

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	AS AT CURRENT PERIOD ENDED 31 DECEMBER 2017 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2017 RM'000 (audited)
ASSETS		
Non-current assets		
Investment in associates	111,220	109,191
Investment in a joint venture	1,681	1,681
Property, plant and equipment	4,902	4,111
Biological assets	1,249	1,302
Investment properties	47,221	47,991
Land held for property development	127,546	126,751
Other investments	219	219
Goodwill on consolidation	9,495	9,495
Deferred tax assets	3,481	2,047
	307,014	302,788
Current assets		
Inventories	41,152	41,152
Property development costs	159,505	129,709
Trade and other receivables	37,309	46,893
Amount owing by contract customers	2,170	2,788
Amount owing by associates	3,366	3,366
Current tax assets	4,832	4,772
Short-term deposit with a licensed bank	1,230	600
Cash and bank balances	11,192	14,411
	260,756	243,691
TOTAL ASSETS	567,770	546,479
EQUITY AND LIABILITIES		
EQUITY		
Share capital	234,831	234,831
Treasury shares	(51)	(51)
Reserves	150,635	148,506
Total Equity Attributable to Owners of the Company	385,415	383,286
Non-controlling interests	(1,362)	(782)
Total equity	384,053	382,504
Non-current liabilities		
Deferred tax liabilities	1,500	1,500
Long term borrowings	60,602	51,573
Other long term liabilities	13,568	12,906
	75,670	65,979
Current liabilities		
Trade and other payables	51,797	49,826
Amount owing to contract customers	21,841	5,216
Short term borrowings	20,231	33,478
Bank overdrafts	13,630	7,863
Current tax liabilities	548	1,613
	108,047	97,996
Total liabilities	183,717	163,975
TOTAL EQUITY AND LIABILITIES	567,770	546,479
Net assets per share (in sen)	164	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 31 DECEMBER 2017

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 DECEMBER 2017 RM'000 <i>(unaudited)</i>	31 DECEMBER 2016 RM'000 <i>(unaudited)</i>	31 DECEMBER 2017 RM'000 <i>(unaudited)</i>	31 DECEMBER 2016 RM'000 <i>(unaudited)</i>
Continuing Operations				
Revenue	8,269	21,629	23,561	53,668
Cost of sales	(2,841)	(16,459)	(13,646)	(40,040)
Gross profit	5,428	5,170	9,915	13,628
Operating expenses	(3,920)	(3,061)	(10,021)	(9,867)
Depreciation and amortisation	(396)	(362)	(1,032)	(1,084)
Other income including investment income	3,169	524	4,115	1,555
Interest income	428	54	779	211
Finance cost	(1,096)	(1,428)	(2,969)	(3,920)
Share of profit of associates	222	(304)	2,029	1,545
Profit before tax	3,835	593	2,816	2,068
Income tax expense	(588)	(1,391)	(1,267)	(2,565)
Total comprehensive (expense)/income	3,247	(798)	1,549	(497)
(Loss)/Profit attributable to:-				
Owners of the Parent	3,461	(643)	2,129	(4)
Non-controlling interests	(214)	(155)	(580)	(493)
	3,247	(798)	1,549	(497)
Earnings per share (in sen)				
Basic earnings per share (in sen)	1.48	(0.27)	0.91	0.00
Diluted earnings per share (in sen)	1.48	(0.27)	0.91	0.00

(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 31 DECEMBER 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 expense					(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					2,129	2,129	(580)	1,549
Contributions by and distributions to owners of the Company: - Dividend					-	-	-	-
Balance at 31 December 2017 (unaudited)	234,831	(51)	6,387	265	143,983	385,415	(1,362)	384,053

(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 31 DECEMBER 2017

	9 MONTHS ENDED 31 DECEMBER 2017 RM'000 (unaudited)	9 MONTHS ENDED 31 DECEMBER 2016 RM'000 (unaudited)
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,816	2,068
Adjustments for:		
Accretion of payables and receivables	939	617
Depreciation of property, plant and equipment	1,241	1,290
Interest expense	2,969	3,920
Interest income	(779)	(211)
Share of profit in associates	(2,029)	(1,545)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,157	6,139
(Increase)/Decrease in property development cost	(29,796)	14,704
Decrease in inventory	-	2,648
Increase/(Decrease) in payables	1,694	(5,261)
Decrease in receivables	9,584	12,204
Decrease in amount owing by associates	-	17
Decrease in net amount owing by / to contract customers	17,243	2,921
CASH FROM OPERATIONS	3,882	33,372
Interest paid	(2,969)	(3,920)
Taxes paid	(3,826)	(8,867)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(2,913)	20,585
2 CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	779	211
Dividend received from associates	-	117
Purchase of property, plant and equipment	(1,209)	(107)
Payment for land held for property development	(795)	(718)
NET CASH FOR INVESTING ACTIVITIES	(1,225)	(497)
3 CASH FLOWS FOR FINANCING ACTIVITIES		
Net repayment of loans	(4,218)	(3,530)
Dividend paid to holders of ordinary shares	-	(1,080)
NET CASH FOR FINANCING ACTIVITIES	(4,218)	(4,610)
4 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(8,356)	15,478
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	(1,208)	9,247

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

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

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 31 December 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	33,376	1,547	97,186	53,903
Property Development	38,009	606	499,336	260,408
Investment	9,006	4,268	340,126	55,533
Less : Inter-segment	(56,830)	(3,605)	(368,878)	(186,127)
Group	<u>23,561</u>	<u>2,816</u>	<u>567,770</u>	<u>183,717</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 except as follows:-

SBC had on 7th November, 2017 incorporated a 50% owned company called Cabana Investments Holdings Pte Ltd (“CIH”) in Singapore.

Subsequently on 20th November, 2017 CIH incorporated a wholly-owned subsidiary company called Cabana Investments Holdings Pty Ltd (“CIHPL”) in Australia.

A11) Contingent Liabilities / Assets

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

B1) Performance Review

The Group recorded revenue of RM23.56 million for the period ended 31 December 2017 compared to the corresponding period of the preceding year of RM53.67 million. The Group recorded a profit before tax of RM2.82 million for the period compared to the corresponding period of the preceding year profit before tax of RM2.07 million. The profit before tax is derived from the gradual work done of new projects.

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

	Individual Quarter			Cumulative Quarter		
	Current Year	Preceding Year	Changes (%)	Current Year	Preceding Year	Changes (%)
	Quarter	Corresponding		To-date	Corresponding	
RM'000	Quarter	Quarter	RM'000	Period		
	31/12/2017	31/12/2016		31/12/2017	31/12/2016	
Revenue	8,269	21,629	(62%)	23,561	53,668	(56%)
Operating Profit	5,428	5,170	5%	9,915	13,628	(27%)
Profit Before Interest and Tax	4,931	2,021	100%	5,785	5,988	(3%)
Profit Before Tax	3,835	593	100%	2,816	2,068	36%
Profit/(Loss) After Tax	3,247	(798)	100%	1,549	(497)	100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,461	(643)	100%	2,129	(4)	100%

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

The revenue for the current quarter is RM8.27 million compared to the preceding quarter of RM2.03 million. The Group incurred a profit before tax of RM3.84 million for the current quarter as compared to the loss before tax of RM1.02 million for the preceding quarter. The profit before tax is derived from the gradual work done of new projects.

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

B2) Comparison of profit before tax for the quarter with the immediate preceding quarter (con't)

	Current Quarter 31/12/2017 RM'000	Immediate Preceding Quarter 30/09/2017 RM'000	Changes (%)
Revenue	8,269	2,031	100%
Operating Profit	5,428	1,444	100%
Profit/(Loss) Before Interest and Tax	4,931	(176)	100%
Profit/(Loss) Before Tax	3,835	(1,021)	100%
Profit/(Loss) After Tax	3,247	(1,316)	100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	3,461	(1,133)	100%

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.

The breakdown by segment is as follows:-

	Current Year To-date 31/12/2017 RM'000	Preceding Year Corresponding Period 31/12/2016 RM'000	Changes (%)
Revenue			
Construction	33,376	9,952	100%
Property Development	38,009	48,566	(22%)
Investment	9,006	5,295	100%
Less: Inter-segment	(56,830)	(10,145)	(100%)
	<u>23,561</u>	<u>53,668</u>	<u>(56%)</u>
Profit Before Tax			
Construction	1,547	(2,302)	100%
Property Development	606	(1,414)	100%
Investment	4,268	(749)	100%
Less: Inter-segment	(3,605)	6,533	(100%)
	<u>2,816</u>	<u>2,068</u>	<u>36%</u>

B3) Business Prospects (con't)

The breakdown by segment is as follows (con't) :-

Assets Employed	Current Year To-date	Preceding Year	Changes (%)
	31/12/2017	Corresponding Period	
	RM'000	31/12/2016	
		RM'000	
Construction	97,186	81,861	19%
Property Development	499,336	516,937	(3%)
Investment	340,126	339,493	0%
Less: Inter-segment	(368,878)	(368,312)	0%
	<u>567,770</u>	<u>569,979</u>	<u>0%</u>
Liabilities Incurred			
Construction	53,903	39,042	38%
Property Development	260,408	274,114	(5%)
Investment	55,533	59,223	(6%)
Less: Inter-segment	(186,127)	(188,101)	(1%)
	<u>183,717</u>	<u>184,278</u>	<u>0%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current year	Preceding year	Current year	Preceding year
	Quarter	Corresponding	To date	Corresponding
	31/12/2017	Quarter ended	31/12/2017	Period
	RM'000	31/12/2016	RM'000	31/12/2016
		RM'000		RM'000
Income tax expense	588	1,391	1,267	2,565
	<u>588</u>	<u>1,391</u>	<u>1,267</u>	<u>2,565</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.

At the Annual General Meeting held on 20 September 2017, the shareholders of the Company had approved the Proposed Share Buy-Back Renewal.

B7) Details of Group Borrowings and Debt Securities

	As at 3 rd Quarter Financial Year Ended 2018		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination RM'000	denomination RM'000	denomination RM'000
<u>Secured</u>			
Bank overdraft	-	13,630	13,630
Banker's acceptance	-	3,015	3,015
Revolving loan	-	7,261	7,261
Term loans	60,550	9,800	70,350
Hire Purchase	52	155	207
Total	60,602	33,861	94,463

	As at 3 rd Quarter Financial Year Ended 2017		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination RM'000	denomination RM'000	denomination RM'000
<u>Secured</u>			
Bank overdraft	-	23,359	23,359
Banker's acceptance	-	940	940
Revolving loan	-	9,700	9,700
Term loans	51,942	24,852	76,794
Hire Purchase	204	199	403
Total	52,146	59,050	111,196

The decrease in short term borrowings is due to the timing of utilisation, whilst the increase in long term borrowings is due to drawdown for new projects.

B8) Derivatives

There were no derivatives entered into by the Group for the financial period under review.

B9) 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.

B10) Material Litigation

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

B11) Dividend

Not applicable

SBC CORPORATION BERHAD
NOTES TO INTERIM FINANCIAL REPORT

B12) 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 (3rd 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 31/12/2017 RM’000	Year-to-date ended 31/12/2017 RM’000
Profit attributable to Owners of the Parent	3,461	2,129
Basic earnings per share (in sen)	1.48	0.91
Diluted earnings per share (in sen)	1.48	0.91

B13) Profit/(Loss) before tax

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

	Quarter ended 31/12/2017 RM’000	Year-to-date ended 31/12/2017 RM’000
(a) Interest income	(428)	(779)
(b) Other income including investment income	(3169)	(4,115)
(c) Interest expense	1,096	2,969
(d) Depreciation and amortisation	466	1,241
(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	-	-