

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	AS AT CURRENT FINANCIAL YEAR ENDED 30 JUNE 2020 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2020 RM'000 (audited)
ASSETS		
Non-current Assets		
Investment in associates	110,334	110,281
Investment in joint ventures	-	-
Property, plant and equipment	4,445	4,039
Investment properties	85,234	85,205
Inventories	130,845	130,663
Goodwill	9,495	9,495
Deferred tax assets	3,469	3,477
Other assets	1,289	1,306
	345,111	344,466
Current Assets		
Inventories	254,362	256,571
Receivables	13,638	11,890
Contract assets	17,908	40,436
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	4,100	4,100
Current tax assets	3,450	2,549
Fixed deposits with licensed banks	2,241	2,339
Cash and bank balances	10,965	6,304
	310,030	327,555
TOTAL ASSETS	655,141	672,021
EQUITY AND LIABILITIES		
EQUITY		
Share capital	251,800	251,800
Treasury shares	(51)	(51)
Reserves	161,926	163,575
Equity attributable to owners of the company	413,675	415,324
Non-controlling interests	(2,113)	(1,968)
TOTAL EQUITY	411,562	413,356
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,500	1,500
Long-term borrowings	65,525	48,656
Lease liability	46	51
Payables	9,909	73,233
	76,980	123,440
CURRENT LIABILITIES		
Payables	72,559	64,180
Contract liabilities	58,524	33,722
Short-term borrowings	22,066	20,639
Lease liability	20	20
Bank overdrafts	7,113	10,120
Current tax liabilities	6,317	6,544
	166,599	135,225
TOTAL LIABILITIES	243,579	258,665
TOTAL EQUITY AND LIABILITIES	655,141	672,021
Net assets per share (sen)	160	161

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 JUNE 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 JUNE 2020 RM'000 (<i>unaudited</i>)	PRECEDING YEAR CORRESPONDING QUARTER 30 JUNE 2019 RM'000 (<i>unaudited</i>)	CURRENT YEAR PERIOD 30 JUNE 2020 RM'000 (<i>unaudited</i>)	PRECEDING YEAR CORRESPONDING PERIOD 30 JUNE 2019 RM'000 (<i>unaudited</i>)
Continuing Operations				
Revenue	5,159	53,787	5,159	53,787
Cost of sales	(2,984)	(46,802)	(2,984)	(46,802)
Gross profit	2,175	6,985	2,175	6,985
Operating expenses	(3,261)	(5,844)	(3,261)	(5,844)
Depreciation and amortisation	(432)	(317)	(432)	(317)
Other income	592	476	592	476
Interest income	52	225	52	225
Finance costs	(540)	(707)	(540)	(707)
Share of results in associates	53	(38)	53	(38)
Share of results in joint ventures	-	(96)	-	(96)
(Loss)/Profit before taxation	(1,361)	684	(1,361)	684
Income tax expense	(433)	(1,281)	(433)	(1,281)
Loss after taxation	(1,794)	(597)	(1,794)	(597)
Other comprehensive income	-	-	-	-
Total comprehensive expense	(1,794)	(597)	(1,794)	(597)
Total comprehensive expense attributable to:-				
Owners of the Group	(1,649)	(303)	(1,649)	(303)
Non-controlling interests	(145)	(294)	(145)	(294)
	(1,794)	(597)	(1,794)	(597)
Earnings per share (sen)				
Basic earnings per share (sen)	(0.64)	(0.12)	(0.64)	(0.12)
Diluted earnings per share (sen)	(0.64)	(0.12)	(0.64)	(0.12)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020)

SBC CORPORATION BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 30 JUNE 2020

	Attributable to Owners of the Group			Non-controlling Interests RM'000	Total Equity RM'000	
	Share Capital Capital RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000			Total RM'000
Balance as at 1 April 2019	251,800	(51)	156,422	408,171	(906)	407,265
Total comprehensive income			9,734	9,734	(1,062)	8,672
Distribution to owners of the Company:- - Dividend	-	-	(2,581)	(2,581)	-	(2,581)
Balance as at 31 March 2020 <i>(audited)</i>	251,800	(51)	163,575	415,324	(1,968)	413,356
Total comprehensive income	-	-	(1,649)	(1,649)	(145)	(1,794)
Balance as at 30 June 2020 <i>(unaudited)</i>	251,800	(51)	161,926	413,675	(2,113)	411,562

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 JUNE 2020

	3 months ended 30 JUNE 2020 RM'000 (unaudited)	3 months ended 30 JUNE 2019 RM'000 (unaudited)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(1,361)	684
Adjustments for:-		
Accretion of receivables and payables	-	254
Depreciation of property, plant and equipment	432	389
Interest expense	540	707
Interest income	(52)	(225)
Share of results in associates	(53)	38
Share of results in joint ventures	-	96
OPERATING (LOSS)/PROFIT BEFORE WORKING CAPITAL CHANGES	(494)	1,943
Decrease in inventories	2,027	19,988
Increase in receivables	(1,748)	(9,264)
Decrease in payables	(54,950)	(18,766)
Net decrease in contract assets	47,330	35,556
CASH (FOR)/FROM OPERATIONS	(7,835)	29,457
Interest paid	(540)	(707)
Net income tax paid	(1,553)	(695)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(9,928)	28,055
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	52	225
Purchase of property, plant and equipment	(563)	(7)
Purchase of investment properties	(288)	(7,167)
NET CASH FOR INVESTING ACTIVITIES	(799)	(6,949)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Net drawdown/(repayment) of borrowings	18,291	(13,361)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	18,291	(13,361)
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,564	7,745
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(3,614)	2,871
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	3,950	10,616

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2020)

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 2020. 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 2020.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2020 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 2020.

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 June 2020, 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	-	(474)	130,919	84,466
Property Development	4,782	(880)	506,768	252,459
Investment	1,994	(12)	398,134	104,919
Less : Inter-segment	(1,617)	5	(380,680)	(198,265)
Group	<u>5,159</u>	<u>(1,361)</u>	<u>655,141</u>	<u>243,579</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 RM5.16 million for the period ended 30 June 2020 compared to the preceding year corresponding period of RM53.79 million. The Group recorded a loss before tax of RM1.36 million for the period compared to the preceding year corresponding period profit before tax of RM0.68 million. The loss before tax was due to the low revenues achieved as the Group's development activities did not fall under the category of essential services, forcing a shutdown during the periods of Movement Control Order and Conditional Movement Control Order. The Group will resume the development activities during the Recovery Movement Control Order period.

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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	Changes (%)	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000	Changes (%)
Revenue	5,159	53,787	(90%)	5,159	53,787	(90%)
Operating Profit	2,175	6,985	(69%)	2,175	6,985	(69%)
(Loss)/Profit Before Interest and Tax	(821)	1,391	> (100%)	(821)	1,391	> (100%)
(Loss)/Profit Before Tax	(1,361)	684	> (100%)	(1,361)	684	> (100%)
Loss After Tax	(1,794)	(597)	> (100%)	(1,794)	(597)	> (100%)
Loss Attributable to Ordinary Equity Holders of the Parent	(1,649)	(303)	> (100%)	(1,649)	(303)	> (100%)

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

The revenue for the current quarter is RM5.16 million compared to the preceding quarter of RM42.99 million. The Group recorded a loss before tax of RM1.36 million for the current quarter as compared to the loss before tax for the preceding quarter of RM5.13 million. The decrease in loss before tax is mainly due to preceding quarter incurred project costs recognised in compliance with local development authorities' requirements.

	Current Quarter 30/06/2020 RM'000	Immediate Preceding Quarter 31/03/2020 RM'000	Changes (%)
Revenue	5,159	42,989	(88%)
Operating Profit	2,175	650	> 100%
Loss Before Interest and Tax	(821)	(4,619)	82%
Loss Before Tax	(1,361)	(5,134)	73%
Loss After Tax	(1,794)	(5,914)	70%
Loss Attributable to Ordinary Equity Holders of the Parent	(1,649)	(5,642)	71%

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) of the total estimated GDV of RM650 million, and 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.

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.

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B3) Business Prospects (cont'd)

The breakdown by segment is as follows:-

	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000	Changes (%)
Revenue			
Construction	-	21,662	(100%)
Property Development	4,782	49,087	(90%)
Investment	1,994	2,015	(1%)
Less : Inter-segment	(1,617)	(18,977)	(91%)
	<u>5,159</u>	<u>53,787</u>	<u>(90%)</u>
Profit Before Tax			
Construction	(474)	216	> (100%)
Property Development	(880)	(581)	(51%)
Investment	(12)	(1,396)	99%
Less : Inter-segment	5	2,445	(100%)
	<u>(1,361)</u>	<u>684</u>	<u>> (100%)</u>
Assets Employed			
Construction	130,919	126,255	4%
Property Development	506,768	542,926	(7%)
Investment	398,134	359,054	11%
Less : Inter-segment	(380,680)	(387,040)	2%
	<u>655,141</u>	<u>641,195</u>	<u>2%</u>
Liabilities Incurred			
Construction	84,466	78,625	7%
Property Development	252,459	285,964	(12%)
Investment	104,919	66,605	58%
Less : Inter-segment	(198,265)	(196,667)	1%
	<u>243,579</u>	<u>234,527</u>	<u>4%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

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B5) Taxation

	Current Year Quarter 30/06/2020 RM'000	Preceding Year Corresponding Quarter 30/06/2019 RM'000	Current Year To-date 30/06/2020 RM'000	Preceding Year Corresponding Period 30/06/2019 RM'000
Income tax expense	433	1,281	433	1,281

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 August 2020, 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.

B7) Details of Group Borrowings and Debt Securities:-

As at 1 st Quarter Financial Year Ended 2021			
	Long-Term RM denomination RM'000	Short-Term RM denomination RM'000	Total Borrowings RM denomination RM'000
<u>Secured</u>			
Bank overdrafts		7,113	7,113
Bankers' acceptance	-	6,600	6,600
Revolving loan	-	10,000	10,000
Term loans	65,525	5,466	70,991
Total	65,525	29,179	94,704

As at 1 st 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	-	6,613	6,613
Bankers' acceptance	-	8,600	8,600
Revolving loan	-	4,739	4,739
Term loans	27,222	8,245	35,467
Hire Purchase	66	20	86
Total	27,288	28,217	55,505

Current year quarter hire purchase amount has been shown on the statement of financial position under lease liability. 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

Not applicable.

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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 (1st quarter 2020: 248,495,522) 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 30/06/2020 RM’000	Current Year To-date 30/06/2020 RM’000
Loss Attributable to Ordinary Equity Holders of the Parent	(1,649)	(1,649)
Basic earnings per share (sen)	(0.64)	(0.64)
Diluted earnings per share (sen)	(0.64)	(0.64)

B13) Loss before tax

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

	Current Year Quarter 30/06/2020 RM’000	Current Year To-date 30/06/2020 RM’000
(a) Interest income	(52)	(52)
(b) Other income including investment income	(592)	(592)
(c) Interest expense	540	540
(d) Depreciation and amortisation	432	432
(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	-	-
(j) (Gain)/loss on derivatives	-	-
(k) Exceptional items	-	-