

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2018

	AS AT CURRENT PERIOD ENDED 30 SEPTEMBER 2018 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2018 RM'000 (audited)
ASSETS		
Non-current assets		
Investment in associates	110,220	109,499
Investment in joint ventures	662	662
Property, plant and equipment	4,639	4,764
Biological assets	1,195	1,231
Investment properties	46,452	46,965
Land held for property development	128,732	127,847
Other investments	219	219
Goodwill on consolidation	9,495	9,495
Deferred tax assets	5,182	4,081
	306,796	304,763
Current assets		
Inventories	39,006	40,491
Property development costs	224,620	224,524
Trade and other receivables	37,559	43,543
Amount owing by contract customers	6,341	4,662
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	-	1,205
Current tax assets	3,663	3,785
Short-term deposit with a licensed bank	930	930
Cash and bank balances	9,471	13,527
	324,956	336,033
TOTAL ASSETS	631,752	640,796
EQUITY AND LIABILITIES		
EQUITY		
Share capital	241,218	241,218
Treasury shares	(51)	(51)
Reserves	148,325	144,231
Total Equity Attributable to Owners of the Company	389,492	385,398
Non-controlling interests	(2,196)	(1,723)
Total equity	387,296	383,675
Non-current liabilities		
Deferred tax liabilities	1,500	1,500
Long term borrowings	32,800	34,105
Other Payables	80,458	79,985
	114,758	115,590
Current liabilities		
Trade and other payables	44,646	52,230
Amount owing to contract customers	33,759	31,491
Short term borrowings	42,267	54,317
Bank overdrafts	5,402	1,107
Current tax liabilities	3,624	2,386
	129,698	141,531
Total liabilities	244,456	257,121
TOTAL EQUITY AND LIABILITIES	631,752	640,796
Net assets per share (in sen)	165	163

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO-DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 SEPTEMBER 2018 RM'000 <i>(unaudited)</i>	30 SEPTEMBER 2017 RM'000 <i>(unaudited)</i>	30 SEPTEMBER 2018 RM'000 <i>(unaudited)</i>	30 SEPTEMBER 2017 RM'000 <i>(unaudited)</i>
Continuing Operations				
Revenue	33,715	2,031	51,384	15,292
Cost of sales	(19,914)	(587)	(36,338)	(10,805)
Gross profit	13,801	1,444	15,046	4,487
Operating expenses	(5,420)	(3,170)	(9,415)	(6,101)
Depreciation and amortisation	(337)	(317)	(674)	(636)
Other income including investment income	454	459	974	946
Interest income	122	38	639	351
Finance cost	(1,079)	(845)	(1,972)	(1,873)
Share of profit of associates	244	1,370	722	1,807
Profit/(Loss) before tax	7,785	(1,021)	5,320	(1,019)
Income tax expense	(2,143)	(295)	(1,699)	(679)
Total comprehensive income/(expense)	5,642	(1,316)	3,621	(1,698)
Profit/(Loss) attributable to:-				
Owners of the Parent	5,884	(1,133)	4,094	(1,332)
Non-controlling interests	(242)	(183)	(473)	(366)
	5,642	(1,316)	3,621	(1,698)
Earnings/(Loss) per share (in sen)				
Basic earnings/(loss) per share (in sen)	2.50	(0.49)	1.74	(0.57)
Diluted earnings/(loss) per share (in sen)	2.50	(0.49)	1.74	(0.57)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	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 2017	234,831	(51)	6,387	265	141,854	383,286	(782)	382,504
Total comprehensive income					2,112	2,112	(941)	1,171
Transfer to share capital upon implementation of the Companies Act 2016	6,387	-	(6,387)	-	-	-	-	-
Balance at 31 March 2018 (audited)	241,218	(51)	-	265	143,966	385,398	(1,723)	383,675
Total comprehensive income					4,094	4,094	(473)	3,621
Balance at 30 September 2018 (unaudited)	241,218	(51)	-	265	148,060	389,492	(2,196)	387,296

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2018)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2018

	6 MONTHS ENDED 30 SEPTEMBER 2018 RM'000 (unaudited)	6 MONTHS ENDED 30 SEPTEMBER 2017 RM'000 (unaudited)
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	5,320	(1,019)
Adjustments for:		
Accretion of payables and receivables	473	718
Depreciation of property, plant and equipment	816	775
Interest expense	1,972	1,873
Interest income	(639)	(351)
Share of profit in associates	(721)	(1,807)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	7,221	189
(Increase) in property development cost	(173)	(24,534)
Decrease in inventory	1,485	-
(Decrease)/Increase in payables	(7,584)	14,146
Decrease in receivables	5,984	22,091
Increase in net amount owing by / to contract customers	589	4,057
CASH FROM OPERATIONS	7,522	15,949
Interest paid	(1,972)	(1,873)
Taxes paid	(1,440)	(2,279)
NET CASH FROM OPERATING ACTIVITIES	4,110	11,797
2 CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	639	351
Purchase of property, plant and equipment	(142)	(1,132)
Payment for land held for property development	(808)	(657)
Proceeds from joint venture	1,205	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES	894	(1,438)
3 CASH FLOWS FOR FINANCING ACTIVITIES		
Net repayment of loans	(13,355)	(17,953)
NET CASH FOR FINANCING ACTIVITIES	(13,355)	(17,953)
4 NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,351)	(7,594)
5 CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	12,720	7,148
6 CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	4,369	(446)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2018)

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 2018. 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 2018.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2018 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 2018.

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 September 2018, 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	31,782	682	123,314	76,419
Property Development	51,363	8,226	560,538	311,755
Investment	3,873	(605)	343,834	60,493
Less : Inter-segment	(35,634)	(2,983)	(395,934)	(204,211)
Group	<u>51,384</u>	<u>5,320</u>	<u>631,752</u>	<u>244,456</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.

B1) Performance Review

The Group recorded revenue of RM51.38 million for the period ended 30 September 2018 compared to the corresponding period of the preceding year of RM15.29 million. The Group recorded a profit before tax of RM5.32 million for the period compared to the corresponding period of the preceding year of loss before tax of RM1.02 million. The profit before tax is reflective of the gradual uptake of Jesselton Quay Central work done and sale of stock of completed 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 Quarter		To-date	Corresponding Period	
RM'000	RM'000		RM'000	RM'000		
	30/09/2018	30/09/2017		30/09/2018	30/09/2017	
Revenue	33,715	2,031	100%	51,384	15,292	100%
Operating Profit	13,801	1,444	100%	15,046	4,487	100%
Profit/(Loss) Before Interest and Tax	8,864	(176)	100%	7,292	854	100%
Profit/(Loss) Before Tax	7,785	(1,021)	100%	5,320	(1,019)	100%
Profit/(Loss) After Tax	6,086	(1,316)	100%	3,621	(1,698)	100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	5,884	(1,133)	100%	4,094	(1,332)	100%

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

The revenue for the current quarter is RM33.72 million compared to the preceding quarter of RM17.67 million. The Group recorded a profit before tax of RM7.79 million for the current quarter as compared to the loss before tax for the preceding quarter of RM2.47 million. The profit before tax is reflective of the gradual uptake of Jesselton Quay Central work done and sale of stock of completed projects.

	Current Quarter 30/09/2018 RM'000	Immediate Preceding Quarter 30/06/2018 RM'000	Changes (%)
Revenue	33,715	17,669	91%
Operating Profit	13,801	1,245	100%
Profit/(Loss) Before Interest and Tax	8,864	(1,572)	100%
Profit/(Loss) Before Tax	7,785	(2,465)	100%
Profit/(Loss) After Tax	5,642	(2,021)	100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent holders of the parent	5,884	(1,790)	100%

B3) Business Prospects

Barring any unforeseen circumstances, the Board of Directors is optimistic about the prospects moving forward because of the steady progress of the construction work at Jesselton Quay (Kota Kinabalu) and the project will generate good prospects and activities to the Group in the coming years.

The Group anticipates the Gross Development Value (“GDV”) to be achieved at JQ Central in the near future will approximate to RM400 million, which is just past the halfway mark of the total estimated GDV of RM700 million. This is achievable given the domestic market’s renewed confidence, coupled with strong support from end-financiers and project financiers.

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 30/09/2018 RM'000	Preceding Year Corresponding Period 30/09/2017 RM'000	Changes (%)
Construction	31,782	13,104	100%
Property Development	51,363	17,907	4%
Investment	3,873	3,563	8%
Less: Inter-segment	(35,634)	(19,282)	(100%)
	<u>51,384</u>	<u>15,292</u>	<u>33%</u>
Profit Before Tax			
Construction	682	618	78%
Property Development	8,226	(2,290)	100%
Investment	(605)	379	(100%)
Add: Inter-segment	(2,983)	274	1%
	<u>5,320</u>	<u>(1,019)</u>	<u>(100%)</u>
Assets Employed			
Construction	123,314	79,656	57%
Property Development	560,538	480,700	13%
Investment	343,834	340,283	1%
Less: Inter-segment	(395,934)	(351,476)	(10%)
	<u>631,752</u>	<u>549,163</u>	<u>13%</u>
Liabilities Incurred			
Construction	76,419	37,058	100%
Property Development	311,755	240,049	23%
Investment	60,493	59,233	2%
Less: Inter-segment	(204,211)	(167,983)	(14%)
	<u>244,456</u>	<u>168,357</u>	<u>45%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current year Quarter 30/09/2018 RM'000	Preceding year Corresponding Quarter ended 30/09/2017 RM'000	Current year To date 30/09/2018 RM'000	Preceding year Corresponding Period 30/09/2017 RM'000
Income tax expense	2,143	295	1,699	679
	<u>2,143</u>	<u>295</u>	<u>1,699</u>	<u>679</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

- (i) On 18 July 2018, 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 26 September 2018, the shareholders of the Company had approved the Proposed Share Buy-Back Renewal.

- (ii) On 25 October 2018, the Company proposed to undertake a private placement of up to 10% of the total number of issued ordinary shares of the Company by issuing up to 23,477,188 new ordinary shares. The proceeds from the private placement will be utilised mainly for funding the JQ Central development and general working capital. On 13 November 2018, Bursa Securities approved the listing of and quotation for up to 23,477,188 new ordinary shares to be issued pursuant to the Proposed Private Placement on the Main Market of Bursa Securities subject to all the relevant provisions under the Main Market Listing Requirements pertaining to the implementation of the Proposed Private Placement. The Company has yet to issue any Placement Shares as at the date of this report.

B7) Details of Group Borrowings and Debt Securities

	As at 2 nd Quarter Financial Year Ended 2019		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination	denomination	denomination
	RM'000	RM'000	RM'000
<u>Secured</u>			
Bank overdraft	-	5,402	5,402
Banker's acceptance	-	7,609	7,609
Revolving loan	-	10,000	10,000
Term loans	32,719	24,557	57,276
Hire Purchase	81	101	182
Total	32,800	47,669	80,469

	As at 2 nd 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	-	12,702	12,702
Banker's acceptance	-	4,356	4,356
Revolving loan	-	7,261	7,261
Term loans	39,426	15,800	55,226
Hire Purchase	80	175	255
Total	39,506	40,294	79,800

The increase in short term borrowings is mainly due to some long-term amounts now classified as short-term. Minimal changes to the borrowings level mainly due to the timing of retiring old borrowings matching with the drawdown of new borrowings during the period.

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

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 (2nd quarter 2018: 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 30/09/2018 RM’000	Year-to-date ended 30/09/2018 RM’000
Profit attributable to Owners of the Parent	5,884	4,094
Basic earnings per share (in sen)	2.50	1.74
Diluted earnings per share (in sen)	2.50	1.74

B13) Profit before tax

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

	Quarter ended 30/09/2018 RM’000	Year-to-date ended 30/09/2018 RM’000
(a) Interest income	(122)	(639)
(b) Other income including investment income	(454)	(974)
(c) Interest expense	1,079	1,972
(d) Depreciation and amortisation	409	816
(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	-	-