



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

FOURTH QUARTER ENDED

31 MARCH 2021

SHL CONSOLIDATED BHD.

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Interim Financial Report – 31 March 2021

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2021

(The figures have not been audited)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER		Increase / (Decrease)	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period		
	31/03/2021	30/03/2020	31/03/2021	30/03/2020		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	33,566	26,763	96,355	138,119	(41,764)	-30.2%
2. Cost of Sales	(21,957)	(8,753)	(59,712)	(73,090)	(13,378)	-18.3%
3. Gross Profit	11,609	18,010	36,643	65,029	(28,386)	-43.7%
4. Other Operating Income	2,075	8,627	8,971	20,835	(11,864)	-56.9%
5. Distribution Costs	(783)	(812)	(2,296)	(2,816)	(520)	-18.5%
6. Administration Expenses	(1,812)	(9,385)	(9,930)	(18,072)	(8,142)	-45.1%
7. Finance Costs	(1)	1	(1)	(5)	(4)	-80.0%
8. Profit / (Loss) from Associate	(23)	(44)	(148)	(9)	(139)	1544.4%
9. Profit before Taxation	11,065	16,397	33,239	64,962	(31,723)	-48.8%
10. Taxation	(523)	(5,365)	(6,488)	(19,131)	(12,643)	-66.1%
11. Profit for the Period	10,542	11,032	26,751	45,831	(19,080)	-41.6%
12. Other Comprehensive Income	(3)	22,883	1	22,925	(22,924)	-100.0%
13. Total Comprehensive Income for the Period	10,539	33,915	26,752	68,756	(42,004)	-61.1%
Profit Attributable to:						
14. Equity Holders of the Company	9,864	10,328	23,467	41,789	(18,322)	-43.8%
15. Non-controlling Interests	678	704	3,284	4,042	(758)	-18.8%
	10,542	11,032	26,751	45,831	(19,080)	-41.6%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	9,861	33,211	23,468	64,714	(41,246)	-63.7%
17. Non-controlling Interests	678	704	3,284	4,042	(758)	-18.8%
	10,539	33,915	26,752	68,756	(42,004)	-61.1%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	4.07	4.27	9.69	17.26	(7.57)	-43.9%

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	(UNAUDITED) 31/03/2021 RM'000	(AUDITED) 31/03/2020 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	209,944	219,505
2. Investment in associate	8,849	8,997
3. Investment properties	75,180	75,180
4. Investments	24	24
5. Inventories	2,757	2,753
6. Trust account	2,317	2,105
7. Deferred tax assets	7,091	7,879
	306,162	316,443
8. Current assets		
8.1 Inventories	335,855	319,616
8.2 Trade receivables	29,251	13,469
8.3 Other receivables	10,982	8,872
8.4 Current tax assets	6,394	222
8.5 Cash, deposits and short-term investments	318,972	368,707
	701,454	710,886
9. TOTAL ASSETS	1,007,616	1,027,329
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
10. Share capital	247,726	247,726
11. Reserves	577,127	582,714
	824,853	830,440
12. Non-controlling Interests	78,120	79,297
13. Total equity	902,973	909,737
14. Non-current liabilities		
14.1 Deferred tax liabilities	27,024	27,489
14.2 Lease liabilities	43	-
14.3 Club establishment fund	10,675	10,700
	37,742	38,189
15. Current liabilities		
15.1 Trade payables	58,357	58,536
15.2 Contract liabilities	443	372
15.3 Other payables	7,831	7,698
15.4 Current tax liabilities	260	12,791
15.5 Lease liabilities	10	6
	66,901	79,403
16. TOTAL LIABILITIES	104,643	117,592
17. TOTAL EQUITY AND LIABILITIES	1,007,616	1,027,329
18. Net assets per share (RM)	3.41	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)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Year Ended 31 March 2021

(The figures have not been audited)

	Attributable to equity holders of the Company					Total	Non-controlling Interests	Total Equity		
	Non-distributable		Distributable		Total				Non-controlling Interests	Total Equity
	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 2021										
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	-	1	-	-	23,467	23,468	3,284	26,752	
1.3	Realisation of revaluation surplus	-	(1,583)	-	-	1,583	-	-	-	
1.4	Dividends paid	-	-	-	-	(29,055)	(29,055)	(4,461)	(33,516)	
1.5	At 31 March 2021	247,726	102,188	(130,464)	6,663	598,740	824,853	78,120	902,973	
2. 12 months ended										
31 March 2020										
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	-	22,925	-	-	41,789	64,714	4,042	68,756	
2.3	Realisation of revaluation surplus	-	(7,166)	-	-	7,166	-	-	-	
2.4	Dividends paid	-	-	-	-	(38,740)	(38,740)	(6,270)	(45,010)	
2.5	Additional investment in existing indirect subsidiary	-	-	-	-	-	-	1,650	1,650	
2.6	At 31 March 2020	247,726	103,840	(130,464)	6,663	602,686	830,451	79,690	910,141	

(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 Year Ended 31 March 2021

	12 months ended 31/03/2021 RM'000	12 months ended 30/03/2020 RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	33,239	64,962
1.2 Adjustments for :-		
1.2.1 Depreciation	2,596	2,847
1.2.2 Fair value adjustment of investment property	-	(5,300)
1.2.3 Gain on disposal of property, plant and equipment	(56)	(5)
1.2.4 Fair value gain on short-term investments	(232)	(1,075)
1.2.5 Fixed assets written off	-	1
1.2.6 Interest expenses	1	5
1.2.7 Interest income	(7,175)	(11,139)
1.2.8 Revaluation deficit on lands	-	369
1.2.9 Impairment loss on property, plant and equipment	-	5,933
1.2.10 Loss / (profit) from associate	148	9
1.3 Operating profit before working capital changes	28,521	56,607
1.4 (Increase) / decrease in inventories	(8,689)	(50,747)
1.5 (Increase) / decrease in receivables	(17,894)	100,926
1.6 Increase / (decrease) in payables	25	322
1.7 Cash generated from / (absorbed by) operations	1,963	107,108
1.8 Tax paid	(24,865)	(16,989)
1.9 Net cash from / (used in) operating activities	(22,902)	90,119
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	(212)	123
2.2 Purchase of property, plant and equipment	(530)	(449)
2.3 Reinvestment of short-term investments	(2,859)	(4,108)
2.4 Purchase of short-term investments	(43,500)	-
2.5 Purchase of land held for property development	(4)	(5)
2.6 Proceeds from disposal of property, plant and equipment	56	5
2.7 Proceeds from disposal of short-term investments	75,530	-
2.8 Proceeds from redemption of short-term investments	3,261	5,298
2.9 Dividends received from associate	-	1,530
2.10 Interest received	7,175	11,139
2.11 Net cash from / (used in) investing activities	38,917	13,533
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	(25)	(56)
3.3 Payment of lease liabilities	(8)	(214)
3.4 Interest paid	(1)	(5)
3.5 Dividends paid to owners of the Company	(29,055)	(38,740)
3.6 Dividends paid to non-controlling interests	(4,461)	(6,270)
3.7 Net cash from / (used in) financing activities	(33,550)	(43,635)
4 Net increase / (decrease) in cash and cash equivalents	(17,535)	60,017
5 Cash and cash equivalents at 1 April 2020 / 2019	218,330	158,207
6 Cash and cash equivalents at 31 March 2021 / 2020	200,795	218,224
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	200,795	218,224

(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 7 Financial Instruments : Disclosures	1 January 2021
Amendments to MFRS 9 Financial Instruments	1 January 2021
Amendments to MFRS 16 Leases	1 January 2021
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 116 Property, Plant and Equipment	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2023
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 31/03/2021 <u>RM'000</u>	As at 30/03/2020 <u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,757	2,754
<i>Current:</i>		
At cost:		
- Completed development units	185,119	217,004
- Building materials	674	1,133
- Raw materials	360	360
- Goods for resale	155	173
- Work in progress	11	11
- Finished goods	6,304	7,135
- Spare parts	21	-
	192,644	225,816
Property development costs	143,211	94,100
	335,855	319,916
Total inventories	338,612	322,670

10. Cash, deposits and short-term investments

	As at 31/03/2021 <u>RM'000</u>	As at 30/03/2020 <u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	1,796	2,644
- Bank current accounts and petty cash	11,254	11,334
	13,050	13,978
Short-term deposits	187,745	204,246
Cash and cash equivalents	200,795	218,224
Short-term investments	118,177	150,376
Total cash, deposits and short-term investments	318,972	368,600

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 19 May 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 March 2021 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	12,296	59,586	22,718	299	1,456	-	-	96,355
Inter-segment sales	2,779	-	25,205	6,528	602	-	(35,114)	-
Total revenue	15,075	59,586	47,923	6,827	2,058	-	(35,114)	96,355
RESULTS								
Operating profit	2,370	13,915	13,582	63	(1,879)	2	(1,840)	26,213
Interest income	548	4,038	1,110	207	952	320	-	7,175
Loss from associate	-	(148)	-	-	-	-	-	(148)
Profit before taxation	2,918	17,804	14,692	270	(927)	322	(1,840)	33,239
Taxation								(6,488)
Non-controlling interests								(3,284)
Profit for the period								23,467
ASSETS								
Segment assets	117,285	786,164	103,784	12,439	74,822	25,972	(135,184)	985,282
Investment in associate	-	8,849	-	-	-	-	-	8,849
Current and deferred tax assets	78	6,769	414	-	231	232	5,761	13,485
Total assets	117,363	801,782	104,198	12,439	75,053	26,204	(129,423)	1,007,616
LIABILITIES								
Segment liabilities	14,108	62,684	22,302	1,045	633	8	(23,421)	77,359
Current and deferred tax liabilities	6,659	16,823	22	191	2,581	-	1,008	27,284
Total liabilities	20,767	79,507	22,324	1,236	3,214	8	(22,413)	104,643
OTHERS								
Capital expenditure	267	63	101	-	103	-	-	534
Non-cash expenses :								
Depreciation	1,218	115	63	-	1,200	-	-	2,596

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The segmental analysis for the preceding 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 taxation	9,072	44,498	21,347	325	(6,576)	329	(4,033)	64,962
Taxation								(19,131)
Non-controlling interests								(4,042)
Profit for the year								41,789
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

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 March 2021.

15. Capital commitments

No capital commitment was outstanding as at 31 March 2021.

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 RM3.62 million.
- (c) Rental expense of premises of approximately RM1.09 million.
- (d) Procurement of legal services of approximately RM0.23 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	
	31/03/2021	30/03/2020	RM'000	%	31/03/2021	30/03/2020	RM'000	%
Revenue	33,566	26,763	6,803	25.4%	96,355	138,119	(41,764)	-30.2%
Gross Profit	11,609	18,010	(6,401)	-35.5%	36,643	65,029	(28,386)	-43.7%
Profit before Taxation	11,065	16,397	(5,332)	-32.5%	33,239	64,962	(31,723)	-48.8%
Profit for the Period	10,542	11,032	(490)	-4.4%	26,751	45,831	(19,080)	-41.6%
Profit Attributable to Equity Holders of the Company	9,864	10,328	(464)	-4.5%	23,467	41,789	(18,322)	-43.8%

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

The Group revenue has decreased significantly by 30.2% from RM138.12 million reported in the preceding year corresponding period to RM96.36 million for the year ended 31 March 2021, 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 year ended 31 March 2021 of RM33.24 million, decreased by RM31.72 million or 48.8% as compared to preceding year’s profit before taxation of RM64.96 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 RM59.59 million for the year ended 31 March 2021, representing about 62% 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, Alam Budiman commercial shop house in Shah Alam 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 RM12.30 million for the year ended 31 March 2021, representing about 13.0% of the consolidated revenue.

The construction segment registered a revenue of RM22.72 million for the year ended 31 March 2021, representing about 23.6% 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) Investment and services – The decrease in pre-tax profit was mainly due to the fair value gain on revaluation of the Group's Investment properties recorded in previous financial year.
- (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 decrease in pre-tax profit was mainly due to reduction of other operating income.
- (iv) Manufacturing – The increase in pre-tax profit was mainly due to the provision of impairment loss on brick manufacturing plant in previous financial year.
- (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 year ended 31 March 2021 of RM11.07 million, decreased by RM5.33 million or 32.5% as compared to preceding year's profit before taxation of RM16.40 million. The decrease of the Group's profit is mainly due to decrease in profit margin recorded by construction segment and decrease in other operating income.

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 decrease in pre-tax profit was mainly due to the fair value gain on revaluation of the Group's Investment properties recorded in corresponding quarter of the previous financial year.
- (ii) Property development – The decrease in pre-tax profit was mainly due to lower revenue generated by the property development segment.
- (iii) Construction – The decrease in pre-tax profit was mainly due to decrease in profit margin recorded by the construction segment.
- (iii) Manufacturing – The increase in pre-tax profit was mainly due to the provision of impairment loss on brick manufacturing plant in corresponding quarter of the previous financial year.
- (iv) 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	
	31/03/2021 RM'000	31/12/2020 RM'000	RM'000	%
Revenue	33,566	31,387	2,179	6.9%
Gross Profit	11,609	13,154	(1,545)	-11.7%
Profit before Taxation	11,065	12,165	(1,100)	-9.0%
Profit for the Period	10,542	8,695	1,847	21.2%
Profit Attributable to Equity Holders of the Company	9,864	7,372	2,492	33.8%

The Group revenue increased by 6.9% from RM31.39 million reported in the immediate preceding quarter to RM33.57 million for the current quarter, mainly due to higher progress billing generated by the construction segment.

The Group's profit before taxation of RM11.07 million for the current quarter decreased by RM1.10 million compared to RM12.17 million achieved in the immediate preceding quarter. The decrease is mainly due to lower revenue generated by the property development segment as a result of the economic impact arising from the implementation of Movement Control Order (MCO) 2.0 with effect from 13 January 2021. Nevertheless, the decrease in pre-tax profit of property development segment is partially offset by the increase in the pre-tax profit of the construction segment, due to the increase in its profit margin.

3. Prospects for the next financial year

Amid a highly challenging global and domestic operating environment, the Malaysian economy contracted by 5.6% in 2020, the lowest since 1998 (-7.4%). Going into 2021, the Malaysian economy is projected to rebound to between 6.0% - 7.5%. Growth will be underpinned by the recovery in global demand and the gradual improvement in domestic economic activity. Labour market conditions are expected to improve gradually as broad economic activity picks up, along with the ongoing policy support in place to facilitate labour mobility and minimise long-term dislocations or scarring in the labour market. The improvement in labour market conditions is expected to play a key role in the recovery of private consumption. However, the growth trajectory will be mainly influenced by the COVID-19 developments, particularly the extent and duration of containment measures and the slower-than-expected rollout or ineffectiveness of vaccination programme in Malaysia which could result in stronger precautionary behavior.

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.

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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.

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	(1,432)	(7,175)
Interest expense	1	1
Depreciation	654	2,596
(Gain) / Loss on disposal of property, plant and equipment	(56)	(56)

6. Taxation

	Current quarter ended		Year-to-date ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Current	1,099	6,424	5,750	26,016
Under / (Over) provision in prior year	(19)	1	418	693
Deferred	(557)	(1,060)	320	(7,578)
	523	5,365	6,488	19,131
Effective tax rate	4.7%	32.7%	19.5%	29.4%

The effective tax rate of the Group for the current quarter and year-to-date were lower than the statutory rate due to non-taxability of certain income.

7. Status of corporate proposals announced

There were no corporate proposals announced but not completed as at 19 May 2021.

8. Lease liabilities

Secured	As at	As at
	31/03/2021	30/03/2020
	RM'000	RM'000
Short Term	10	6
Long Term	43	-
	53	6

The above lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 31 March 2021. The Board has declared an interim dividend of single-tier dividend of 7 sen per share, amounting to a net dividend of approximately RM16.95 million paid on 15 April 2020 in the 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
25 May 2021