

A1) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Financial Reporting Standards (“FRS”) 134: “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position performance of the group since the year ended 31 March 2014.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2014 was not qualified.

A3) Seasonality or Cyclicity of Operations

There were no seasonal factors directly affecting the operations of the Group, except for economic cyclical factors which will have an impact on the property and construction sectors.

A4) Unusual Events

There were no unusual event recorded during the financial period under review.

A5) Changes in Estimates

There were no changes in estimates since the financial year ended 31 March 2014.

A6) Issuance and Repayment of Debt and Equity Instruments

In accordance with the Proposed Bonus Issue announced on 27 May 2014, 78,257,295 shares have been issued in the quarter under review.

Other than the above, there were no issuance or repayment of debt and equity securities, share cancellation and resale of treasury shares for the quarter under review.

As at 31 December 2014, the number of treasury shares held in hand are 58,900 shares.

A7) Dividend Paid

On 3rd November 2014, the Company paid a first and final single tier dividend of 4.75% on the ordinary shares amounting to RM7,434,441.74 in respect of the financial year ended 31 March 2014.

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

A8) Segmental Reporting

Business Segments:-

	Revenue RM'000	Profit Before Tax RM'000	Assets Employed RM'000
Construction	63,712	3,928	150,761
Property Development	87,366	12,892	585,741
Investment	5,565	(910)	432,350
Less : Inter-segment	(68,033)	2,960	(613,231)
Group	88,610	18,870	555,621

A9) Material Subsequent Events

There was no material event subsequent to the end of the financial period under review.

A10) Changes in Corporate Structure

SBC had on 10th April, 2014 incorporated a wholly-owned subsidiary company called Jesselton Quay Properties Sdn. Bhd. (Company No. 1088505-V)

A11) Contingent Liabilities / Assets

There were no material contingent liabilities for the Group as at the date of this announcement.

A12) Realised and Unrealised Profits / Lossess Disclosure

	Quarter ended 31/12/2014 RM'000	As at preceding financial year ended 31 March 2014 RM'000
Total retained profits		
- Realised	210,926	233,285
- Unrealised	(4,188)	(4,188)
Less: Consolidation adjustments	<u>(74,591)</u>	<u>(103,095)</u>
Total Group Retained Profits as per consolidated accounts	132,147	126,002

B1) Performance Review

The Group recorded revenue of RM89 million for the period ended 31 December 2014 compared to the corresponding period of the preceding year of RM110.9 million. The profit before tax for the period was RM18.9 million compared to the corresponding period of the preceding year of RM33 million. The decrease in revenue is mainly due to projects nearing their completion last year and the delay of obtaining final planning approval of the Jesselton Quay Project.

The breakdown of its revenue is as follows:-

Revenue	Quarter ended 31/12/2014 RM'000	Year-to-date ended 31/12/2014 RM'000
Construction	36,271	63,712
Property Development	29,833	87,366
Investment	1,857	5,565
Less: inter-segment	(49,724)	(68,033)
	<u>18,237</u>	<u>88,610</u>

Profit Before Tax	Quarter ended 31/12/2014 RM'000	Year-to-date ended 31/12/2014 RM'000
Construction	2,496	3,928
Property Development	(3,882)	12,892
Investment	(275)	(910)
Less: inter-segment	3,080	2,960
	<u>1,419</u>	<u>18,870</u>

B2) Comparison of profit before tax for the quarter with the immediate preceding quarter

The revenue for the current quarter is RM18.2 million compared to the preceding quarter of RM21.4 million. The profit before tax for the current quarter was reported at RM1.4 million as compared to the preceding quarter of RM4.1 million. The decrease in profit before tax is due to lower revenue contribution and lower profit margin.

B3) Business Prospects

The Board of Directors is optimistic about the prospects moving forward as the Jesselton Quay Project is just about to commence.

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current year Quarter 31/12/2014 RM'000	Preceding year Corresponding Quarter ended 31/12/2013 RM'000	Current year To date 31.12.2014 RM'000	Preceding year Corresponding Period 31.12.2013 RM'000
Income tax expense	(2,543)	5,428	5,413	9,696
	<u>(2,543)</u>	<u>5,428</u>	<u>5,413</u>	<u>9,696</u>

The current quarter tax expense is mainly due to an over provision in previous year's tax. The effective tax rate for the year is higher than the statutory tax rate due to certain expenses being disallowed for taxation purposes.

B6) Status of Corporate Proposals

1. On 27 May 2014, on behalf of the Board of Directors of SBC Corporation Berhad ("SBC" or "the Company"), RHB Investment Bank Berhad announced that the Company proposes to undertake the following:
 - i) Bonus issue of 78,257,295 new ordinary shares of RM1.00 each in SBC ("SBC Share(s)") ("Bonus Share(s)") on the basis of one (1) Bonus Share for every two (2) SBC Shares held on an entitlement date to be determined and announced later ("Proposed Bonus Issue");
 - ii) Increase in the authorised share capital of SBC from RM200,000,000 comprising 193,167,000 SBC Shares and 6,833,000 irredeemable cumulative convertible preference shares of RM1.00 each to RM300,000,000 comprising 300,000,000 SBC Shares ("Proposed IASC"); and
 - iii) Amendments to SBC's Memorandum and Articles of Association ("Proposed Amendments").

The Proposed Bonus Issue, Proposed IASC and Proposed Amendments are collectively referred to as the "Proposals".

The Proposals are subject to and conditional upon approvals being obtained from the following:

- i) Bursa Malaysia Securities Berhad ("Bursa Securities") which was obtained via its letter dated 22 August 2014 for the listing of and quotation for the Bonus Shares on the Main Market of Bursa Securities;
- ii) the shareholders of SBC at an Extraordinary General Meeting ("EGM") to be convened; and
- iii) any other relevant authorities and/or parties, if required.

The Proposed Bonus Issue, Proposed IASC and Proposed Amendments are inter-conditional upon one another.

At the EGM held on 30 September 2014, the shareholders of the Company had approved the Proposals.

The Bonus Issue had been completed following the listing of and quotation for 78,257,295 Bonus Shares on the Main Market of Bursa Securities on 5 November 2014.

2. On 25 August 2014, the Company announced that it proposed to seek a renewal of authority from shareholders of the Company for the purchase of its own ordinary shares on Bursa Malaysia Securities Bhd of not more than ten percent (10%) of the issued and paid up share capital of the Company. (“Proposed Share Buy-Back Renewal”)

At the Annual General Meeting held on 30 September 2014, the shareholders of the Company had approved the Proposed Share Buy-Back Renewal.

B7) Details of Group Borrowings and Debt Securities

Group Borrowings

	As at Current Period ended 31/12/14	As at Preceding Financial Year Ended 31/3/14
	RM'000	RM'000
<u>Current</u>		
Bank overdraft (secured)	27,773	19,382
Banker’s acceptance (secured)	10,700	10,700
Term loans (secured)	14,625	15,480
Hire Purchase (secured)	261	168
	53,359	45,730
<u>Non Current</u>		
Term loans (secured)	22,270	24,251
Hire Purchase (secured)	650	447
	76,279	70,428

B8) Gains or Losses arising from Fair Value Changes of Financial Liabilities

There were no gains or losses recognized for changes in the fair values of these liabilities for the financial period under review.

B9) Material Litigation

There were no pending material litigations for the financial period under review.

B10) Dividend

The Directors have not declared any dividends for the current quarter under review.

B11) Earnings per ordinary share

Basic earnings per share (“EPS”) is derived by dividing the profit after tax attributable to owners of the Parent by weighted average number of 94,752,606 (3rd quarter 2014 : 92,081,502) ordinary shares of the Company in issue during the financial period under review, excluding treasury shares of 58,900 units held by the Company:-

	Quarter ended 31/12/14 RM’000	Year to date ended 31/12/14 RM’000
Profit attributable to Owners of the Parent	4,003	13,579
Basic earnings per share(in sen)	4.22	14.33

The computation of diluted EPS in respect of the financial period under review is not applicable.

B12) Profit before tax

Profit before tax is arrived at after charging/(crediting) the following items:

	Quarter Ended 31/12/2014 RM’000	Year-to-date Ended 31/12/2014 RM’000
(a) Interest income	(23)	(36)
(b) Other income excluding investment income	(2,306)	(2,962)
(c) Interest expense	1,275	2,638
(d) Depreciation and amortization	670	1,168
(e) Provision for and write off of receivables	-	-
(f) Provision for and write off of inventories	-	-
(g) Gain or loss on disposal of quoted or unquoted Investment properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain or loss	-	-
(j) Gain or loss on derivatives	-	-
(k) Exceptional items	-	-