

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	AS AT CURRENT FINANCIAL YEAR ENDED 31 MARCH 2019 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2018 RM'000 (audited)
ASSETS		
Non-current assets		
Investment in associates	110,278	109,499
Investment in joint ventures	-	662
Property, plant and equipment	4,455	4,764
Biological assets	1,159	1,231
Investment properties	45,938	46,965
Land held for property development	128,771	127,847
Other investments	219	219
Goodwill on consolidation	9,495	9,495
Deferred tax assets	6,220	4,081
	306,535	304,763
Current assets		
Inventories	39,006	40,491
Property development costs	209,704	224,524
Contract costs	866	-
Trade and other receivables	66,922	43,543
Amount owing by contract customers	9,216	4,662
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	5,762	1,205
Current tax assets	5,652	3,785
Short-term deposit with a licensed bank	830	930
Cash and bank balances	23,631	13,527
	364,955	336,033
TOTAL ASSETS	671,490	640,796
EQUITY AND LIABILITIES		
EQUITY		
Share capital	251,800	241,218
Treasury shares	(51)	(51)
Reserves	157,051	144,231
Total Equity Attributable to Owners of the Company	408,800	385,398
Non-controlling interests	(905)	(1,723)
Total equity	407,895	383,675
Non-current liabilities		
Deferred tax liabilities	1,500	1,500
Long term borrowings	34,057	34,105
Other Payables	79,464	79,985
	115,021	115,590
Current liabilities		
Trade and other payables	55,975	52,230
Amount owing to contract customers	39,621	31,491
Short term borrowings	28,195	54,317
Bank overdrafts	17,919	1,107
Current tax liabilities	6,864	2,386
	148,574	141,531
Total liabilities	263,595	257,121
TOTAL EQUITY AND LIABILITIES	671,490	640,796
Net assets per share (in sen)	168	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 31 MARCH 2019

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR TO DATE
	31 MARCH 2019 RM'000 <i>(unaudited)</i>	31 MARCH 2018 RM'000 <i>(unaudited)</i>	31 MARCH 2019 RM'000 <i>(unaudited)</i>	31 MARCH 2018 RM'000 <i>(audited)</i>
Continuing Operations				
Revenue	42,831	24,401	143,638	51,992
Cost of sales	(30,890)	(18,532)	(101,699)	(31,071)
Gross profit	11,941	5,869	41,939	20,921
Operating expenses	(4,785)	(4,939)	(18,194)	(17,440)
Depreciation and amortisation	(316)	(346)	(1,359)	(1,378)
Other income including investment income	473	679	1,938	5,574
Interest income	139	54	1,154	833
Finance cost	(741)	(1,078)	(3,945)	(4,155)
Share of (loss)/profit of associates	(125)	1,228	516	1,439
Share of results in JV	59	(316)	59	(21)
Profit before tax	6,645	1,151	22,108	5,773
Income tax expense	(3,500)	(1,412)	(8,205)	(4,602)
Total comprehensive income	3,145	(261)	13,903	1,171
Profit attributable to:-				
Owners of the Parent	3,435	100	13,085	2,112
Non-controlling interests	(290)	(361)	818	(941)
	3,145	(261)	13,903	1,171
Earnings per share (in sen)				
Basic earnings per share (in sen)	1.32	0.04	5.39	0.90
Diluted earnings per share (in sen)	1.32	0.04	5.39	0.90

(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 31 MARCH 2019

	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 <i>(audited)</i>	241,218	(51)	-	265	143,966	385,398	(1,723)	383,675
Total comprehensive income					13,085	13,085	818	13,903
Legal reserve no longer required				(265)		(265)		(265)
Contributions by and distributions to owners of the Company:								
- Issuance of shares	10,717					10,717		10,717
- share issuance expenses	(135)					(135)		(135)
Balance at 31 March 2019 <i>(unaudited)</i>	251,800	(51)	-	-	157,051	408,800	(905)	407,895

(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 31 MARCH 2019

	12 MONTHS ENDED 31 MARCH 2019 RM'000 (unaudited)	12 MONTHS ENDED 31 MARCH 2018 RM'000 (audited)
1 CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	22,108	5,773
Adjustments for:		
Accretion of payables and receivables	946	1,662
Depreciation of property, plant and equipment	1,643	1,658
Unrealised Gain on foreign exchange	-	(207)
Interest expense	3,945	3,751
Interest income	(1,154)	(833)
Share of profit in associates	(516)	(1,439)
Share of results in joint venture	(59)	21
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	26,913	10,386
Decrease/(Increase) in property development cost	14,744	(4,697)
Decrease in inventory	1,485	661
Increase in contract costs	(866)	-
Increase/(Decrease) in payables	2,278	(19,919)
(Increase)/Decrease in receivables	(23,379)	3,350
Net increase in amount owing to contract customers	3,576	24,401
CASH FROM OPERATIONS	24,751	14,182
Interest paid	(3,945)	(6,225)
Taxes paid	(7,733)	(4,876)
NET CASH FROM OPERATING ACTIVITIES	13,073	3,081
2 CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	1,154	833
Dividend received from associates	231	1,131
Purchase of property, plant and equipment	(235)	(1,214)
Payment for land held for property development	(848)	(1,000)
Placement of fixed deposits with maturity periods more than 3 months	-	(630)
Increase in investments in associates	(493)	-
Proceeds from a joint venture	1,205	-
Advances to a joint venture	(5,918)	-
Dividend received from joint venture	611	-
NET CASH FOR INVESTING ACTIVITIES	(4,293)	(880)
3 CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Net repayment of loans	(26,170)	3,371
Proceed from issuance of new shares	10,717	-
Payment of expenses on issuance of new shares	(135)	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES	(15,588)	3,371
4 NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(6,808)	5,572
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	5,912	12,720

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

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 except for the following:-

- (i) On 28 November 2018, the Company issued 23,298,268 Private Placement Shares at RM0.46 per share.
- (ii) As at 31 March 2019, 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	98,881	3,871	141,941	92,580
Property Development	157,437	26,489	577,835	317,387
Investment	7,985	(388)	353,464	59,546
Less : Inter-segment	(120,665)	(7,864)	(401,750)	(205,918)
Group	<u>143,638</u>	<u>22,108</u>	<u>671,490</u>	<u>263,595</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 RM143.64 million for the year ended 31 March 2019 compared to the preceding year of RM51.99 million. The Group recorded a profit before tax of RM22.11 million for the year compared to the preceding year profit before tax of RM5.77 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		To-date	Corresponding	
RM'000	Quarter	Quarter	RM'000	Period	RM'000	
	31/03/2019	31/03/2018		31/03/2019	31/03/2018	
Revenue	42,831	24,401	76%	143,638	51,992	100%
Operating Profit	11,941	5,869	100%	41,939	20,921	100%
Profit Before Interest and Tax	7,386	2,229	100%	26,053	9,928	100%
Profit Before Tax	6,645	1,151	100%	22,108	5,773	100%
Profit/(Loss) After Tax	3,145	(261)	100%	13,903	1,171	100%
Profit Attributable to Ordinary Equity Holders of the Parent	3,435	100	100%	13,085	2,112	100%

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

The revenue for the current quarter is RM42.83 million compared to the preceding quarter of RM49.42 million. The Group recorded a profit before tax of RM6.65 million for the current quarter as compared to the profit before tax for the preceding quarter of RM10.14 million. The decrease in profit before tax is mainly due to costs incurred in selling completed units.

	Current Quarter 31/03/2019 RM'000	Immediate Preceding Quarter 31/12/2018 RM'000	Changes (%)
Revenue	42,831	49,423	(13%)
Operating Profit	11,941	14,952	(20%)
Profit Before Interest and Tax	7,386	11,375	(35%)
Profit Before Tax	6,645	10,143	(34%)
Profit After Tax	3,145	7,137	(56%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	3,435	5,556	(38%)

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.

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NOTES TO INTERIM FINANCIAL REPORT

B3) Business Prospects (cont'd)

The breakdown by segment is as follows:-

Revenue	Current Year To-date 31/03/2019 RM'000	Preceding Year Corresponding Period 31/03/2018 RM'000	Changes (%)
Construction	98,881	59,298	67%
Property Development	157,437	71,600	100%
Investment	7,985	12,032	(34%)
Less: Inter-segment	(120,665)	(90,938)	33%
	<u>143,638</u>	<u>51,992</u>	<u>100%</u>
Profit Before Tax			
Construction	3,871	7,101	(45%)
Property Development	26,489	10,271	100%
Investment	(388)	4,307	(100%)
Add: Inter-segment	(7,864)	(15,906)	(51%)
	<u>22,108</u>	<u>5,773</u>	<u>100%</u>
Assets Employed			
Construction	141,941	141,828	0%
Property Development	577,835	607,871	(5%)
Investment	353,464	402,122	(12%)
Less: Inter-segment	(401,750)	(511,025)	(21%)
	<u>671,490</u>	<u>640,796</u>	<u>5%</u>
Liabilities Incurred			
Construction	92,580	95,449	(3%)
Property Development	317,387	361,351	(12%)
Investment	59,546	119,767	(50%)
Less: Inter-segment	(205,918)	(319,446)	(36%)
	<u>263,595</u>	<u>257,121</u>	<u>3%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

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NOTES TO INTERIM FINANCIAL REPORT

B5) Taxation

	Current year Quarter 31/03/2019 RM'000	Preceding year Corresponding Quarter ended 31/03/2018 RM'000	Current year To date 31/03/2019 RM'000	Preceding year Corresponding Period 31/03/2018 RM'000
Income tax expense	3,500	1,412	8,205	4,602
	<u>3,500</u>	<u>1,412</u>	<u>8,205</u>	<u>4,602</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.

On 28 November 2018, the Company issued 23,298,268 Private Placement Shares at RM0.46 per share, generating RM10,717,203.28 for the Company. The proceeds were channeled towards funding the JQ Central development and general working capital. The total number of issued ordinary shares fully paid is now 258,129,053 and the total number of treasury share held is 58,900.

B6) Status of Corporate Proposals (cont'd)

On 29 November 2018, the Company completed the listing and quotation of 23,298,268 Private Placement Shares on the Main Market of Bursa Securities. The status of utilisation of proceeds raised from the Private Placement as of 31 March 2019 was as follow:-

Purpose	Proposed Utilisation RM'000	Intended Timeframe for Utilisation	Actual Proceeds Received RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Explanation
(i) Working capital for the business operation expenditures of the Group (JQ Central development & general working capital)	11,135	Within twelve (12) months	10,582	10,582	Nil	Full utilisation of amount received from Private Placement
(ii) Estimated expenses relating to the Proposed Private Placement	134	Within three (3) months	135	135	Nil	Full utilisation of amount received from Private Placement
Total	11,269		10,717	10,717		

B7) Details of Group Borrowings and Debt Securities

	As at 4 th Quarter Financial Year Ended 2019		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination RM'000	denomination RM'000	denomination RM'000
<u>Secured</u>			
Bank overdraft	-	17,919	17,919
Banker's acceptance	-	8,600	8,600
Revolving loan	-	10,000	10,000
Term loans	33,986	9,550	43,536
Hire Purchase	71	45	116
Total	34,057	46,114	80,171

	As at 4 th 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	-	1,107	1,107
Banker's acceptance	-	8,995	8,995
Revolving loan	-	10,000	10,000
Term loans	34,088	35,180	69,268
Hire Purchase	17	142	159
Total	34,105	55,424	89,529

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

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NOTES TO INTERIM FINANCIAL REPORT

B12) 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 242,623,082 (4th 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 31/03/2019 RM’000	Year-to-date ended 31/03/2019 RM’000
Profit attributable to Owners of the Parent	3,435	13,085
Basic earnings per share (in sen)	1.32	5.39
Diluted earnings per share (in sen)	1.32	5.39

B13) Profit before tax

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

	Quarter ended 31/03/2019 RM’000	Year-to-date ended 31/03/2019 RM’000
(a) Interest income	(139)	(1,154)
(b) Other income including investment income	(473)	(1,938)
(c) Interest expense	741	3,945
(d) Depreciation and amortisation	388	1,643
(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	-	-