

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	AS AT CURRENT FINANCIAL YEAR ENDED 31 MARCH 2020 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2019 RM'000 (audited)
ASSETS		
Non-current Assets		
Investment in associates	110,281	110,309
Investment in joint ventures	-	-
Property, plant and equipment	4,039	4,456
Investment properties	89,873	45,938
Inventories	130,663	128,771
Goodwill	9,495	9,495
Deferred tax assets	3,477	5,171
Other assets	1,306	1,378
	349,134	305,518
Current Assets		
Inventories	249,918	254,522
Receivables	11,913	14,847
Contract assets	42,407	62,880
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	4,100	5,762
Current tax assets	2,549	6,129
Fixed deposits with licensed banks	2,339	830
Cash and bank balances	6,304	20,590
	322,896	368,926
	672,030	674,444
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	251,800	251,800
Treasury shares	(51)	(51)
Reserves	163,568	156,422
Equity attributable to owners of the company	415,317	408,171
Non-controlling interests	(1,968)	(906)
	413,349	407,265
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,500	1,500
Long-term borrowings	48,707	34,057
Payables	73,233	70,911
	123,440	106,468
CURRENT LIABILITIES		
Payables	64,199	105,013
Contract liabilities	33,722	2,254
Short-term borrowings	20,659	28,196
Bank overdrafts	10,120	17,919
Current tax liabilities	6,541	7,329
	135,241	160,711
	258,681	267,179
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	672,030	674,444
Net assets per share (sen)	160	168

(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 MARCH 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31 MARCH 2020 RM'000 <i>(unaudited)</i>	PRECEDING YEAR CORRESPONDING QUARTER 31 MARCH 2019 RM'000 <i>(unaudited)</i>	CURRENT YEAR PERIOD 31 MARCH 2020 RM'000 <i>(unaudited)</i>	PRECEDING YEAR CORRESPONDING PERIOD 31 MARCH 2019 RM'000 <i>(audited)</i>
Continuing Operations				
Revenue	42,989	42,831	170,214	145,791
Cost of sales	(42,339)	(30,890)	(131,775)	(103,171)
Gross (loss)/profit	650	11,941	38,439	42,620
Operating expenses	(5,587)	(4,785)	(21,834)	(18,194)
Depreciation and amortisation	(318)	(316)	(1,271)	(1,359)
Other income	626	473	3,275	2,262
Interest income	5	139	546	1,153
Finance costs	(515)	(741)	(2,222)	(4,572)
Share of results in associates	39	(125)	267	547
Share of results in joint ventures	(34)	59	(134)	58
(Loss)/Profit before taxation	(5,134)	6,645	17,066	22,515
Income tax expense	(780)	(3,500)	(8,401)	(9,242)
(Loss)/Profit after taxation	(5,914)	3,145	8,665	13,273
Other comprehensive income	-	-	-	-
Total comprehensive (expense)/income	(5,914)	3,145	8,665	13,273
Total comprehensive (expense)/income attributable to:-				
Owners of the Group	(5,642)	3,435	9,727	12,456
Non-controlling interests	(272)	(290)	(1,062)	817
	(5,914)	3,145	8,665	13,273
Earnings per share (sen)				
Basic earnings per share (sen)	(2.19)	1.32	3.77	5.13
Diluted earnings per share (sen)	(2.19)	1.32	3.77	5.13

(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 MARCH 2020

	Attributable to Owners of the Group				Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Non-Distributable Legal Reserve RM'000	Distributable Retained Profits RM'000			
Balance as at 1 April 2018	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 distribution to owners of the Company:-							
- Issuance of shares	10,717	-	-	-	10,717	-	10,717
- Shares issuance expenses	(135)	-	-	-	(135)	-	(135)
Cessation of joint venture	-	-	(265)	-	(265)	-	(265)
Balance as at 31 March 2019 <i>(audited)</i>	251,800	(51)	-	156,422	408,171	(906)	407,265
Total comprehensive income	-	-	-	9,727	9,727	(1,062)	8,665
Distribution to owners of the Company:-							
- Dividend	-	-	-	(2,581)	(2,581)	-	(2,581)
Balance as at 31 March 2020 <i>(unaudited)</i>	251,800	(51)	-	163,568	415,317	(1,968)	413,349

(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 MARCH 2020

	12 months ended 31 MARCH 2020 RM'000 (unaudited)	12 months ended 31 MARCH 2019 RM'000 (audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,066	22,515
Adjustments for:-		
Accretion of receivables and payables	1,015	947
Depreciation of property, plant and equipment	1,558	1,643
Realised loss on foreign exchange	224	-
Interest expense	2,222	3,985
Interest income	(546)	(1,153)
Share of results in associates	(267)	(547)
Share of results in joint ventures	134	(58)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	21,406	27,332
Decrease in inventories	2,712	11,669
Decrease in receivables	2,934	14,314
(Decrease)/Increase in payables	(39,508)	42,762
Net decrease/(increase) in contract assets	51,941	(73,073)
CASH FROM OPERATIONS	39,485	23,004
Interest paid	(2,222)	(6,085)
Net income tax paid	(3,915)	(7,733)
NET CASH FROM OPERATING ACTIVITIES	33,348	9,186
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	546	1,153
Dividend received from associates	295	231
Proceeds from disposal of property, plant and equipment	-	4
Purchase of property, plant and equipment	(46)	(139)
Purchase of investment properties	(44,961)	-
Uplift fixed deposits with maturity periods more than 3 months	210	-
Additional investments in existing associates	-	(494)
Advances to joint venture	-	(5,918)
Capital repayment from joint venture	1,303	1,816
NET CASH FOR INVESTING ACTIVITIES	(42,653)	(3,347)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	10,582
Net drawdown/(repayment) of borrowings	7,113	(26,270)
Dividend paid to holders of ordinary shares	(2,581)	-
NET CASH FROM/(FOR) FINANCING ACTIVITIES	4,532	(15,688)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,773)	(9,849)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	2,871	12,720
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(1,902)	2,871

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements 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 March 2020, the number of treasury shares held in hand are 58,900 shares.

A7) Dividend Paid

On 5th 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 March 2019.

A8) Segmental Reporting

Business Segments:-

	Revenue RM'000	Profit Before Tax RM'000	Assets Employed RM'000	Liabilities Incurred RM'000
Construction	130,833	8,297	142,682	95,742
Property Development	164,406	8,260	522,974	267,437
Investment	11,454	213	393,425	100,132
Less : Inter-segment	(136,479)	296	(387,051)	(204,630)
Group	<u>170,214</u>	<u>17,066</u>	<u>672,030</u>	<u>258,681</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 RM170.21 million for the year ended 31 March 2020 compared to the preceding year of RM145.79 million. The Group recorded a profit before tax of RM17.07 million for the year compared to the preceding year profit before tax of RM22.52 million. The decrease in profit before tax is mainly due to project costs recognised in compliance with local development authorities' requirements.

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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 31/03/2020 RM'000	Preceding Year Corresponding Quarter 31/03/2019 RM'000	Changes (%)	Current Year To-date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000	Changes (%)
Revenue	42,989	42,831	-	170,214	145,791	17%
Operating Profit	650	11,941	(95%)	38,439	42,620	(10%)
(Loss)/Profit Before Interest and Tax	(4,619)	7,386	> (100%)	19,288	27,087	(29%)
(Loss)/Profit Before Tax	(5,134)	6,645	> (100%)	17,066	22,515	(24%)
(Loss)/Profit After Tax	(5,914)	3,145	> (100%)	8,665	13,273	(35%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(5,642)	3,435	> (100%)	9,727	12,456	(22%)

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

The revenue for the current quarter is RM42.99 million compared to the preceding quarter of RM31.22 million. The Group recorded a loss before tax of RM5.13 million for the current quarter as compared to the profit before tax for the preceding quarter of RM5.91 million. The decrease in profit before tax is mainly due to project costs recognised in compliance with local development authorities' requirements.

	Current Quarter 31/03/2020 RM'000	Immediate Preceding Quarter 31/12/2019 RM'000	Changes (%)
Revenue	42,989	31,222	38%
Operating Profit	650	9,323	(93%)
(Loss)/Profit Before Interest and Tax	(4,619)	6,481	> (100%)
(Loss)/Profit Before Tax	(5,134)	5,905	> (100%)
(Loss)/Profit After Tax	(5,914)	4,507	> (100%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(5,642)	4,752	> (100%)

B3) Business Prospects

The outbreak of Covid-19 has impacted the global economy, creating economic uncertainties that may persist. This year the Group's main priority is to resume the construction works at Jesselton Quay (Kota Kinabalu), following the transitioning of Movement Control Order to Recovery Movement Control Order.

Covid-19 is a biological event that affects sentiments no doubt, but the Board of Directors remain optimistic given the project's strategic prime location, coupled with ongoing support from end-financiers and project financiers. The Gross Development Value ("GDV") achieved at JQ Central is RM500 million (inclusive of unbilled sales of RM50 million), past the halfway mark of the total estimated GDV of RM650 million. The balance GDV of RM150 million is anticipated to be achieved when the market sentiment returns within one-to-two years' time.

Planning for the waterfront has commenced and the Group anticipates construction works to begin in mid-2021. The waterfront development will house components namely residential, retail and serviced suites, with an estimated GDV of RM1.1 billion.

B3) Business Prospects (cont'd)

The Group needs to re-design products to suit new market preferences following Covid-19, resulting in delay in commencement of new projects by at least 6 to 9 months. Meanwhile the Group continues to focus on sale of stock of completed projects and 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 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000	Changes (%)
Revenue			
Construction	130,833	98,879	32%
Property Development	164,406	156,891	5%
Investment	11,454	8,219	39%
Less : Inter-segment	(136,479)	(118,198)	15%
	<u>170,214</u>	<u>145,791</u>	<u>17%</u>
Profit Before Tax			
Construction	8,297	1,575	> 100%
Property Development	8,260	25,394	(67%)
Investment	213	(388)	> 100%
Less : Inter-segment	296	(4,066)	> 100%
	<u>17,066</u>	<u>22,515</u>	<u>(24%)</u>
Assets Employed			
Construction	142,682	139,580	2%
Property Development	522,974	584,560	(11%)
Investment	393,425	353,463	11%
Less : Inter-segment	(387,051)	(403,159)	(4%)
	<u>672,030</u>	<u>674,444</u>	<u>(1%)</u>
Liabilities Incurred			
Construction	95,742	92,037	4%
Property Development	267,437	318,179	(16%)
Investment	100,132	59,546	68%
Less : Inter-segment	(204,630)	(202,583)	1%
	<u>258,681</u>	<u>267,179</u>	<u>(3%)</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current Year Quarter 31/03/2020 RM'000	Preceding Year Corresponding Quarter 31/03/2019 RM'000	Current Year To-date 31/03/2020 RM'000	Preceding Year Corresponding Period 31/03/2019 RM'000
Income tax expense	780	3,500	8,401	9,242

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 4 th Quarter Financial Year Ended 2020			
	Long-Term RM denomination RM'000	Short-Term RM denomination RM'000	Total Borrowings RM denomination RM'000
<u>Secured</u>			
Bank overdrafts		10,120	10,120
Bankers' acceptance	-	8,600	8,600
Revolving loan	-	8,000	8,000
Term loans	48,657	4,039	52,696
Hire Purchase	50	20	70
Total	48,707	30,779	79,486

As at 4 th Quarter Financial Year Ended 2019			
	Long-Term RM denomination RM'000	Short-Term RM denomination RM'000	Total Borrowings RM denomination RM'000
<u>Secured</u>			
Bank overdrafts	-	17,919	17,919
Bankers' acceptance	-	8,600	8,600
Revolving loan	-	10,000	10,000
Term loans	33,986	9,551	43,537
Hire Purchase	71	45	116
Total	34,057	46,115	80,172

Changes to the borrowings level mainly due to retiring of old borrowings, followed by 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

No final dividend has been recommended for the financial year ended 31 March 2020 (previous corresponding period: final dividend of 1 sen single tier)

SBC CORPORATION BERHAD
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 258,070,153 (4th quarter 2019: 242,623,082) ordinary shares of the Company in issue during the financial period under review, excluding treasury shares of 58,900 units held by the Company:-

	Current Year Quarter 31/03/2020 RM’000	Current Year To-date 31/03/2020 RM’000
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(5,642)	9,727
Basic earnings per share (sen)	(2.19)	3.77
Diluted earnings per share (sen)	(2.19)	3.77

B13) Profit before tax

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

	Current Year Quarter 31/03/2020 RM’000	Current Year To-date 31/03/2020 RM’000
(a) Interest income	(5)	(546)
(b) Other income including investment income	(626)	(3,275)
(c) Interest expense	515	2,222
(d) Depreciation and amortisation	390	1,558
(e) Provision for and write-off of receivables	-	-
(f) Provision for and write-off of inventories	-	-
(g) (Gain)/loss on disposal of quoted and unquoted investments	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange (gain)/loss	224	224
(j) (Gain)/loss on derivatives	-	-
(k) Exceptional items	-	-