



SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT

FOR

FOURTH QUARTER ENDED

31 MARCH 2022

SHL CONSOLIDATED BHD.

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(Incorporated in Malaysia)

Interim Financial Report – 31 March 2022

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Financial Year Ended 31 March 2022

(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			
	31/03/2022	31/03/2021	31/03/2022	31/03/2021		
	RM'000	RM'000	RM'000	RM'000	RM'000	%
1. Revenue	83,205	33,566	197,834	96,355	101,479	105.3%
2. Cost of Sales	(50,392)	(21,957)	(121,999)	(59,712)	62,287	104.3%
3. Gross Profit	32,813	11,609	75,835	36,643	39,192	107.0%
4. Other Operating Income	1,960	2,075	7,118	8,971	(1,853)	-20.7%
5. Distribution Costs	(710)	(783)	(2,501)	(2,296)	205	8.9%
6. Administration Expenses	(6,767)	(1,812)	(11,825)	(9,930)	1,895	19.1%
7. Finance Costs	(1)	(1)	(2)	(1)	1	NA
8. Profit / (Loss) from Associate	9	(23)	(69)	(148)	79	-53.4%
9. Profit before Taxation	27,304	11,065	68,556	33,239	35,317	106.3%
10. Taxation	(6,538)	(523)	(14,880)	(6,488)	8,392	129.3%
11. Profit for the Period	20,766	10,542	53,676	26,751	26,925	100.7%
12. Other Comprehensive Income	-	(3)	29	1	28	NA
13. Total Comprehensive Income for the Period	20,766	10,539	53,705	26,752	26,953	100.8%
Profit Attributable to:						
14. Equity Holders of the Company	18,628	9,864	48,573	23,467	25,106	107.0%
15. Non-controlling Interests	2,138	678	5,103	3,284	1,819	55.4%
	20,766	10,542	53,676	26,751	26,925	100.7%
Total Comprehensive Income Attributable to:						
16. Equity Holders of the Company	18,628	9,861	48,602	23,468	25,134	107.1%
17. Non-controlling Interests	2,138	678	5,103	3,284	1,819	55.4%
	20,766	10,539	53,705	26,752	26,953	100.8%
Earnings Per Share Attributable to Equity Holders of the Company:						
18. Basic & Fully Diluted (Sen)	7.69	4.07	20.06	9.69	10.37	107.0%

(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 31 March 2022

	(UNAUDITED) 31/03/2022 RM'000	(AUDITED) 31/03/2021 RM'000
ASSETS		
Non-current assets		
1. Property, plant and equipment	205,605	212,716
2. Investment in associate	8,780	8,849
3. Investment properties	72,493	72,443
4. Investments	24	24
5. Inventories	2,760	2,757
6. Trust account	2,536	2,317
7. Deferred tax assets	5,001	7,021
	297,199	306,127
8. Current assets		
8.1 Inventories	283,584	338,625
8.2 Trade receivables	74,445	22,686
8.3 Contract assets	10,297	6,872
8.4 Other receivables	10,781	10,913
8.5 Current tax assets	4,664	6,363
8.6 Cash, deposits and short-term investments	312,550	319,017
	696,321	704,476
9. TOTAL ASSETS	993,520	1,010,603
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
10. Share capital	247,726	247,726
11. Reserves	606,346	577,114
	854,072	824,840
12. Non-controlling Interests	55,791	78,120
13. Total equity	909,863	902,960
14. Non-current liabilities		
14.1 Deferred tax liabilities	26,203	27,023
14.2 Lease liabilities	32	43
14.3 Club establishment fund	10,643	10,675
	36,878	37,741
15. Current liabilities		
15.1 Trade payables	38,723	60,934
15.2 Contract liabilities	680	883
15.3 Other payables	7,140	7,816
15.4 Current tax liabilities	225	259
15.5 Lease liabilities	11	10
	46,779	69,902
16. TOTAL LIABILITIES	83,657	107,643
17. TOTAL EQUITY AND LIABILITIES	993,520	1,010,603
18. Net assets per share (RM)	3.53	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 Year Ended 31 March 2022

(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. 12 months ended									
31 March 2022									
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	-	29	-	-	48,573	48,602	5,103	53,705
1.3	Realisation of revaluation surplus	-	(3,398)	-	-	3,398	-	-	-
1.4	Dividends paid	-	-	-	-	(19,370)	(19,370)	(2,682)	(22,052)
1.5	Capital repayment to minority shareholders	-	-	-	-	-	-	(24,750)	(24,750)
1.6	At 31 March 2022	247,726	98,119	(130,464)	6,663	632,028	854,072	55,791	909,863
2. 12 months ended									
31 March 2021									
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	-	1	-	-	23,467	23,468	3,284	26,752
2.3	Realisation of revaluation surplus	-	(1,583)	-	-	1,583	-	-	-
2.4	Dividends paid	-	-	-	-	(29,055)	(29,055)	(4,461)	(33,516)
2.5	At 31 March 2021	247,726	102,188	(130,464)	6,663	598,740	824,853	78,120	902,973

(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 Year Ended 31 March 2022

	12 months ended 31/03/2022	12 months ended 31/03/2021
	RM'000	RM'000
1 Cash flows from operating activities		
1.1 Profit before taxation	68,556	33,239
1.2 Adjustments for :-		
1.2.1 Depreciation	2,421	2,596
1.2.2 Gain on disposal of property, plant and equipment	-	(56)
1.2.3 Fair value gain on short-term investments	(1,150)	(232)
1.2.4 Interest expenses	2	1
1.2.5 Interest income	(4,704)	(7,175)
1.2.6 Impairment loss on property, plant and equipment	4,783	-
1.2.7 Loss / (profit) from associate	69	148
1.3 Operating profit before working capital changes	69,977	28,521
1.4 (Increase) / decrease in inventories	55,041	(8,689)
1.5 (Increase) / decrease in receivables	(55,100)	(17,894)
1.6 Increase / (decrease) in payables	(23,090)	25
1.7 Cash generated from / (absorbed by) operations	46,828	1,963
1.8 Tax paid	(11,988)	(24,865)
1.9 Net cash from / (used in) operating activities	34,840	(22,902)
2 Cash flows from investing activities		
2.1 Claim received from / (payment to) trust account	(219)	(212)
2.2 Purchase of property, plant and equipment	(93)	(530)
2.3 Reinvestment of short-term investments	(1,356)	(2,859)
2.4 Purchase of short-term investments	(60,950)	(43,500)
2.5 Purchase of land held for property development	(3)	(4)
2.6 Proceeds from disposal of property, plant and equipment	-	56
2.7 Proceeds from disposal of short-term investments	20,240	75,530
2.8 Proceeds from redemption of short-term investments	2,453	3,261
2.9 Interest received	4,704	7,175
2.10 Net cash from / (used in) investing activities	(35,224)	38,917
3 Cash flows from financing activities		
3.1 Repayment of club members' deposits	(32)	(25)
3.2 Payment of lease liabilities	(10)	(8)
3.3 Capital repayment to minority shareholders	(24,750)	-
3.4 Interest paid	(2)	(1)
3.5 Dividends paid to owners of the Company	(19,370)	(29,055)
3.6 Dividends paid to non-controlling interests	(2,682)	(4,461)
3.7 Net cash from / (used in) financing activities	(46,846)	(33,550)
4 Net increase / (decrease) in cash and cash equivalents	(47,230)	(17,535)
5 Cash and cash equivalents at 1 April 2021 / 2020	200,839	218,330
6 Cash and cash equivalents at 31 March 2022 / 2021	153,609	200,795
7 Analysis of Cash and Cash Equivalents :-		
8 Cash and deposits	153,609	200,795

(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 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 ended 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
	31/03/2022	31/03/2021
	<u>RM'000</u>	<u>RM'000</u>
<i>Non-current:</i>		
At cost:		
- Land held for property development	2,760	2,757
<i>Current:</i>		
At cost:		
- Completed development units	155,295	185,119
- Building materials	1,857	674
- Raw materials	353	360
- Goods for resale	148	155
- Work in progress	11	11
- Finished goods	4,670	6,304
- Spare parts	204	21
	162,538	192,644
Property development costs	121,046	143,211
	283,584	335,855
Total inventories	<u>286,344</u>	<u>338,612</u>

10. Cash, deposits and short-term investments

	As at	As at
	31/03/2022	31/03/2021
	<u>RM'000</u>	<u>RM'000</u>
Cash and bank balances:		
- Housing development accounts	2,110	1,796
- Bank current accounts and petty cash	17,918	11,254
	20,028	13,050
Short-term deposits	133,581	187,745
Cash and cash equivalents	<u>153,609</u>	<u>200,795</u>
Short-term investments	158,941	118,177
Total cash, deposits and short-term investments	<u>312,550</u>	<u>318,972</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 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 2022, 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 2022 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	10,996	155,839	28,190	-	2,809	-	-	197,834
Inter-segment sales	4,265	-	10,619	8,371	1,102	-	(24,357)	-
Total revenue	15,261	155,839	38,809	8,371	3,911	-	(24,357)	197,834
RESULTS								
Operating profit	1,430	58,114	5,799	15	(4,771)	134	3,202	63,923
Interest income	461	2,253	826	183	649	332	-	4,704
Finance costs	-	(2)	-	-	-	-	-	(2)
Loss from associate	-	(69)	-	-	-	-	-	(69)
Profit before taxation	1,891	60,296	6,625	198	(4,122)	466	3,202	68,556
Taxation								(14,880)
Non-controlling interests								(5,103)
Profit for the period								48,573
ASSETS								
Segment assets	107,011	768,147	103,927	14,652	70,752	27,488	(116,902)	975,075
Investment in associate	-	8,780	-	-	-	-	-	8,780
Current and deferred tax assets	25	4,544	278	-	253	251	4,314	9,665
Total assets	107,036	781,471	104,205	14,652	71,005	27,739	(112,588)	993,520
LIABILITIES								
Segment liabilities	13,852	40,628	17,334	3,115	712	12	(18,424)	57,229
Current and deferred tax liabilities	6,614	17,338	22	188	1,426	2	838	26,428
Total liabilities	20,466	57,966	17,356	3,303	2,138	14	(17,586)	83,657
OTHERS								
Capital expenditure	63	33	-	-	-	-	-	96
Non-cash expenses :								
Depreciation	1,276	103	76	-	864	-	102	2,421
Impairment loss on property, plant and equipment	1,190	-	-	-	3,593	-	-	4,783
Total non-cash expenses	2,466	103	76	-	4,457	-	102	7,204

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The segmental analysis for the preceding 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

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 2022.

15. Capital commitments

No capital commitment was outstanding as at 31 March 2022.

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 RM3.03 million.
- (c) Rental expense of premises of approximately RM1.14 million.
- (d) Procurement of legal services of approximately RM0.43 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	
	31/03/2022 RM'000	31/03/2021 RM'000	RM'000	%	31/03/2022 RM'000	31/03/2021 RM'000	RM'000	%
Revenue	83,205	33,566	49,639	147.9%	197,834	96,355	101,479	105.3%
Gross Profit	32,813	11,609	21,204	182.7%	75,835	36,643	39,192	107.0%
Profit before Taxation	27,304	11,065	16,239	146.8%	68,556	33,239	35,317	106.3%
Profit for the Period	20,766	10,542	10,224	97.0%	53,676	26,751	26,925	100.7%
Profit Attributable to Equity Holders of the Company	18,628	9,864	8,764	88.8%	48,573	23,467	25,106	107.0%

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

The Group revenue has increased significantly by 105.3% from RM96.36 million reported in the preceding year corresponding period to RM197.83 million for the year ended 31 March 2022, 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 year ended 31 March 2022 of RM68.56 million, increased by RM35.32 million or 106.3% as compared to preceding year's profit before taxation of RM33.24 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 RM155.84 million for the year ended 31 March 2022, representing about 78.8% 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, Kiara Sg Long and Sg Long Residence condominiums in Bandar Sungai Long, Selangor Darul Ehsan and Taman Rasa Utama in Batang Kali, 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 RM11.00 million for the year ended 31 March 2022, representing about 5.6% of the consolidated revenue.

The construction segment registered a revenue of RM28.19 million for the year ended 31 March 2022, representing about 14.2% 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 impairment loss on recreational and leisure business’s plant and machinery.
- (ii) 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.
- (iii) Construction – The decrease in pre-tax profit was mainly due to certain projects being completed in the previous financial year whilst the new projects have yet to reach optimal construction phase.
- (iv) Manufacturing – The decrease in pre-tax profit was mainly due to impairment loss on brick manufacturing plant.
- (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 2022 of RM27.30 million, increased by RM16.24 million or 146.8% as compared to preceding year’s profit before taxation of RM11.06 million. The increase of the Group’s profit is mainly due to higher revenue generated by the property development segment.

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 impairment loss on recreational and leisure business’s plant and machinery.
- (ii) Property development – The increase in pre-tax profit was mainly due to higher revenue generated by the property development segment.
- (iii) Construction – The decrease in pre-tax profit was mainly due to certain projects being completed in the previous year corresponding quarter whilst the new projects have yet to reach optimal construction phase.
- (iv) Manufacturing – The decrease in pre-tax profit was mainly due to impairment loss on brick manufacturing plant.
- (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			
	Current Quarter	Immediate Preceding Quarter	Changes	
	31/03/2022	31/12/2021	RM'000	%
Revenue	83,205	47,244	35,961	76.1%
Gross Profit	32,813	16,882	15,931	94.4%
Profit before Taxation	27,304	15,456	11,848	76.7%
Profit for the Period	20,766	10,386	10,380	99.9%
Profit Attributable to Equity Holders of the Company	18,628	9,162	9,466	103.3%

The Group revenue increased significantly by 76.1% from RM47.24 million reported in the immediate preceding quarter to RM83.21 million for the current quarter, mainly due to higher revenue generated by property development segment.

The Group's profit before taxation of RM27.30 million for the current quarter increased by RM11.85 million compared to RM15.45 million achieved in the immediate preceding quarter. The increase is mainly due to higher revenue generated by the property development segment, partially offset by the provision of impairment loss by the manufacturing segment and recreational and leisure business of the group.

3. Prospects for the next financial year

The Malaysian economy saw a moderate recovery, with GDP growing by 3.1% in 2021 (2020: -5.6%). Looking ahead, the Malaysian economy is expected to improve further, with growth projected to be between 5.3% and 6.3% in 2022. The economic recovery is underpinned by the continued expansion in external demand, full upliftment of containment measures, reopening of international borders, and further improvement in labour market conditions. In addition, the implementation of investment projects and targeted policy measures will provide further support to economic activity and aggregate demand. However, risks to growth remain, which include a weaker-than-expected global growth, further escalation of geopolitical conflicts, worsening supply chain disruptions, and adverse developments surrounding COVID-19. In fact, The World Bank has lowered its Malaysia gross domestic product (GDP) growth forecast for 2022 to 5.5%, from 5.8% previously due to the unfolding developments surrounding the Ukraine crisis.

As at the date of issue of this quarterly financial report, the Covid-19 pandemic has a financial impact on the Group. 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 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, 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.

SHL CONSOLIDATED BHD.

Registration No. : 199401007886 (293565-W)

(Incorporated in Malaysia)

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	(821)	(4,704)
Interest expense	1	2
Depreciation	391	2,421
Impairment loss on property, plant and equipment	4,783	4,783

6. Taxation

	Current quarter ended 31 March		Year-to-date ended 31 March	
	2022 <u>RM'000</u>	2021 <u>RM'000</u>	2022 <u>RM'000</u>	2021 <u>RM'000</u>
Current	5,719	1,099	12,609	5,750
Under / (Over) provision in prior year	103	(19)	1,043	418
Deferred	716	(557)	1,228	320
	<u>6,538</u>	<u>523</u>	<u>14,880</u>	<u>6,488</u>
Effective tax rate	<u>23.9%</u>	<u>4.7%</u>	<u>21.7%</u>	<u>19.5%</u>

The effective tax rate of the Group for the current quarter was 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 2022.

8. Lease liabilities

	As at	As at
<u>Secured</u>	31/03/2022	31/03/2021
	<u>RM'000</u>	<u>RM'000</u>
Short Term	11	10
Long Term	32	43
	<u>43</u>	<u>53</u>

The above lease liabilities are denominated in Ringgit Malaysia.

9. Dividend

No dividend was declared for the current quarter ended 31 March 2022 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
25 May 2022