended 31/12/2020 RM'000	9 months ended 31/12/2019 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	22,174	48,565
1.2 Adjustments for :-		
1.2.1 Depreciation	1,942	2,145
1.2.2 Gain on disposal of property, plant and equipment	-	(5)
1.2.3 Fair value gain on short-term investments	(96)	(1,383)
1.2.4 Fixed assets written off	-	1
1.2.5 Interest expenses	-	6
1.2.6 Interest income	(5,743)	(7,821)
1.2.7 Loss / (profit) from associate	125	(35)
1.3 Operating profit before working capital changes	18,402	41,473
1.4 (Increase) / decrease in inventories	(5,494)	34,439
1.5 (Increase) / decrease in receivables	(12,218)	55,484
1.6 Increase / (decrease) in payables	(2,414)	(29,860)
1.7 Cash generated from / (absorbed by) operations	(1,724)	101,536
1.8 Tax paid	(21,321)	(5,388)
1.9 Net cash from / (used in) operating activities	(23,045)	96,148
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	(142)	37
2.2 Purchase of property, plant and equipment	(390)	(440)
2.3 Reinvestment of short-term investments	(2,424)	(2,612)
2.4 Purchase of short-term investments	(43,500)	-
2.5 Purchase of land held for property development	(2)	(2)
2.6 Proceeds from disposal of property, plant and equipment	-	5
2.7 Proceeds from disposal of short-term investments	65,600	-
2.8 Proceeds from redemption of short-term investments	2,677	4,081
2.9 Dividends received from associate	-	1,530
2.10 Interest received	5,743	7,821
2.11 Net cash from / (used in) investing activities	27,562	10,420
3 Cash flows from financing activities		
3.1 Proceeds from shares issued to indirect non-controlling interests	-	1,650
3.2 Repayment of club members' deposits	(37)	(53)
3.3 Payment of lease liabilities	(6)	(192)
3.4 Interest paid	-	(6)
3.5 Dividends paid to owners of the Company	(29,055)	(38,740)
3.6 Dividends paid to non-controlling interests	(800)	-
3.7 Net cash from / (used in) financing activities	(29,898)	(37,341)
4 Net increase / (decrease) in cash and cash equivalents	(25,381)	69,227
5 Cash and cash equivalents at 1 April 2020 / 2019	218,330	158,207
6 Cash and cash equivalents at 31 December 2020 / 2019	192,949	227,434
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	192,949	227,434

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2020 and the accompanying explanatory notes 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 2020, 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 2020.

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 MFRS 16 Leases	1 June 2020
Amendments to MFRS 3 Business Combinations	1 January 2022
Amendments to MFRS 9 Financial Instruments (<i>Annual Improvements to MFRS Standards 2018 – 2020</i>)	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets	1 January 2022
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 2020 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 2021:

- (i) An interim dividend of 7 sen per share, amounting to a net dividend of approximately RM16.95 million in respect of the financial year ended 31 March 2020, was paid on 15 April 2020.
- (ii) A final dividend of 5 sen per share, amounting to a net dividend payable of approximately RM12.10 million in respect of the financial year ended 31 March 2020, was paid on 27 October 2020.

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.

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9. Inventories

	As at	As at
	31/12/2020	31/12/2019
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,754	2,751
<i>Current:</i>		
At cost:		
- Completed development units	192,435	3,411
- Building materials	505	818
- Raw materials	345	342
- Goods for resale	158	186
- Work in progress	11	12
- Finished goods	6,738	7,192
	200,192	11,961
Property development costs	132,468	222,769
	332,660	234,730
Total inventories	335,414	237,481

10. Cash, deposits and short-term investments

	As at	As at
	31/12/2020	31/12/2019
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	1,799	2,167
- Bank current accounts and petty cash	8,772	15,712
	10,571	17,879
Short-term deposits	182,378	209,555
Cash and cash equivalents	192,949	227,434
Short-term investments	128,120	150,405
Total cash, deposits and short-term investments	321,069	377,839

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 February 2021, 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 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	9,464	40,222	12,209	299	595	-	-	62,789
Inter-segment sales	1,617	-	21,749	5,275	489	-	(29,130)	-
Total revenue	11,081	40,222	33,958	5,574	1,084	-	(29,130)	62,789
RESULTS								
Operating profit	1,807	9,926	6,874	112	(1,519)	(10)	(634)	16,556
Interest income	402	3,403	834	164	735	205	-	5,743
Loss from associate	-	(125)	-	-	-	-	-	(125)
Profit before taxation	2,209	13,204	7,708	276	(784)	195	(634)	22,174
Taxation								(5,965)
Non-controlling interests								(2,606)
Profit for the period								13,603
ASSETS								
Segment assets	116,680	786,728	102,678	12,499	75,036	25,870	(140,543)	978,948
Investment in associate	-	8,872	-	-	-	-	-	8,872
Current and deferred tax assets	31	5,692	-	-	231	233	5,540	11,727
Total assets	116,711	801,292	102,678	12,499	75,267	26,103	(135,003)	999,547
LIABILITIES								
Segment liabilities	13,830	60,242	25,090	1,073	704	18	(26,047)	74,910
Current and deferred tax liabilities	6,942	16,843	871	217	2,643	-	1,026	28,542
Total liabilities	20,772	77,085	25,961	1,290	3,347	18	(25,021)	103,452
OTHERS								
Capital expenditure	216	61	11	-	104	-	-	392
Non-cash expenses :								
Depreciation	914	86	44	-	898	-	-	1,942

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The segmental analysis for the preceding 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 taxation	2,767	37,315	11,448	274	(292)	417	(3,364)	48,565
Taxation								(13,766)
Non-controlling interests								(3,338)
Profit for the period								31,461
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

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

There were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

14. Changes in contingent liabilities or contingent assets

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

15. Capital commitments

No capital commitment was outstanding as at 31 December 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 RM0.10 million.
- (b) Procurement of engineering consultancy services of approximately RM1.90 million.
- (c) Rental expense of premises of approximately RM0.82 million.
- (d) Procurement of legal services of approximately RM0.18 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	
	31/12/2020	31/12/2019	RM'000	%	31/12/2020	31/12/2019	RM'000	%
Revenue	31,387	33,924	(2,537)	-7.5%	62,789	111,356	(48,567)	-43.6%
Gross Profit	13,154	15,015	(1,861)	-12.4%	25,034	47,019	(21,985)	-46.8%
Profit before Taxation	12,165	17,660	(5,495)	-31.1%	22,174	48,565	(26,391)	-54.3%
Profit for the Period	8,695	11,183	(2,488)	-22.2%	16,209	34,799	(18,590)	-53.4%
Profit Attributable to Equity Holders of the Company	7,372	9,443	(2,071)	-21.9%	13,603	31,461	(17,858)	-56.8%

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

The Group revenue decreased significantly by 43.6% from RM111.36 million reported in the preceding year corresponding period to RM62.79 million for the period ended 31 December 2020, mainly due to lower revenue generated by our property development segment as a result of the economic impact caused by Coronavirus Disease 2019 (“Covid-19”) pandemic and the Movement Control Order (“MCO”) effective from 18 March 2020.

The Group recorded a profit before taxation for the period ended 31 December 2020 of RM22.17 million, decreased by RM26.39 million or 54.3% as compared to preceding year’s profit before taxation of RM48.57 million. The decrease in the Group’s profit is mainly due to lower revenue generated by the property development segment.

The property development segment continues to be the key contributor registering a revenue of RM40.22 million for the nine months period ended 31 December 2020, representing about 64% of the consolidated revenue. The property development 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.

Despite the current challenging and unpredictable Malaysian economic environment, the investment and services segment registered a revenue of RM9.46 million for the nine months period ended 31 December 2020, representing about 15.0% of the consolidated revenue.

The construction segment registered a revenue of RM12.21 million for the nine months period ended 31 December 2020, representing about 19.4% of the consolidated revenue.

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 generated by the property development segment. The financial performance is in tandem with the prevailing poor economic condition.
- (ii) Construction – The decrease in pre-tax profit was mainly due to reduction of other operating income.
- (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 2020 of RM12.17 million, decreased by RM5.49 million or 31.1% as compared to preceding year's profit before taxation of RM17.66 million. The decrease of the Group's profit is mainly due to lower revenue generated by the property development segment and decrease in other operating income.

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 generated by the property development segment.
- (ii) Construction – The decrease in pre-tax profit was mainly due to reduction in profit margin recorded by construction segment and decrease in other operating income.
- (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			
	Current Quarter	Immediate Preceding Quarter	Changes	
	31/12/2020	30/09/2020	RM'000	%
	RM'000	RM'000		
Revenue	31,387	24,269	7,118	29.3%
Gross Profit	13,154	9,424	3,730	39.6%
Profit before Taxation	12,165	7,363	4,802	65.2%
Profit for the Period	8,695	5,534	3,161	57.1%
Profit Attributable to Equity Holders of the Company	7,372	4,706	2,666	56.7%

The Group revenue increased by 29.3% from RM24.27 million reported in the immediate preceding quarter to RM31.39 million for the current quarter, mainly due to substantially higher revenue generated by the property development segment. Although the imposition of Conditional Movement Control Order

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during mid-October 2020 has caused some impact to the economic activity of property development segment, the continuous support from the government in the Malaysian property sector and the sales incentives given to house buyers have resulted in the continuous revenue growth of the property development segment.

The Group's profit before taxation of RM12.16 million for the current quarter increased by RM4.80 million compared to RM7.36 million achieved in the immediate preceding quarter. The increase in pre-tax profit was mainly due to substantially higher revenue generated by the property development segment and increase in other operating income.

3. Prospects for the next financial year

The Malaysian economy registered a negative growth of 3.4% in the fourth quarter, largely attributable to the imposition of the Conditional Movement Control Order (CMCO) on a number of states since mid-October. For 2020 as a whole, the economy contracted by 5.6%. The restrictions on mobility, especially on inter-district and inter-state travel, weighed on economic activity during the fourth quarter. Nevertheless, the continued improvement in external demand provided support to growth. Consequently, except for manufacturing, all economic sectors continued to record negative growth. On the expenditure side, moderating private consumption and public investment activities weighed on domestic demand.

While near-term growth in 2021 will be affected by the re-introduction of stricter containment measures, the impact, however, will be less severe than that experienced in 2020. The growth trajectory is projected to improve from the second quarter onwards. The improvement will be driven by the recovery in global demand, where the International Monetary Fund (IMF) has revised upwards their 2021 global growth forecast by 0.3 percentage points to 5.5%. Growth will also be supported by a turnaround in public and private sector expenditure amid continued support from policy measures including Short-Term Economic Recovery Plan (PENJANA), Prihatin Supplementary Initiative Package (KITA PRIHATIN), 2021 Budget and Malaysian Economic and Rakyat's Protection Assistance Package (PERMAI), and higher production from existing and new facilities in the manufacturing and mining sectors. The vaccine roll-out which will commence this month is also expected to lift sentiments.

As at the date of issue of this quarterly financial report, the Covid-19 pandemic and the MCO have a significant financial impact to the Group, particularly on the property development segment of the Group. Some businesses of the Group have resumed operations with the approvals obtained from the relevant authorities during the MCO. Nevertheless, the Group is focusing on its efforts in the best possible way to mitigate its impact while protecting the business potential and branding from the medium to long term perspective. The Covid-19 pandemic and the MCO is not expected to impact our ability to meet our commitments over the next twelve months due to our high level of liquidity, mainly in the form of cash and deposits.

In view of the lack of visibility on the end date of the Covid-19 pandemic and the MCO, the Group is not able to estimate the full potential financial impact as at the date of issue of this quarterly financial report. As such, the Directors of the Group will continue to monitor the situations closely and respond proactively to mitigate the impact on the Group's financial performance and financial position. The Group will provide further updates on the financial impact and mitigating actions relating to the Covid-19 pandemic in its forthcoming quarterly financial reports.

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.

SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

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 Bandar Sungai Long, Goodview Heights in Sungai Long South, Alam Budiman in Shah Alam and Rasa in 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 <u>RM'000</u>	Current year-to- date <u>RM'000</u>
Interest income	(1,397)	(5,743)
Depreciation	651	1,942

6. Taxation

	Current quarter ended 31 December		Year-to-date ended 31 December	
	2020	2019	2020	2019
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	2,249	7,255	4,651	19,592
Under / (Over) provision in prior year	437	92	437	692
Deferred	784	(870)	877	(6,518)
	<u>3,470</u>	<u>6,477</u>	<u>5,965</u>	<u>13,766</u>
Effective tax rate	<u>28.5%</u>	<u>36.7%</u>	<u>26.9%</u>	<u>28.3%</u>

The effective tax rate of the Group for the current quarter and year-to-date were higher than the statutory rate due to under provision of taxation in prior year and non-deductibility of certain expenses.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 18 February 2021.

8. Lease liabilities

<u>Secured</u>	As at	As at
	31/12/2020	31/12/2019
	<u>RM'000</u>	<u>RM'000</u>
Short Term	10	28
Long Term	45	-
	<u>55</u>	<u>28</u>

The above lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 31 December 2020 and preceding year corresponding quarter.

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 February 2021