

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

	<b>AS AT CURRENT FINANCIAL YEAR ENDED 31 DECEMBER 2019 RM'000 (unaudited)</b>	<b>AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2019 RM'000 (audited)</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in associates	110,537	110,309
Property, plant and equipment	4,128	4,456
Investment properties	90,776	45,938
Land held for property development	129,496	128,771
Goodwill on consolidation	9,495	9,495
Deferred tax assets	3,087	5,171
Other assets	1,325	1,378
	<b>348,844</b>	<b>305,518</b>
<b>Current assets</b>		
Inventories	262,908	254,522
Contract assets	7,254	62,880
Trade and other receivables	15,382	14,847
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	5,028	5,762
Current tax assets	2,912	6,129
Short-term deposit with a licensed bank	2,320	830
Cash and bank balances	13,730	20,590
	<b>312,900</b>	<b>368,926</b>
<b>TOTAL ASSETS</b>	<b>661,744</b>	<b>674,444</b>
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	251,800	251,800
Treasury shares	(51)	(51)
Reserves	169,210	156,422
Total Equity Attributable to Owners of the Company	420,959	408,171
Non-controlling interests	(1,696)	(906)
<b>Total equity</b>	<b>419,263</b>	<b>407,265</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	1,500	1,500
Long term borrowings	31,363	34,057
Other Payables	72,979	70,911
	<b>105,842</b>	<b>106,468</b>
<b>Current liabilities</b>		
Trade and other payables	73,142	105,013
Contract liabilities	25,888	2,254
Short term borrowings	15,336	28,196
Bank overdrafts	14,548	17,919
Current tax liabilities	7,725	7,329
	<b>136,639</b>	<b>160,711</b>
<b>Total liabilities</b>	<b>242,481</b>	<b>267,179</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>661,744</b>	<b>674,444</b>
<b>Net assets per share (in sen)</b>	<b>162</b>	<b>168</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)*

SBC CORPORATION BERHAD  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 31 DECEMBER 2019

	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 DECEMBER 2019 RM'000 <i>(unaudited)</i>	31 DECEMBER 2018 RM'000 <i>(unaudited)</i>	31 DECEMBER 2019 RM'000 <i>(unaudited)</i>	31 DECEMBER 2018 RM'000 <i>(unaudited)</i>
<b>Continuing Operations</b>				
Revenue	31,222	49,423	127,225	100,807
Cost of sales	(21,899)	(34,470)	(89,436)	(70,808)
<b>Gross profit</b>	<b>9,323</b>	<b>14,952</b>	<b>37,789</b>	<b>29,998</b>
Operating expenses	(4,730)	(3,994)	(16,247)	(13,409)
Depreciation and amortisation	(318)	(369)	(953)	(1,043)
Other income including investment income	1,674	491	2,649	1,465
Interest income	124	376	541	1,015
Finance cost	(576)	(1,232)	(1,707)	(3,204)
Share of results in associates	412	(81)	228	641
Share of results in joint ventures	(4)	0	(100)	0
<b>Profit before tax</b>	<b>5,905</b>	<b>10,143</b>	<b>22,200</b>	<b>15,463</b>
Income tax expense	(1,398)	(3,006)	(7,621)	(4,705)
<b>Total comprehensive income</b>	<b>4,507</b>	<b>7,137</b>	<b>14,579</b>	<b>10,758</b>
<b>Profit attributable to:-</b>				
<b>Owners of the Parent</b>	4,752	5,556	15,369	9,650
<b>Non-controlling interests</b>	(245)	1,581	(790)	1,108
	<b>4,507</b>	<b>7,137</b>	<b>14,579</b>	<b>10,758</b>
<b>Earnings per share (in sen)</b>				
Basic earnings per share (in sen)	1.79	2.33	5.96	4.07
Diluted earnings per share (in sen)	1.79	2.33	5.96	4.07

*(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)*

SBC CORPORATION BERHAD  
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED 31 DECEMBER 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	Total		
			Legal Reserve RM'000	Retained Profits RM'000			
<b>Balance at 1 April 2018</b>	241,218	(51)	265	143,966	385,398	(1,723)	383,675
Total comprehensive income				12,456	12,456	817	13,273
Contributions by and distributions to owners of the Company:							
- Issuance of shares	10,717				10,717		10,717
- Share issuance expenses	(135)				(135)		(135)
Cessation of joint venture			(265)		(265)		(265)
<b>Balance at 31 March 2019</b> <i>(audited)</i>	251,800	(51)	-	156,422	408,171	(906)	407,265
Total comprehensive income				15,369	15,369	(790)	14,579
Contributions by and distributions to owners of the Company:							
- Dividend				(2,581)	(2,581)		(2,581)
<b>Balance at 31 December 2019</b> <i>(unaudited)</i>	251,800	(51)	-	169,210	420,959	(1,696)	419,263

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2019)*

**SBC CORPORATION BERHAD**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER ENDED 31 DECEMBER 2019**

	<b>9 MONTHS ENDED 31 DECEMBER 2019 RM'000 (unaudited)</b>	<b>9 MONTHS ENDED 31 DECEMBER 2018 RM'000 (unaudited)</b>
<b>1 CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>22,200</b>	<b>15,463</b>
Adjustments for:		
Accretion of payables and receivables	761	710
Depreciation of property, plant and equipment	1,168	1,255
Unrealised (Gain)/Loss on foreign exchange	-	-
Interest expense	1,707	3,204
Interest income	(541)	(1,015)
Share of results in associates	(228)	(641)
Share of results in joint ventures	100	-
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>25,167</b>	<b>18,976</b>
(Increase)/Decrease in inventory	(8,386)	24,615
Decrease in contract assets	79,260	6,089
Decrease in payables	(30,565)	(6,218)
Increase in receivables	(535)	(38,811)
<b>CASH FROM OPERATIONS</b>	<b>64,941</b>	<b>4,651</b>
Interest paid	(1,707)	(3,204)
Taxes paid	(1,924)	(6,432)
<b>NET CASH FROM/(FOR) OPERATING ACTIVITIES</b>	<b>61,310</b>	<b>(4,985)</b>
<b>2 CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES</b>		
Interest received	541	1,015
Purchase of property, plant and equipment	(15)	(504)
Purchase of investment properties	(45,608)	-
Payment for land held for property development	(725)	(919)
Uplift of fixed deposits with maturity periods more than 3 months	210	-
Increase in investments in associates	-	(493)
Proceeds from a joint venture	633	1,205
<b>NET CASH (FOR)/FROM INVESTING ACTIVITIES</b>	<b>(44,964)</b>	<b>915</b>
<b>3 CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Net repayment of loans	(15,554)	(16,766)
Proceed from issuance of new shares	-	10,717
Payment of expenses on issuance of new shares	-	(114)
Dividend paid to holders of ordinary shares	(2,581)	-
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(18,135)</b>	<b>(6,163)</b>
<b>4 NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,789)</b>	<b>(10,233)</b>
<b>5 CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>2,871</b>	<b>12,720</b>
<b>6 CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD</b>	<b>1,082</b>	<b>2,487</b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Report for the year ended 31 March 2019)*

A1) Accounting Policies and Methods of Computation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 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 2019. 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 2019.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2019 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 2019.

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 2019, the number of treasury shares held in hand are 58,900 shares.

A7) Dividend Paid

On 5<sup>th</sup> November 2019, the Company paid a first and final single tier dividend of 1 sen per share on the ordinary shares amounting to RM2,580,701.53 in respect of the financial year ended 31<sup>st</sup> March 2019.

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	88,334	5,579	114,864	70,182
Property Development	115,824	9,775	578,645	316,544
Investment	9,223	649	353,370	61,533
Less : Inter-segment	(86,156)	6,197	(385,135)	(205,778)
Group	<u>127,225</u>	<u>22,200</u>	<u>661,744</u>	<u>242,481</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

SBC had on 11th November, 2019 incorporated a wholly-owned subsidiary company called "JQC Property Sdn. Bhd.". Its principal business is investment holding.

SBC had on 29th November, 2019 incorporated a wholly-owned subsidiary company called "Dalit Development Sdn. Bhd.". Its principal business is property development and investment holding.

SBC had on 29th November, 2019 incorporated a wholly-owned subsidiary company called "The Atkinson Hotel Sdn. Bhd.". Its principal business is hotel operator.

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 RM127.23 million for the period ended 31 December 2019 compared to the corresponding period of the preceding year of RM100.81 million. The Group recorded a profit before tax of RM22.20 million for the period compared to the corresponding period of the preceding year profit before tax of RM15.46 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 RM'000 31/12/2019	Corresponding Quarter RM'000 31/12/2018		To-date RM'000 31/12/2019	Corresponding Period RM'000 31/12/2018	
Revenue	31,222	49,423	(37%)	127,225	100,807	26%
Operating Profit	9,323	14,952	(38%)	37,789	29,998	26%
Profit Before Interest and Tax	6,481	11,375	(43%)	23,907	18,667	28%
Profit Before Tax	5,905	10,143	(42%)	22,200	15,463	44%
Profit After Tax	4,507	7,137	(37%)	14,579	10,758	36%
Profit Attributable to Ordinary Equity Holders of the Parent	4,752	5,556	(14%)	15,369	9,650	59%

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

The revenue for the current quarter is RM31.22 million compared to the preceding quarter of RM42.22 million. The Group recorded a profit before tax of RM5.91 million for the current quarter as compared to the profit before tax for the preceding quarter of RM15.61 million. The profit before tax is lower due to discounts given for the sale of completed projects' stock.

	Current Quarter 31/12/2019 RM'000	Immediate Preceding Quarter 30/09/2019 RM'000	Changes (%)
Revenue	31,222	42,216	(26%)
Operating Profit	9,323	21,481	(57%)
Profit Before Interest and Tax	6,481	16,035	(60%)
Profit Before Tax	5,905	15,611	(62%)
Profit After Tax	4,507	10,669	(58%)
Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent	4,752	10,920	(56%)

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 RM500 million, 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.

Planning for the waterfront has commenced and the Group anticipates construction work to begin in mid-2020. The waterfront development will house components namely residential, retail and hotel suites, with an estimated GDV of RM1.1 billion.

The Group continues to focus on sale of stock of completed projects and also 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 (cont'd)

The breakdown by segment is as follows:-

Revenue	Current Year To-date 31/12/2019 RM'000	Preceding Year Corresponding Period 31/12/2018 RM'000	Changes (%)
Construction	88,334	62,859	41%
Property Development	115,824	119,938	(3%)
Investment	9,223	6,388	44%
Less: Inter-segment	(86,156)	(88,378)	(3%)
	<u>127,225</u>	<u>100,807</u>	<u>26%</u>
Profit Before Tax			
Construction	5,579	1,756	> 100%
Property Development	9,775	23,098	(58%)
Investment	649	(156)	> 100%
Add: Inter-segment	6,197	(9,235)	> 100%
	<u>22,200</u>	<u>15,463</u>	<u>44%</u>
Assets Employed			
Construction	114,864	131,812	(13%)
Property Development	578,645	581,415	(1%)
Investment	353,370	353,844	0%
Less: Inter-segment	(385,135)	(399,716)	(4%)
	<u>661,744</u>	<u>667,355</u>	<u>(1%)</u>
Liabilities Incurred			
Construction	70,182	84,174	(17%)
Property Development	316,544	321,693	(2%)
Investment	61,533	59,530	3%
Less: Inter-segment	(205,778)	(203,078)	(1%)
	<u>242,481</u>	<u>262,319</u>	<u>(8%)</u>

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 31/12/2019 RM'000	Preceding year Corresponding Quarter ended 31/12/2018 RM'000	Current year To date 31/12/2019 RM'000	Preceding year Corresponding Period 31/12/2018 RM'000
Income tax expense	1,398	3,006	7,621	4,705
	<u>1,398</u>	<u>3,006</u>	<u>7,621</u>	<u>4,705</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 11 July 2019, 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 2019, the shareholders of the Company had approved the Proposed Share Buy-Back Renewal.

- (ii) On 11 July 2019, the Company announced that it proposed to seek approval from shareholders of the Company for the proposed alteration of the whole of the existing Memorandum and Articles of Association of the Company by deleting the same in their entirety and replacing with a New Constitution of the Company (“Proposed New Constitution”) at the forthcoming Annual General Meeting.

At the Annual General Meeting held on 26 September 2019, the shareholders of the Company had approved the Proposed New Constitution.

B7) Details of Group Borrowings and Debt Securities

	As at 3 <sup>rd</sup> Quarter Financial Year Ended 2020		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination RM'000	denomination RM'000	denomination RM'000
<b><u>Secured</u></b>			
Bank overdraft	-	14,548	14,548
Banker's acceptance	-	6,600	6,600
Revolving loan	-	4,739	4,739
Term loans	31,307	3,977	35,284
Hire Purchase	56	20	76
Total	31,363	29,884	61,247

	As at 3 <sup>rd</sup> Quarter Financial Year Ended 2019		
	Long Term	Short Term	Total Borrowings
	RM	RM	RM
	denomination RM'000	denomination RM'000	denomination RM'000
<b><u>Secured</u></b>			
Bank overdraft	-	17,398	17,398
Banker's acceptance	-	7,700	7,700
Revolving loan	-	10,000	10,000
Term loans	45,266	8,541	53,807
Hire Purchase	76	73	149
Total	45,342	43,712	89,054

Changes to the borrowings level mainly due to retiring of old 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.

SBC CORPORATION BERHAD  
NOTES TO INTERIM FINANCIAL REPORT

B11) Dividend

Not applicable

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 258,070,153 (3rd quarter 2019: 236,878,304) 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 31/12/2019 RM'000	Year-to-date ended 31/12/2019 RM'000
Profit attributable to Owners of the Parent	4,752	15,369
Basic earnings per share (in sen)	1.79	5.96
Diluted earnings per share (in sen)	1.79	5.96

B13) Profit before tax

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

	Quarter ended 31/12/2019 RM'000	Year-to-date ended 31/12/2019 RM'000
(a) Interest income	(124)	(541)
(b) Other income including investment income	(1,674)	(2,649)
(c) Interest expense	576	1,707
(d) Depreciation and amortisation	390	1,168
(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	-	-