



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

SECOND QUARTER ENDED

30 SEPTEMBER 2021

SHL CONSOLIDATED BHD.

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Interim Financial Report – 30 September 2021

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial Period Ended 30 September 2021

(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		
	30/09/2021	30/09/2020	30/09/2021	30/09/2020		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	33,776	24,269	67,385	31,402	35,983	114.6%
2. Cost of Sales	(20,394)	(14,845)	(41,245)	(19,522)	21,723	111.3%
3. Gross Profit	13,382	9,424	26,140	11,880	14,260	120.0%
4. Other Operating Income	1,636	2,101	3,189	4,678	(1,489)	-31.8%
5. Distribution Costs	(489)	(736)	(1,046)	(1,052)	(6)	-0.6%
6. Administration Expenses	(1,386)	(3,380)	(2,431)	(5,396)	(2,965)	-54.9%
7. Finance Costs	-	-	(1)	-	1	NA
8. Profit / (Loss) from Associate	(20)	(46)	(55)	(101)	46	-45.5%
9. Profit before Taxation	13,123	7,363	25,796	10,009	15,787	157.7%
10. Taxation	(1,340)	(1,829)	(3,272)	(2,495)	777	31.1%
11. Profit for the Period	11,783	5,534	22,524	7,514	15,010	199.8%
12. Other Comprehensive Income	-	3	-	3	(3)	NA
13. Total Comprehensive Income for the Period	11,783	5,537	22,524	7,517	15,007	199.6%
Profit Attributable to:						
14. Equity Holders of the Company	11,043	4,706	20,783	6,231	14,552	233.5%
15. Non-controlling Interests	740	828	1,741	1,283	458	35.7%
	11,783	5,534	22,524	7,514	15,010	199.8%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	11,043	4,709	20,783	6,234	14,549	233.4%
17. Non-controlling Interests	740	828	1,741	1,283	458	35.7%
	11,783	5,537	22,524	7,517	15,007	199.6%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	4.56	1.94	8.58	2.57	6.01	233.9%

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2021

	(UNAUDITED) 30/09/2021 RM'000	(AUDITED) 31/03/2021 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	211,330	212,716
2. Investment in associate	8,794	8,849
3. Investment properties	72,443	72,443
4. Investments	24	24
5. Inventories	2,759	2,757
6. Trust account	2,420	2,317
7. Deferred tax assets	6,493	7,021
	304,263	306,127
8. Current assets		
8.1 Inventories	330,635	338,625
8.2 Trade receivables	33,729	22,686
8.3 Contract assets	4,650	6,872
8.4 Other receivables	11,700	10,913
8.5 Current tax assets	6,262	6,363
8.6 Cash, deposits and short-term investments	309,210	319,017
	696,186	704,476
9. TOTAL ASSETS	1,000,449	1,010,603
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
10. Share capital	247,726	247,726
11. Reserves	597,897	577,114
	845,623	824,840
12. Non-controlling Interests	55,111	78,120
13. Total equity	900,734	902,960
14. Non-current liabilities		
14.1 Deferred tax liabilities	26,740	27,023
14.2 Lease liabilities	37	43
14.3 Club establishment fund	10,674	10,675
	37,451	37,741
15. Current liabilities		
15.1 Trade payables	52,050	60,934
15.2 Contract liabilities	458	883
15.3 Other payables	8,947	7,816
15.4 Current tax liabilities	798	259
15.5 Lease liabilities	11	10
	62,264	69,902
16. TOTAL LIABILITIES	99,715	107,643
17. TOTAL EQUITY AND LIABILITIES	1,000,449	1,010,603
18. Net assets per share (RM)	3.49	3.41

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2021 and the accompanying explanatory notes attached to the interim financial report)

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Financial Period Ended 30 September 2021

(The figures have not been audited)

	Attributable to equity holders of the Company					Total	Non-controlling Interests	Total Equity	
	Non-distributable			Distributable					
	Share Capital	Revaluation Surplus	Merger Deficit	Capital Reserves	Retained Profits				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
1. 6 months ended									
30 September 2021									
1.1	At 1 April 2021	247,726	101,488	(130,464)	6,663	599,427	824,840	78,120	902,960
1.2	Total comprehensive income for the period	-	-	-	-	20,783	20,783	1,741	22,524
1.3	Realisation of revaluation surplus	-	(950)	-	-	950	-	-	-
1.4	Capital repayment to minority shareholders	-	-	-	-	-	-	(24,750)	(24,750)
1.5	At 30 September 2021	247,726	100,538	(130,464)	6,663	621,160	845,623	55,111	900,734
2. 6 months ended									
30 September 2020									
2.1	At 1 April 2020	247,726	103,770	(130,464)	6,663	602,745	830,440	79,297	909,737
2.2	Total comprehensive income for the period	-	3	-	-	6,231	6,234	1,283	7,517
2.3	Realisation of revaluation surplus	-	(571)	-	-	571	-	-	-
2.4	Dividends paid	-	-	-	-	(16,949)	(16,949)	(800)	(17,749)
2.5	At 30 September 2020	247,726	103,202	(130,464)	6,663	592,598	819,725	79,780	899,505

(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 2021 and the accompanying explanatory notes attached to the interim financial report)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
Financial Period Ended 30 September 2021

	6 months ended 30/09/2021	6 months ended 30/09/2020
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	25,796	10,009
1.2 Adjustments for :-		
1.2.1 Depreciation	1,412	1,291
1.2.2 Fair value gain on short-term investments	(271)	136
1.2.3 Interest expenses	1	-
1.2.4 Interest income	(2,516)	(4,346)
1.2.5 Loss / (profit) from associate	55	101
1.3 Operating profit before working capital changes	<u>24,477</u>	<u>7,191</u>
1.4 (Increase) / decrease in inventories	7,990	(6,524)
1.5 (Increase) / decrease in receivables	(9,610)	(1,952)
1.6 Increase / (decrease) in payables	<u>(8,178)</u>	<u>1,430</u>
1.7 Cash generated from / (absorbed by) operations	14,679	145
1.8 Tax paid	<u>(2,385)</u>	<u>(10,160)</u>
1.9 Net cash from / (used in) operating activities	<u>12,294</u>	<u>(10,015)</u>
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	(103)	(94)
2.2 Purchase of property, plant and equipment	(26)	(131)
2.3 Reinvestment of short-term investments	(765)	(1,979)
2.4 Purchase of short-term investments	-	(14,200)
2.5 Purchase of land held for property development	(2)	(2)
2.6 Proceeds from disposal of short-term investments	11,000	14,200
2.7 Proceeds from redemption of short-term investments	969	1,955
2.8 Interest received	<u>2,516</u>	<u>4,346</u>
2.9 Net cash from / (used in) investing activities	<u>13,589</u>	<u>4,095</u>
3 Cash flows from financing activities		
3.1 Repayment of club members' deposits	(1)	1
3.2 Payment of lease liabilities	(5)	(6)
3.3 Capital repayment to minority shareholders	(24,750)	-
3.4 Interest paid	(1)	-
3.5 Dividends paid to owners of the Company	-	(16,949)
3.6 Dividends paid to non-controlling interests	<u>-</u>	<u>(800)</u>
3.7 Net cash from / (used in) financing activities	<u>(24,757)</u>	<u>(17,754)</u>
4 Net increase / (decrease) in cash and cash equivalents	1,126	(23,674)
5 Cash and cash equivalents at 1 April 2021 / 2020	<u>200,839</u>	<u>218,330</u>
6 Cash and cash equivalents at 30 September 2021 / 2020	<u>201,965</u>	<u>194,656</u>
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	<u>201,965</u>	<u>194,656</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Audited Financial Report for the year ended 31 March 2021 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 2021, 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 2021.

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 Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
Annual Improvements to MFRS 9 Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 116 Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	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 2021 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 2022, 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 2021, was paid on 26 October 2021.

8. Valuations of property, plant and equipment

The valuations of land and buildings have been brought forward, without amendment from the previous annual financial statements.

9. Inventories

	As at	As at
	30/09/2021	30/09/2020
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,759	2,755
<i>Current:</i>		
At cost:		
- Completed development units	210,354	205,427
- Building materials	319	743
- Raw materials	979	364
- Goods for resale	150	146
- Work in progress	11	11
- Finished goods	5,578	6,962
- Spare parts	231	-
	<u>217,622</u>	<u>213,653</u>
Property development costs	113,013	120,037
	<u>330,635</u>	<u>333,690</u>
Total inventories	<u>333,394</u>	<u>336,445</u>

10. Cash, deposits and short-term investments

	As at	As at
	30/09/2021	30/09/2020
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	1,801	1,806
- Bank current accounts and petty cash	11,185	10,702
	<u>12,986</u>	<u>12,508</u>
Short-term deposits	188,979	182,148
Cash and cash equivalents	<u>201,965</u>	<u>194,656</u>
Short-term investments	107,245	150,265
Total cash, deposits and short-term investments	<u>309,210</u>	<u>344,921</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 November 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 30 September 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	4,970	50,715	10,141	-	1,559	-	-	67,385
Inter-segment sales	2,152	-	1,141	1,601	29	-	(4,923)	-
Total revenue	7,122	50,715	11,282	1,601	1,588	-	(4,923)	67,385
RESULTS								
Operating profit	1,265	17,775	3,985	26	(1,112)	29	1,368	23,336
Interest income	238	1,116	515	91	363	193	-	2,516
Finance costs	-	(1)	-	-	-	-	-	(1)
Loss from associate	-	(55)	-	-	-	-	-	(55)
Profit before taxation	1,503	18,835	4,500	117	(749)	222	1,368	25,796
Taxation								(3,272)
Non-controlling interests								(1,741)
Profit for the period								20,783
ASSETS								
Segment assets	118,330	790,185	98,695	11,931	74,492	26,184	(140,917)	978,900
Investment in associate	-	8,794	-	-	-	-	-	8,794
Current and deferred tax assets	62	3,945	526	-	245	225	7,752	12,755
Total assets	118,392	802,924	99,221	11,931	74,737	26,409	(133,165)	1,000,449
LIABILITIES								
Segment liabilities	13,869	63,317	13,855	436	1,066	13	(20,379)	72,177
Current and deferred tax liabilities	6,972	17,032	22	204	2,345	2	961	27,538
Total liabilities	20,841	80,349	13,877	640	3,411	15	(19,418)	99,715
OTHERS								
Capital expenditure	23	5	-	-	-	-	-	28
Non-cash expenses :								
Depreciation	664	54	38	-	605	-	51	1,412

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The segmental analysis for the preceding year to date ended 30 September 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	6,281	19,013	5,652	299	157	-	-	31,402
Inter-segment sales	1,094	-	10,060	3,964	359	-	(15,477)	-
Total revenue	7,375	19,013	15,712	4,263	516	-	(15,477)	31,402
RESULTS								
Operating profit	1,813	2,118	2,218	100	(1,092)	(8)	615	5,764
Interest income	278	2,711	574	120	543	120	-	4,346
Loss from associate	-	(101)	-	-	-	-	-	(101)
Profit before taxation	2,091	4,728	2,792	220	(549)	112	615	10,009
Taxation								(2,495)
Non-controlling interests								(1,283)
Profit for the period								6,231
ASSETS								
Segment assets	116,318	822,117	110,392	13,754	75,148	12,519	(156,391)	993,857
Investment in associate	-	8,896	-	-	-	-	-	8,896
Current and deferred tax assets	48	3,049	-	-	231	245	5,410	8,983
Total assets	116,366	834,062	110,392	13,754	75,379	12,764	(150,981)	1,011,736
LIABILITIES								
Segment liabilities	13,578	79,973	23,624	2,365	581	10	(41,394)	78,737
Current and deferred tax liabilities	6,973	21,225	1,251	222	2,762	-	1,061	33,494
Total liabilities	20,551	101,198	24,875	2,587	3,343	10	(40,333)	112,231
OTHERS								
Capital expenditure	120	2	11	-	-	-	-	133
Non-cash expenses :								
Depreciation	608	60	29	-	594	-	-	1,291

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 30 September 2021.

15. Capital commitments

No capital commitment was outstanding as at 30 September 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 RM0.07 million.
- (b) Procurement of engineering consultancy services of approximately RM1.25 million.
- (c) Rental expense of premises of approximately RM0.55 million.
- (d) Procurement of legal services of approximately RM0.06 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	
	30/09/2021	30/09/2020	RM'000	%	30/09/2021	30/09/2020	RM'000	%
Revenue	33,776	24,269	9,507	39.2%	67,385	31,402	35,983	114.6%
Gross Profit	13,382	9,424	3,958	42.0%	26,140	11,880	14,260	120.0%
Profit before Taxation	13,123	7,363	5,760	78.2%	25,796	10,009	15,787	157.7%
Profit for the Period	11,783	5,534	6,249	112.9%	22,524	7,514	15,010	199.8%
Profit Attributable to Equity Holders of the Company	11,043	4,706	6,337	134.7%	20,783	6,231	14,552	233.5%

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

The Group revenue has increased significantly by 114.6% from RM31.40 million reported in the preceding year corresponding period to RM67.39 million for the period ended 30 September 2021, mainly due to higher revenue generated by our property development segment as a result of the various initiatives introduced by the government, such as the reintroduction of Home Ownership Campaign (HOC) to rejuvenate the property market.

The Group recorded a profit before taxation for the period ended 30 September 2021 of RM25.80 million, increased by RM15.79 million or 157.7% as compared to preceding year's profit before taxation of RM10.01 million. The increase in the Group's profit is mainly due to higher revenue generated by the property development segment.

The property development segment continues to be the key contributor registering a revenue of RM50.72 million for the six months period ended 30 September 2021, representing about 75.3% 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 RM4.97 million for the six months periods ended 30 September 2021, representing about 7.4% of the consolidated revenue.

The construction segment registered a revenue of RM10.14 million for the six months periods ended 30 September 2021, representing about 15.0% 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 increase in pre-tax profit was mainly due to higher revenue generated by the property development segment. The financial performance is in tandem with the government initiatives to rejuvenate the property market.
- (ii) Construction – The increase in pre-tax profit was mainly due to increase of progress billing.
- (iii) Investment and Services – The decrease in pre-tax profit was mainly due to lower revenue from recreational and leisure business resulted from the restrictive containment measures imposed by the government to curb the spread of Covid-19 pandemic in Malaysia.
- (iv) There are no significant variations for other business segments.

1.2 Current Quarter vs Preceding Year Corresponding Quarter

On a quarterly basis, the Group recorded a profit before taxation for the period ended 30 September 2021 of RM13.12 million, increased by RM5.76 million or 78.2% as compared to preceding year's profit before taxation of RM7.36 million. The increase of the Group's profit is mainly due to higher revenue generated by the property development segment and decrease in administration expenses.

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 increase in pre-tax profit was mainly due to higher revenue generated by the property development segment and decrease in administration expenses.
- (ii) Construction – The decrease in pre-tax profit was mainly due to lower progress billings resulted from operating capacity limits imposed by the government to curb the resurgence cases of Covid-19 in Malaysia.
- (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	
	30/09/2021	30/06/2021	RM'000	%
	RM'000	RM'000		
Revenue	33,776	33,609	167	0.5%
Gross Profit	13,382	12,758	624	4.9%
Profit before Taxation	13,123	12,673	450	3.6%
Profit for the Period	11,783	10,741	1,042	9.7%
Profit Attributable to Equity Holders of the Company	11,043	9,740	1,303	13.4%

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The Group revenue increased marginally by 0.5% from RM33.61 million reported in the immediate preceding quarter to RM33.78 million for the current quarter, mainly due to higher revenue generated by property development segment.

The Group's profit before taxation of RM13.12 million for the current quarter increased by RM0.45 million compared to RM12.67 million achieved in the immediate preceding quarter. The increase is mainly due to higher revenue generated by the property development segment.

3. Prospects for the next financial year

The Malaysian economy contracted by 4.5% (2Q 2021: +16.1%) during the third quarter of 2021. Economic activity was particularly impacted in July 2021 under Phase 1 of the National Recovery Plan (NRP), but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures. Going into 2022, the growth momentum is expected to improve, supported by expansion in global demand, higher private sector expenditure in line with the resumption of economic activity and continued policy support. Risks to the growth outlook, however, remain tilted to the downside due to external and domestic factors. These include a weaker-than-expected global growth, a worsening in supply chain disruptions, and the re-imposition of containment measures due to the impact of new COVID-19 variants of concern.

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. 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.

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	Current year-to- date
	<u>RM'000</u>	<u>RM'000</u>
Interest income	(1,263)	(2,516)
Interest expense	-	1
Depreciation	702	1,412

6. Taxation

	Current quarter ended		Year-to-date ended	
	30 September		30 September	
	2021	2020	2021	2020
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Current	782	1,699	2,919	2,402
Deferred	558	130	353	93
	<u>1,340</u>	<u>1,829</u>	<u>3,272</u>	<u>2,495</u>
Effective tax rate	<u>10.2%</u>	<u>24.8%</u>	<u>12.7%</u>	<u>24.9%</u>

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 and utilisation of business loss and capital allowance recognised in previous year by a subsidiary company.

7. Status of corporate proposals announced

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

8. Lease liabilities

<u>Secured</u>	As at	As at
	30/09/2021	30/09/2020
	<u>RM'000</u>	<u>RM'000</u>
Short Term	11	-
Long Term	37	-
	<u>48</u>	<u>-</u>

The above lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 30 September 2021 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 November 2021