

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

	AS AT CURRENT FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 RM'000 <i>(unaudited)</i>	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2020 RM'000 <i>(audited)</i>
ASSETS		
Non-current Assets		
Investment in associates	110,700	110,281
Investment in joint ventures	-	-
Property, plant and equipment	5,273	4,039
Investment properties	87,477	85,205
Inventories	129,943	130,663
Goodwill	9,495	9,495
Deferred tax assets	2,436	3,477
Other assets	1,270	1,306
	346,594	344,466
Current Assets		
Inventories	260,356	256,571
Receivables	10,474	11,890
Contract assets	29,273	40,436
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	4,096	4,100
Current tax assets	3,437	2,549
Fixed deposits with licensed banks	2,248	2,339
Cash and bank balances	7,253	6,304
	320,503	327,555
	667,097	672,021
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	251,800	251,800
Treasury shares	(51)	(51)
Reserves	166,483	163,575
Equity attributable to owners of the company	418,232	415,324
Non-controlling interests	(2,223)	(1,968)
	416,009	413,356
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,500	1,500
Long-term borrowings	66,247	48,656
Lease liability	41	51
Payables	8,909	73,233
	76,697	123,440
CURRENT LIABILITIES		
Payables	67,411	64,180
Contract liabilities	56,013	33,722
Short-term borrowings	24,220	20,639
Lease liability	20	20
Bank overdrafts	20,705	10,120
Current tax liabilities	6,022	6,544
	174,391	135,225
	251,088	258,665
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	667,097	672,021
Net assets per share (sen)	162	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 SEPTEMBER 2020

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEPTEMBER 2020 RM'000 (unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2019 RM'000 (unaudited)	CURRENT YEAR PERIOD 30 SEPTEMBER 2020 RM'000 (unaudited)	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2019 RM'000 (unaudited)
Continuing Operations				
Revenue	24,587	42,216	29,746	96,003
Cost of sales	(15,030)	(20,735)	(18,014)	(67,537)
Gross profit	9,557	21,481	11,732	28,466
Operating expenses	(3,313)	(5,673)	(6,574)	(11,517)
Depreciation and amortisation	(380)	(318)	(812)	(635)
Other income	900	499	1,492	975
Interest income	557	192	609	417
Finance costs	(629)	(424)	(1,169)	(1,131)
Share of results in associates	366	(146)	419	(184)
Share of results in joint ventures	(363)	-	(363)	(96)
Profit before taxation	6,695	15,611	5,334	16,295
Income tax expense	(2,248)	(4,942)	(2,681)	(6,223)
Profit after taxation	4,447	10,669	2,653	10,072
Other comprehensive income	-	-	-	-
Total comprehensive income	4,447	10,669	2,653	10,072
Total comprehensive income attributable to:-				
Owners of the Group	4,557	10,920	2,908	10,617
Non-controlling interests	(110)	(251)	(255)	(545)
	4,447	10,669	2,653	10,072
Earnings per share (sen)				
Basic earnings per share (sen)	1.77	4.29	1.13	4.17
Diluted earnings per share (sen)	1.77	4.29	1.13	4.17

(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 SEPTEMBER 2020

	Attributable to Owners of the Group			Non-controlling Interests RM'000	Total Equity RM'000	
	Share 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	-	-	2,908	2,908	(255)	2,653
Balance as at 30 June 2020 <i>(unaudited)</i>	251,800	(51)	166,483	418,232	(2,223)	416,009

(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 SEPTEMBER 2020

	6 months ended 30 SEPTEMBER 2020 RM'000 (unaudited)	6 months ended 30 SEPTEMBER 2019 RM'000 (unaudited)
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before taxation	5,334	16,295
Adjustments for:-		
Accretion of receivables and payables	-	508
Depreciation of property, plant and equipment	812	778
Interest expense	1,169	1,131
Interest income	(609)	(417)
Share of results in associates	(419)	184
Share of results in joint ventures	363	96
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	6,650	18,575
(Increase)/Decrease in inventories	(3,065)	11,381
Decrease/(Increase) in receivables	1,420	(199)
Decrease in payables	(61,091)	(46,770)
Net decrease in contract assets	33,454	64,856
CASH (FOR)/FROM OPERATIONS	(22,632)	47,843
Interest paid	(1,715)	(1,131)
Net income tax paid	(3,050)	(1,292)
NET CASH (FOR)/FROM OPERATING ACTIVITIES	(27,397)	45,420
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	234	417
Purchase of property, plant and equipment	(1,497)	(12)
Purchase of investment properties	(2,239)	(7,214)
Payment for land held for property development		(671)
NET CASH FOR INVESTING ACTIVITIES	(3,502)	(7,480)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Net drawdown/(repayment) of borrowings	21,162	(5,494)
NET CASH FROM/(FOR) FINANCING ACTIVITIES	21,162	(5,494)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(9,737)	32,446
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(3,614)	2,871
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(13,351)	35,317

(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 September 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	5,292	(587)	124,308	77,967
Property Development	14,014	(1,299)	505,690	252,683
Investment	4,045	155	403,535	110,401
Less : Inter-segment	6,395	7,065	(366,436)	(189,963)
Group	<u>29,746</u>	<u>5,334</u>	<u>667,097</u>	<u>251,088</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 RM29.75 million for the period ended 30 September 2020 compared to the preceding year corresponding period of RM96.00 million. The Group recorded a profit before tax of RM5.33 million for the period compared to the preceding year corresponding period profit before tax of RM16.30 million. The decrease in profit before tax was due to the low revenues achieved as the Group resumed development activities during this Recovery Movement Control Order period.

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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2020 RM'000	Preceding Year Corresponding Quarter 30/09/2019 RM'000	Changes (%)	Current Year To-date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000	Changes (%)
Revenue	24,587	42,216	(42%)	29,746	96,003	(69%)
Operating Profit	9,557	21,481	(56%)	11,732	28,466	(59%)
Profit Before Interest and Tax	7,324	16,035	(54%)	6,503	17,426	(63%)
Profit Before Tax	6,695	15,611	(57%)	5,334	16,295	(67%)
Profit After Tax	4,447	10,669	(58%)	2,653	10,072	(74%)
Profit Attributable to Ordinary Equity Holders of the Parent	4,557	10,920	(58%)	2,908	10,617	(73%)

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

The revenue for the current quarter is RM24.59 million compared to the preceding quarter of RM5.16 million. The Group recorded a profit before tax of RM6.69 million for the current quarter as compared to the loss before tax for the preceding quarter of RM1.36 million. The increase in profit before tax is mainly due to the Group resumed development activities during this Recovery Movement Control Order period.

	Current Quarter 30/09/2020 RM'000	Immediate Preceding Quarter 30/06/2020 RM'000	Changes (%)
Revenue	24,587	5,159	> 100%
Operating Profit	9,557	2,175	> 100%
Profit/(Loss) Before Interest and Tax	7,324	(821)	> 100%
Profit/(Loss) Before Tax	6,695	(1,361)	> 100%
Profit/(Loss) After Tax	4,447	(1,794)	> 100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	4,557	(1,649)	> 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 remains 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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NOTES TO INTERIM FINANCIAL REPORT

B3) Business Prospects (cont'd)

The breakdown by segment is as follows:-

	Current Year To-date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000	Changes (%)
Revenue			
Construction	5,292	54,864	(90%)
Property Development	14,014	92,994	(85%)
Investment	4,045	3,922	3%
Less : Inter-segment	6,395	(55,777)	> 100%
	<u>29,746</u>	<u>96,003</u>	<u>(69%)</u>
Profit Before Tax			
Construction	(587)	4,675	> (100%)
Property Development	(1,299)	7,469	> (100%)
Investment	155	(2,471)	> 100%
Less : Inter-segment	7,065	6,622	7%
	<u>5,334</u>	<u>16,295</u>	<u>(67%)</u>
Assets Employed			
Construction	124,308	127,232	(2%)
Property Development	505,690	536,259	(6%)
Investment	403,535	357,781	13%
Less : Inter-segment	(366,436)	(371,735)	1%
	<u>667,097</u>	<u>649,537</u>	<u>3%</u>
Liabilities Incurred			
Construction	77,967	80,883	(4%)
Property Development	252,683	274,771	(8%)
Investment	110,401	66,463	66%
Less : Inter-segment	(189,963)	(189,917)	-
	<u>251,088</u>	<u>232,200</u>	<u>8%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current Year Quarter 30/09/2020 RM'000	Preceding Year Corresponding Quarter 30/09/2019 RM'000	Current Year To-date 30/09/2020 RM'000	Preceding Year Corresponding Period 30/09/2019 RM'000
Income tax expense	2,248	4,942	2,681	6,223

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.

At the Annual General Meeting held on 29 September 2020, the shareholders of the Company had approved the Proposed Share Buy-Back Renewal.

B7) Details of Group Borrowings and Debt Securities:-

As at 2 nd 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		20,705	20,705
Bankers' acceptance	-	6,900	6,900
Revolving loan	-	10,000	10,000
Term loans	66,247	7,320	73,567
Total	66,247	44,925	111,172

As at 2 nd 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	-	2,820	2,820
Bankers' acceptance	-	8,600	8,600
Revolving loan	-	10,000	10,000
Term loans	32,080	5,998	38,078
Hire Purchase	61	20	81
Total	32,141	27,438	59,579

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 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 258,070,153 (2nd quarter 2020: 254,367,962) 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 30/09/2020 RM’000	Current Year To-date 30/09/2020 RM’000
Profit Attributable to Ordinary Equity Holders of the Parent	4,557	2,908
Basic earnings per share (sen)	1.77	1.13
Diluted earnings per share (sen)	1.77	1.13

B13) Profit before tax

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

	Current Year Quarter 30/09/2020 RM’000	Current Year To-date 30/09/2020 RM’000
(a) Interest income	(557)	(609)
(b) Other income including investment income	(900)	(1,492)
(c) Interest expense	629	1,169
(d) Depreciation and amortisation	380	812
(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	-	-