

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	AS AT CURRENT FINANCIAL YEAR ENDED 30 SEPTEMBER 2021 RM'000 (unaudited)	AS AT PRECEDING FINANCIAL YEAR ENDED 31 MARCH 2021 RM'000 (audited)
ASSETS		
Non-current Assets		
Investment in associates	110,866	111,618
Investment in joint ventures	-	-
Property, plant and equipment	4,971	6,211
Investment properties	85,838	86,450
Inventories	129,337	129,119
Goodwill	9,495	9,495
Deferred tax assets	3,587	2,395
Other assets	1,188	1,235
	345,282	346,523
Current Assets		
Inventories	284,353	288,709
Contract assets	6,438	5,916
Receivables	11,228	14,100
Amount owing by associates	3,366	3,366
Amount owing by a joint venture	4,121	4,095
Current tax assets	3,902	4,111
Fixed deposits with licensed banks	2,064	2,261
Cash and bank balances	9,421	6,254
	324,893	328,812
	670,175	675,335
TOTAL ASSETS		
EQUITY AND LIABILITIES		
EQUITY		
Share capital	251,800	251,800
Treasury shares	(51)	(51)
Reserves	163,062	166,461
Equity attributable to owners of the company	414,811	418,210
Non-controlling interests	(3,200)	(2,514)
	411,611	415,696
NON-CURRENT LIABILITIES		
Deferred tax liabilities	1,500	1,500
Long-term borrowings	52,371	61,076
Lease liability	20	31
	53,891	62,607
CURRENT LIABILITIES		
Payables	83,334	97,750
Contract liabilities	26,913	35,219
Short-term borrowings	69,097	39,503
Lease liability	20	20
Bank overdrafts	20,808	20,320
Current tax liabilities	4,501	4,220
	204,673	197,032
	258,564	259,639
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES		
	670,175	675,335
Net assets per share (sen)	161	162

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30 SEPTEMBER 2021 RM'000 (unaudited)	PRECEDING YEAR CORRESPONDING QUARTER 30 SEPTEMBER 2020 RM'000 (unaudited)	CURRENT YEAR PERIOD 30 SEPTEMBER 2021 RM'000 (unaudited)	PRECEDING YEAR CORRESPONDING PERIOD 30 SEPTEMBER 2020 RM'000 (unaudited)
Continuing Operations				
Revenue	20,545	24,587	26,201	29,746
Cost of sales	(9,156)	(15,030)	(17,782)	(18,014)
Gross (loss)/profit	11,389	9,557	8,419	11,732
Operating expenses	(4,950)	(3,313)	(8,128)	(6,574)
Depreciation and amortisation	(285)	(380)	(678)	(812)
Other income	395	900	924	1,492
Interest income	83	557	90	609
Finance costs	(1,721)	(629)	(3,480)	(1,169)
Share of results in associates	94	366	148	419
Share of results in joint ventures	(48)	(363)	(48)	(363)
Loss before taxation	4,957	6,695	(2,753)	5,334
Income tax expense	(2,008)	(2,248)	(1,332)	(2,681)
Loss after taxation	2,949	4,447	(4,085)	2,653
Other comprehensive income	-	-	-	-
Total comprehensive expense	2,949	4,447	(4,085)	2,653
Total comprehensive expense attributable to:-				
Owners of the Group	3,298	4,557	(3,399)	2,908
Non-controlling interests	(349)	(110)	(686)	(255)
	2,949	4,447	(4,085)	2,653
Earnings per share (sen)				
Basic earnings per share (sen)	1.28	1.77	(1.32)	1.13
Diluted earnings per share (sen)	1.28	1.77	(1.32)	1.13

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021)

SBC CORPORATION BERHAD
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	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 2020	251,800	(51)	163,575	415,324	(1,968)	413,356
Total comprehensive income			2,886	2,886	(546)	2,340
Balance as at 31 March 2021 <i>(audited)</i>	251,800	(51)	166,461	418,210	(2,514)	415,696
Total comprehensive expense	-	-	(3,399)	(3,399)	(686)	(4,085)
Balance as at 30 September 2021 <i>(unaudited)</i>	251,800	(51)	163,062	414,811	(3,200)	411,611

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021)

SBC CORPORATION BERHAD
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	6 months ended 30 SEPTEMBER 2021 RM'000 (unaudited)	6 months ended 30 SEPTEMBER 2020 RM'000 (unaudited)
CASH FLOWS FOR OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(2,753)	5,334
Adjustments for:-		
Depreciation of property, plant and equipment	678	812
Write-off of property, plant and equipment	1,279	-
Loss on disposal of investment	4	-
Interest expense	3,480	1,169
Interest income	(90)	(609)
Share of results in associates	(148)	(419)
Share of results in joint ventures	48	363
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	2,498	6,650
Decrease/(Increase) in inventories	4,611	(3,065)
Net (increase)/decrease in contract assets	(8,828)	33,454
Decrease in receivables	2,872	1,420
Decrease in payables	(14,516)	(61,091)
CASH FOR OPERATIONS	(13,363)	(22,632)
Interest paid	(3,855)	(1,715)
Net income tax paid	(2,034)	(3,050)
NET CASH FOR OPERATING ACTIVITIES	(19,252)	(27,397)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	6	234
Dividend received from associates	900	-
Purchase of property, plant and equipment	(67)	(1,497)
Purchase of investment properties	-	(2,239)
Proceeds from disposal of investment	7	-
Withdrawal of fixed deposits with tenure of more than 3 months	105	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES	951	(3,502)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net drawdown of borrowings	20,878	21,162
NET CASH FROM FINANCING ACTIVITIES	20,878	21,162
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,577	(9,737)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	(13,964)	(3,614)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(11,387)	(13,351)

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 March 2021)

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 2021. 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 2021.

A2) Status of Qualification of Preceding Financial Statements

The financial statements of the Group for the financial year ended 31 March 2021 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 2021.

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 2021, 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	27,825	(768)	106,454	60,773
Property Development	39,309	4,756	552,380	294,054
Investment	4,364	615	402,956	109,526
Less : Inter-segment	(45,297)	(7,356)	(391,615)	(205,789)
Group	26,201	(2,753)	670,175	258,564

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 RM26.20 million for the period ended 30 September 2021 compared to the preceding year corresponding period of RM29.75 million. The Group recorded a loss before tax of RM2.75 million for the period compared to the preceding year corresponding period profit before tax of RM5.33 million. The decrease in loss before tax during the period was mainly due to pick up in sales and development activities resulting from the relaxation of the Movement Control Order.

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

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2021 RM'000	Preceding Year Corresponding Quarter 30/09/2020 RM'000	Changes (%)	Current Year To-date 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000	Changes (%)
Revenue	20,545	24,587	(16%)	26,201	29,746	(12%)
Operating Profit	11,389	9,557	19%	8,419	11,732	(28%)
Profit Before Interest and Tax	6,678	7,324	(9%)	727	6,503	(89%)
(Loss)/Profit Before Tax	4,957	6,695	(26%)	(2,753)	5,334	> (100%)
(Loss)/Profit After Tax	2,949	4,447	(34%)	(4,085)	2,653	> (100%)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	3,298	4,557	(28%)	(3,399)	2,908	> (100%)

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

The Group recorded a profit before tax of RM4.96 million for the current quarter as compared to the loss before tax for the preceding quarter of RM7.71 million. The decrease in loss before tax during the period was mainly due to pick up in sales and development activities resulting from the relaxation of the Movement Control Order.

	Current Quarter 30/09/2021 RM'000	Immediate Preceding Quarter 30/06/2021 RM'000	Changes (%)
Revenue	20,545	5,656	> 100%
Operating Profit/(Loss)	11,389	(2,970)	> 100%
Profit/(Loss) Before Interest and Tax	6,678	(5,951)	> 100%
Profit/(Loss) Before Tax	4,957	(7,710)	> 100%
Profit/(Loss) After Tax	2,949	(7,034)	> 100%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,298	(6,697)	> 100%

B3) Business Prospects

The ongoing Covid-19 pandemic continues to impact the global economy, creating economic uncertainties that may persist. This year the Group's main priority is to complete the construction works at Jesselton Quay (Kota Kinabalu), following the transitioning of Phase 1 to Phase 2 of the National Recovery Plan.

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 RM550 million (inclusive of unbilled sales of RM55 million) of the total estimated GDV of RM650 million, and the balance GDV of RM100 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-2022. The waterfront development will house components namely residential, retail and serviced suites, with an estimated GDV of RM1.1 billion.

The Group continues to focus on re-designing 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 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000	Changes (%)
Revenue			
Construction	27,825	5,292	> 100%
Property Development	39,309	14,014	> 100%
Investment	4,364	4,045	8%
Less : Inter-segment	(45,297)	6,395	> (100%)
	<u>26,201</u>	<u>29,746</u>	<u>(12%)</u>
Profit Before Tax			
Construction	(768)	(587)	(31%)
Property Development	4,756	(1,299)	> (100%)
Investment	615	155	> 100%
Less : Inter-segment	(7,356)	7,065	> (100%)
	<u>(2,753)</u>	<u>5,334</u>	<u>> (100%)</u>
Assets Employed			
Construction	106,454	124,308	(14%)
Property Development	552,380	505,690	9%
Investment	402,956	403,535	-
Less : Inter-segment	(391,615)	(366,436)	7%
	<u>670,175</u>	<u>667,097</u>	<u>1%</u>
Liabilities Incurred			
Construction	60,773	77,967	(22%)
Property Development	294,054	252,683	16%
Investment	109,526	110,401	(1%)
Less : Inter-segment	(205,789)	(189,963)	(8%)
	<u>258,564</u>	<u>251,088</u>	<u>3%</u>

B4) Review on Profit Forecast

Not applicable as no profit forecast was published.

B5) Taxation

	Current Year Quarter 30/09/2021 RM'000	Preceding Year Corresponding Quarter 30/09/2020 RM'000	Current Year To-date 30/09/2021 RM'000	Preceding Year Corresponding Period 30/09/2020 RM'000
Income tax expense	2,008	2,248	1,332	2,681

The effective tax rate for the period is lower than the statutory tax rate of 24% largely due to certain expenses not subject to tax deduction offset with group deferred tax credit.

B6) Status of Corporate Proposals

On 12 August 2021, 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 2021, 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 2022		
	Long-Term RM denomination RM'000	Short-Term RM denomination RM'000	Total Borrowings RM denomination RM'000
<u>Secured</u>			
Bank overdrafts	-	20,808	20,808
Bankers' acceptance	-	6,600	6,600
Revolving loan	-	10,000	10,000
Term loans	52,371	52,497	104,868
Total	<u>52,371</u>	<u>89,905</u>	<u>142,276</u>

	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	<u>66,247</u>	<u>44,925</u>	<u>111,172</u>

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 (2nd quarter 2021: 258,070,153) 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 30/09/2021 RM’000	Current Year To-date 30/09/2021 RM’000
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	3,298	(3,399)
Basic earnings per share (sen)	1.28	(1.32)
Diluted earnings per share (sen)	1.28	(1.32)

B13) Loss before tax

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

	Current Year Quarter 30/09/2021 RM’000	Current Year To-date 30/09/2021 RM’000
(a) Interest income	(83)	(90)
(b) Other income including investment income	(395)	(924)
(c) Interest expense	1,721	3,480
(d) Depreciation and amortisation	285	678
(e) Provision for and write-off of receivables	-	-
(f) Provision for and write-off of inventories	-	-
(g) Loss on disposal of quoted and unquoted investments	4	4
(h) Impairment of assets	-	-
(i) Foreign exchange (gain)/loss	-	-
(j) (Gain)/loss on derivatives	-	-
(k) Exceptional items	-	-