

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	AS AT CURRENT PERIOD ENDED 30 JUNE 2017 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2017 RM'000 (audited)
ASSETS		
Non-current assets		
Investment in associates	109,628	109,191
Investment in a joint venture	1,681	1,681
Property, plant and equipment	4,048	4,111
Biological assets	1,284	1,302
Investment properties	47,734	47,991
Land held for property development	127,212	126,751
Other investments	219	219
Goodwill on consolidation	9,495	9,495
Deferred tax assets	1,965	2,047
	303,266	302,788
Current assets		
Inventories	41,152	41,152
Property development costs	147,298	129,709
Trade and other receivables	34,712	46,893
Amount owing by contract customers	1,815	2,788
Amount owing by associates	3,366	3,366
Current tax assets	5,114	4,772
Short-term deposit with a licensed bank	600	600
Cash and bank balances	8,514	14,411
	242,571	243,691
TOTAL ASSETS	545,837	546,479
EQUITY AND LIABILITIES		
EQUITY		
Share capital	234,831	234,831
Treasury shares	(51)	(51)
Reserves	148,307	148,506
Total Equity Attributable to Owners of the Company	383,087	383,286
Non-controlling interests	(965)	(782)
Total equity	382,122	382,504
Non-current liabilities		
Deferred tax liabilities	1,500	1,500
Long term borrowings	39,759	51,573
Other long term liabilities	13,126	12,906
	54,385	65,979
Current liabilities		
Trade and other payables	64,685	49,826
Amount owing to contract customers	4,166	5,216
Short term borrowings	26,743	33,478
Bank overdrafts	12,546	7,863
Current tax liabilities	1,190	1,613
	109,330	97,996
Total liabilities	163,715	163,975
TOTAL EQUITY AND LIABILITIES	545,837	546,479
Net assets per share (in sen)	163	163

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2017

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 JUNE 2017 RM'000 <i>(unaudited)</i>	30 JUNE 2016 RM'000 <i>(unaudited)</i>	30 JUNE 2017 RM'000 <i>(unaudited)</i>	30 JUNE 2016 RM'000 <i>(unaudited)</i>
Continuing Operations				
Revenue	13,261	20,125	13,261	20,125
Cost of sales	(10,218)	(15,143)	(10,218)	(15,143)
Gross profit	3,043	4,982	3,043	4,982
Operating expenses	(2,931)	(4,062)	(2,931)	(4,062)
Depreciation and amortisation	(319)	(358)	(319)	(358)
Other income including investment income	487	569	487	569
Interest income	313	33	313	33
Finance cost	(1,028)	(1,019)	(1,028)	(1,019)
Share of profit of associates	437	233	437	233
Share of results in JV	0	0	0	0
Profit before tax	2	378	2	378
Income tax expense	(384)	(382)	(384)	(382)
Total comprehensive income	(382)	(4)	(382)	(4)
Profit attributable to:-				
Owners of the Parent	(199)	66	(199)	66
Non-controlling interests	(183)	(70)	(183)	(70)
	(382)	(4)	(382)	(4)
Earnings per share (in sen)				
Basic earnings per share (in sen)	(0.08)	0.03	(0.08)	0.03
Diluted earnings per share (in sen)	(0.08)	0.03	(0.08)	0.03

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 JUNE 2017

	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 Share Premium RM'000	Legal Reserve RM'000	Distributable Retained Profits RM'000	Total RM'000		
Balance at 1 April 2016	234,831	(51)	6,387	265	145,977	387,409	(131)	387,278
Total comprehensive income					(3,043)	(3,043)	(651)	(3,694)
Contributions by and distributions to owners of the Company: - Dividend					(1,080)	(1,080)	-	(1,080)
Balance at 31 March 2017 (audited)	234,831	(51)	6,387	265	141,854	383,286	(782)	382,504
Total comprehensive income					(199)	(199)	(183)	(382)
Contributions by and distributions to owners of the Company: - Dividend					-	-	-	-
Balance at 30 June 2017 (unaudited)	234,831	(51)	6,387	265	141,655	383,087	(965)	382,122

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2017)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2017

	3 MONTHS ENDED 30 JUNE 2017 RM'000 (unaudited)	3 MONTHS ENDED 30 JUNE 2016 RM'000 (unaudited)
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2	378
Adjustments for:		
Accretion of payables and receivables	220	-
Depreciation of property, plant and equipment	388	426
Interest expense	1,028	1,019
Interest income	(313)	(33)
Share of profit in associates	(437)	(233)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	888	1,557
(Increase)/Decrease in property development cost	(17,589)	10,062
Increase/(Decrease) in payables	14,859	(8,401)
Decrease / (Increase) in receivables	12,181	(1,945)
(Increase)/Decrease in net amount owing by / to contract customers	(77)	4,387
CASH FROM OPERATIONS	10,262	5,660
Interest paid	(1,028)	(1,019)
Taxes paid	(1,067)	(3,777)
NET CASH FROM OPERATING ACTIVITIES	8,167	864
2 CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	313	33
Purchase of property, plant and equipment	(50)	(91)
Payment for land held for property development	(461)	(154)
NET CASH FOR INVESTING ACTIVITIES	(198)	(212)
3 CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Net (repayment)/drawdown of loans	(18,549)	5,147
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(18,549)	5,147
4 NET INCREASE IN CASH AND CASH EQUIVALENTS	(10,580)	5,799
5 CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	7,148	(6,231)
6 CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	(3,432)	(432)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2017)

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 2017. 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 2017.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2017 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 2017.

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 30 June 2017, the number of treasury shares held in hand are 58,900 shares.

A7) Dividend Paid

There was no dividend paid during the financial period under review.

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	Liabilities Incurred RM'000
Construction	2,443	(197)	79,257	37,197
Property Development	12,868	(1,270)	482,028	243,240
Investment	1,786	210	340,268	59,207
Less : Inter-segment	(3,836)	1,259	(355,716)	(175,929)
Group	13,261	2	545,837	163,715

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

	Period ended 30/06/2017 RM'000	As at preceding financial year ended 31/03/2017 RM'000
Total retained profits		
- Realised	209,171	210,950
- Unrealised	(6,235)	(6,455)
Less: Consolidation adjustments	<u>(61,281)</u>	<u>(62,641)</u>
Total Group Retained Profits as per consolidated accounts	141,655	141,854

B1) Performance Review

The Group recorded revenue of RM13.26 million for the period ended 30 June 2017 compared to the corresponding period of the preceding year of RM20.13 million. The Group recorded a breakeven before tax result for the period compared to the corresponding period of the preceding year profit before tax of RM0.38 million. The breakeven before tax result is mostly reflective of timing between the completion of earlier projects and the commencement of new projects.

Financial review for current quarter and financial year-to-date:

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter RM'000 30/06/2017	Preceding Year Corresponding Quarter RM'000 30/06/2016	Changes (%)	Current Year To-date RM'000 30/06/2017	Preceding Year Corresponding Period RM'000 30/06/2016	Changes (%)
Revenue	13,261	20,125	(34%)	13,261	20,125	(34%)
Operating Profit	3,043	4,982	(39%)	3,043	4,982	(39%)
Profit Before Interest and Tax	1,030	1,397	(26%)	1,032	1,397	(26%)
Profit Before Tax	2	378	(99%)	2	378	(99%)
Loss After Tax	(382)	(4)	(100%)	(382)	(4)	(100%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(199)	66	(100%)	(199)	66	(100%)

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

The revenue for the current quarter is RM13.26 million compared to the preceding quarter of RM13.61 million. The Group achieved a breakeven before tax result for the current quarter as compared to the loss before tax for the preceding quarter of RM2.28 million. The breakeven before tax result is mostly reflective of timing between the completion of earlier projects and the commencement of new projects.

	Current Quarter 30/06/2017 RM'000	Immediate Preceding Quarter 31/03/2017 RM'000	Changes (%)
Revenue	13,261	13,612	(3%)
Operating Profit	3,043	1,581	92%
Profit/(Loss) Before Interest and Tax	1,030	(1,143)	100%
Profit/(Loss) Before Tax	2	(2,281)	100%
Loss After Tax	(382)	(3,120)	88%
Loss Attributable to Ordinary Equity Holders of the Parent holders of the parent	(199)	(2,948)	93%

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 will generate good prospects and activities to the Group in the coming years.

The project is expected to improve the revenues and results of the construction and property development segments in the coming years. The assets employed and liabilities incurred are expected to grow in tandem with the improvement in revenues and results.

The Group continues to source decent returns for the investment segment and anticipates the assets employed and liabilities incurred to grow in the coming years.

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

B3) Business Prospects (con't)

The breakdown by segment is as follows:-

Revenue	Current Year To-date 30/06/2017 RM'000	Preceding Year Corresponding Period 30/06/2016 RM'000	Changes (%)
Construction	2,443	6,462	(62%)
Property Development	12,868	22,200	(42%)
Investment	1,786	1,767	1%
Less: Inter-segment	(3,836)	(10,304)	(63%)
	<u>13,261</u>	<u>20,125</u>	<u>(34%)</u>
Profit Before Tax			
Construction	(197)	(529)	63%
Property Development	(1,270)	(163)	(100%)
Investment	210	(172)	100%
Add: Inter-segment	1,259	1,242	1%
	<u>2</u>	<u>378</u>	<u>(99%)</u>
Assets Employed			
Construction	79,257	92,990	(15%)
Property Development	482,028	520,507	(7%)
Investment	340,268	342,315	(1%)
Less: Inter-segment	(355,716)	(384,052)	(7%)
	<u>545,837</u>	<u>571,760</u>	<u>(5%)</u>
Liabilities Incurred			
Construction	37,197	48,527	(23%)
Property Development	243,240	274,629	(11%)
Investment	59,207	60,083	(1%)
Less: Inter-segment	(175,929)	(198,753)	(11%)
	<u>163,715</u>	<u>184,486</u>	<u>(11%)</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current year Quarter 30/06/2017 RM'000	Preceding year Corresponding Quarter ended 30/06/2016 RM'000	Current year To date 30/06/2017 RM'000	Preceding year Corresponding Period 30/06/2016 RM'000
Income tax expense	384	382	384	382
	<u>384</u>	<u>382</u>	<u>384</u>	<u>382</u>

The effective tax rate for the period 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 11 July 2017, 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.

B7) Details of Group Borrowings and Debt Securities

	As at 1 st Quarter Financial Year Ended 2018		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination	denomination	denomination
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdraft	-	12,546	12,546
Banker’s acceptance	-	749	749
Revolving loan	-	10,000	10,000
Term loans	39,651	15,799	55,450
Hire Purchase	108	195	303
Total	39,759	39,289	79,048

	As at 1 st Quarter Financial Year Ended 2017		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination	denomination	denomination
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdraft	-	15,732	15,732
Banker’s acceptance	-	7,500	7,500
Revolving loan	-	10,000	10,000
Term loans	60,102	18,388	78,490
Hire Purchase	300	244	544
Total	60,402	51,864	112,266

The decrease in short term borrowings’ banker’s acceptance is due to the timing of utilisation, whilst the decrease in long term borrowings is due to repayment.

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.

SBC CORPORATION BERHAD
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/(loss) after tax attributable to owners of the Parent by weighted average number of 234,771,885 (1st quarter 2017: 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 30/06/2017 RM’000	Year-to-date ended 30/06/2017 RM’000
Loss attributable to Owners of the Parent	(199)	(199)
Basic earnings per share (in sen)	(0.08)	(0.08)
Diluted earnings per share (in sen)	(0.08)	(0.08)

B12) Profit before tax

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

	Quarter ended 30/06/2017 RM’000	Year-to-date ended 30/06/2017 RM’000
(a) Interest income	(313)	(313)
(b) Other income including investment income	(487)	(487)
(c) Interest expense	1,028	1,028
(d) Depreciation and amortisation	388	388
(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	-	-