

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	AS AT CURRENT PERIOD ENDED 31 DECEMBER 2016 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2016 RM'000 (audited)
ASSETS		
Non-current assets		
Investment in associates	109,189	107,762
Investment in a joint venture	1,657	1,657
Property, plant and equipment	4,264	4,625
Biological assets	1,320	1,374
Investment properties	48,248	49,017
Land held for property development	126,702	125,984
Other investments	219	219
Goodwill on consolidation	9,495	9,495
Deferred tax assets	1,163	1,926
	302,257	302,059
Current assets		
Inventories	41,152	43,800
Property development costs	137,033	151,737
Trade and other receivables	45,740	57,944
Amount owing by contract customers	2,995	4,075
Amount owing by associates	3,366	3,383
Tax recoverable	4,830	686
Short-term deposit with a licensed bank	600	-
Cash and bank balances	32,006	10,100
	267,722	271,725
	569,979	573,784
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	234,831	234,831
Treasury shares	(51)	(51)
Reserves	151,545	152,629
Total Equity Attributable to Owners of the Company	386,325	387,409
Non-controlling interests	(624)	(131)
Total equity	385,701	387,278
Non-current liabilities		
Long term borrowings	52,146	62,302
Other long term liabilities	12,700	12,083
Deferred tax liabilities	967	1,500
	65,813	75,885
Current liabilities		
Trade and other payables	53,189	58,452
Amount owing to contract customers	5,388	3,547
Short term borrowings	35,691	29,065
Bank overdrafts	23,359	16,331
Provision for taxation	838	3,226
	118,465	110,621
Total liabilities	184,278	186,506
TOTAL EQUITY AND LIABILITIES	569,979	573,784
Net assets per share (in sen)	164	165

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2016

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER 31 DECEMBER 2016 RM'000 (<i>unaudited</i>)	PRECEDING YEAR CORRESPONDING QUARTER 31 DECEMBER 2015 RM'000 (<i>unaudited</i>)	TO DATE CURRENT YEAR 31 DECEMBER 2016 RM'000 (<i>unaudited</i>)	PRECEDING YEAR CORRESPONDING PERIOD 31 DECEMBER 2015 RM'000 (<i>unaudited</i>)
Continuing Operations				
Revenue	21,629	29,833	53,668	129,069
Cost of sales	(16,459)	(26,539)	(40,040)	(96,724)
Gross profit	5,170	3,294	13,628	32,345
Operating expenses	(3,061)	(3,516)	(9,867)	(11,684)
Depreciation and amortisation	(362)	(460)	(1,084)	(1,373)
Other income including investment income	524	1,523	1,555	2,126
Interest income	54	49	211	93
Finance cost	(1,428)	(1,163)	(3,920)	(3,405)
Share of profit of associates	(304)	(21)	1,545	2,061
Profit before tax	593	(294)	2,068	20,163
Income tax expense	(1,391)	(2,087)	(2,565)	(6,915)
Total comprehensive income	(798)	(2,381)	(497)	13,248
Profit attributable to:-				
Owners of the Parent	(643)	(2,356)	(4)	13,314
Non-controlling interests	(155)	(25)	(493)	(66)
	(798)	(2,381)	(497)	13,248
Earnings per share (in sen)				
Basic earnings per share (in sen)	(0.27)	(1.00)	0.00	5.67
Diluted earnings per share (in sen)	(0.27)	(1.00)	0.00	5.67

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2016

	Attributable to Owners of the Parent					Non-controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable		Distributable			
			Share Premium RM'000	Legal Reserve RM'000	Retained Profits RM'000			Total RM'000
Balance at 1 April 2015	234,831	(51)	6,387	265	136,335	377,767	(35)	377,732
Total comprehensive income					13,399	13,399	(96)	13,303
Contributions by and distributions to owners of the Company: - Dividend					(3,757)	(3,757)		(3,757)
Balance at 31 March 2016 (audited)	234,831	(51)	6,387	265	145,977	387,409	(131)	387,278
Total comprehensive income					(4)	(4)	(493)	(497)
Contributions by and distributions to owners of the Company: - Dividend					(1,080)	(1,080)	-	(1,080)
Balance at 31 December 2016 (unaudited)	234,831	(51)	6,387	265	144,893	386,325	(624)	385,701

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2016)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2016

	9 MONTHS ENDED 31 DECEMBER 2016 RM'000 (unaudited)	9 MONTHS ENDED 31 DECEMBER 2015 RM'000 (unaudited)
1 CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	2,068	20,163
Adjustments for:		
Accretion of payables and receivables	617	-
Depreciation of property, plant and equipment	1,290	1,373
Interest expense	3,920	3,405
Interest income	(211)	(93)
Share of profit in associates	(1,545)	(2,061)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	6,139	22,787
Decrease in property development cost	14,704	8,818
Decrease in inventory	2,648	1,488
Decrease in payables	(5,261)	(58,397)
Decrease in receivables	12,204	6,076
Decrease in amount owing by associates	17	-
Net decrease in amount owing by/(to) contract customers	2,921	1,651
CASH FROM/(FOR) OPERATIONS	33,372	(17,577)
Interest paid	(3,920)	(3,405)
Taxes paid	(8,867)	(9,528)
NET CASH FROM/(FOR) OPERATING ACTIVITIES	20,585	(30,510)
2 CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES		
Interest received	211	93
Dividend received from associates	117	6,000
Purchase of property, plant and equipment	(107)	(265)
Payment for land held for property development	(718)	-
Proceeds from associates	-	1,026
NET CASH (FOR)/FROM INVESTING ACTIVITIES	(497)	6,854
3 CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Net drawdown of loans	(3,530)	41,157
Dividend paid to holders of ordinary shares	(1,080)	(3,758)
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(4,610)	37,399
4 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	15,478	13,743
5 CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	(6,231)	(19,119)
6 CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	9,247	(5,376)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2016)

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 2016. 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 2016.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2016 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 events recorded during the financial period under review.

A5) Changes in Estimates

There were no changes in estimates since the financial year ended 31 March 2016.

A6) Issuance and Repayment of Debt and Equity Instruments

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 2016, the number of treasury shares held in hand are 58,900 shares.

A7) Dividend Paid

On 3rd November 2016, the Company paid a first and final single tier dividend of 0.46 sen on the ordinary shares amounting to RM1,079,947.17 in respect of the financial year ended 31 March 2016.

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	9,952	(2,302)	81,861
Property Development	48,566	(1,414)	516,937
Investment	5,295	(749)	339,493
Less : Inter-segment	(10,145)	6,533	(368,312)
Group	<u>53,668</u>	<u>2,068</u>	<u>569,979</u>

A9) Material Subsequent Events

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

A10) Changes in Corporate Structure

There was no change in corporate structure to the end of the financial period under review.

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 / Losses Disclosure

	Quarter ended 31/12/2016 RM'000	As at preceding financial year ended 31/03/2016 RM'000
Total retained profits		
- Realised	213,516	221,396
- Unrealised	(6,578)	(6,578)
Less: Consolidation adjustments	<u>(62,045)</u>	<u>(68,841)</u>
Total Group Retained Profits as per consolidated accounts	144,893	145,977

B1) Performance Review

The Group recorded revenue of RM53.67 million for the period ended 31 December 2016 compared to the corresponding period of the preceding year of RM129.07 million. The profit before tax for the period was RM2.07 million compared to the corresponding preceding year of RM20.16 million. The decrease in profit before tax in this period is mostly reflective of timing between the completion of earlier projects and the commencement of new projects.

The breakdown of its revenue is as follows:-

Revenue	Quarter ended 31/12/2016 RM'000	Year-to-date ended 31/12/2016 RM'000
Construction	1,550	9,952
Property Development	16,611	48,566
Investment	1,767	5,295
Less: Inter-segment	1,701	(10,145)
	<u>21,629</u>	<u>53,668</u>

Profit Before Tax	Quarter ended 31/12/2016 RM'000	Year-to-date ended 31/12/2016 RM'000
Construction	(1,888)	(2,302)
Property Development	241	(1,414)
Investment	(598)	(749)
Add: Inter-segment	2,838	6,533
	<u>593</u>	<u>2,068</u>

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

The revenue for the current quarter is RM21.63 million compared to the preceding quarter of RM11.91 million. The profit before tax for the current quarter was reported at RM0.59 million as compared to the profit before tax for the preceding quarter of RM1.10 million. The decrease in profit before tax in this quarter is mostly reflective of timing between the completion of earlier projects and the commencement of new projects.

B3) Business Prospects

Barring any unforeseen circumstances, the Board of Directors is optimistic about the prospects moving forward because the Group has commenced work at Jesselton Quay (Kota Kinabalu) and the project is slated to be completed within 2 to 3 years time.

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

B5) Taxation

	Current year Quarter 31/12/2016 RM'000	Preceding year Corresponding Quarter ended 31/12/2015 RM'000	Current year To date 31/12/2016 RM'000	Preceding year Corresponding Period 31/12/2015 RM'000
Income tax expense	1,391	2,087	2,565	6,915
	<u>1,391</u>	<u>2,087</u>	<u>2,565</u>	<u>6,915</u>

The effective tax rate for the quarter is higher than the statutory tax rate of 24% largely due to certain expenses not subject to tax deduction.

B6) Status of Corporate Proposals

On 8 July 2016, 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 Shares Buy-Back Renewal”) at the forthcoming Annual General Meeting.

At the Annual General Meeting held on 21 September 2016, 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 31/12/2016 RM'000	As at Preceding Financial Year Ended 31/03/2016 RM'000
<u>Current</u>		
Bank overdraft (secured)	23,359	16,331
Banker’s acceptance (secured)	940	8,000
Revolving loan (secured)	9,700	10,000
Term loans (secured)	24,852	10,822
Hire Purchase (secured)	199	243
	<u>59,050</u>	<u>45,396</u>
<u>Non Current</u>		
Term loans (secured)	51,942	61,957
Hire Purchase (secured)	204	345
	<u>111,196</u>	<u>107,698</u>

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.

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NOTES TO INTERIM FINANCIAL REPORT

B10) Dividend

Not applicable.

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 234,771,885 (2nd quarter 2016: 234,771,885) 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 31/12/2016 RM'000	Year-to-date ended 31/12/2016 RM'000
Loss attributable to Owners of the Parent	(643)	(4)
Basic earnings per share (in sen)	(0.27)	0.00
Diluted earnings per share (in sen)	(0.27)	0.00

B12) Profit before tax

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

	Quarter ended 31/12/2016 RM'000	Year-to-date ended 31/12/2016 RM'000
(a) Interest income	(54)	(211)
(b) Other income including investment income	(524)	(1,555)
(c) Interest expense	1,428	3,920
(d) Depreciation and amortisation	430	1,290
(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	-	-