**CONDENSED INTERIM FINANCIAL REPORT FOR THE 1st FINANCIAL QUARTER ENDED 30 JUNE 2017**

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT

1. **Basis of Preparation**

The condensed interim financial report is unaudited and has been prepared in accordance with all applicable Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of Chapter 9 Part K of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”). The condensed interim financial report is to be read in conjunction with the audited financial report of the Group for the financial year ended 31 March 2017.

1. **Auditors’ Report on Preceding Annual Financial Statements**

The most recent annual audited financial statements for the financial year ended 31 March 2017 was not subject to any audit qualification.

1. **Seasonal and Cyclical Factors**

All active business segments of the Group are generally exposed to effects of the economic and seasonal cycles.

1. **Items or Incidence of an Unusual Nature**

The Directors are not aware of any items or incidence of an unusual nature not otherwise dealt with in this report which may or has substantially affected the value of assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter under review and the financial period to date.

1. **Effects of Changes in Estimates**

There were no material changes in estimates of amounts reported in the current financial quarter or changes in estimates of amounts reported in prior financial years that may have a material effect in the current financial quarter under review and the financial period to date.

1. **Changes in Debt and Equity Securities**

There were no issuance, repurchase or repayments of debt and equity securities for the current financial quarter under review and the financial period to date.

1. **Dividends**

There were no dividends declared or paid for the current financial quarter under review and the financial period to date.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

1. **Segmental Reporting**

The Group is generally organised into two distinct business segments:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| * Tourism services - | Hospitality services, inbound and outbound tours and ticketing services and related retail businesses | | | | |
| * Others - | Comprises of investment holding, trading, processing and trading of timber products and other services, neither of which is of a sufficient size to be reported separately. | | | | |
| * Primary reporting format –business segments | | | | | | |
| Financial period ended 30.6.17 | | |  | Tourism Services | Others | Group |
|  | | |  | RM’000 | RM’000 | RM’000 |
| Revenue | | |  |  |  |  |
| Total revenue | | |  | 14,528 | 115 | 14,643 |
| Intersegment revenues | | |  | - | - | - |
| Total external revenue | | |  | 14,528 | 115 | 14,643 |
| Results | | |  |  |  |  |
| Segment results | | |  | 249 | (394) | (145) |
| Finance costs | | |  | (84) |  | (84) |
| Share of profit from associate | | |  | - | - | - |
| Profit/(Loss) before tax | | |  | 165 | (394) | (229) |
| Income Tax | | |  | (180) | - | (180) |
| Profit/(Loss) after tax | | |  | (15) | (394) | (409) |
| Non-controlling interest | | |  | - | 3 | 3 |
| Loss attributable to Owners of the Company | | |  | (15) | (397) | (412) |
|  | | |  |  |  |  |
| Other information | | |  |  |  |  |
| Segment assets | | |  | 43,851 | 57,988 | 101,839 |
| Segment liabilities | | |  | 15,704 | 1,876 | 17,580 |
| Capital expenditure | | |  | - | - | - |
| Depreciation and amortization | | |  | 578 | 114 | 692 |

No geographical analysis has been prepared as the Group operates wholly in Malaysia.

1. **Changes in Composition of the Group**

On 30 June 2017, the Company entered into an agreement to acquire the remaining 360,000 ordinary shares representing approximately 21.52% of total issued and paid-up share capital of EMC Cranes (KL) Sdn Bhd (EMCKL) from Tat Hong HeavyEquipment (Pte) Ltd for a total cash consideration of RM150,000.00. Upon completion of this acquisition, EMCKL will become a wholly-owned subsidiary of the Company.

There were no other changes in the composition of the Group during the current financial quarter under review and the financial period to date.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

1. **Material Events after the Reporting Period**

There were no material subsequent events as at 18 August 2017 (being the latest practicable date which is no earlier than 7 days from the date of issue of this quarterly report) that may affect the financial results of the Group for the current financial quarter under review and the financial period to date.

1. **Contingent Assets or Liabilities**

There were no contingent assets or liabilities as at 18 August 2017 (being the latest practicable date which is no earlier than 7 days from the date of issue of this quarterly report) that will or may affect the financial results of the Group for the current financial quarter under review and the financial period to date.

1. **Additional Information Pursuant to Appendix 9B of the MMLR of Bursa Securities** 
   1. **Group Performance Review**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **INDIVIDUAL QUARTER ENDED** | | | **CUMULATIVE PERIOD ENDED** | | |
|  | **Current** | Comparative | Changes | **Current** | Comparative | Changes |
|  | **30/6/17** | 30/6/16 |  | **30/6/17** | 30/6/16 |  |
|  | **RM’000** | RM’000 | % | **RM’000** | RM’000 | % |
| Revenue | **14,643** | 14,536 | 0.74 | **14,643** | 14,536 | 0.74 |
| Operating Profit | **2,887** | 2,739 | 5.40 | **2,887** | 2,739 | 5.40 |
| Loss Before Interest and Tax | **(145)** | (778) | (81.36) | **(145)** | (778) | (81.36) |
| Loss Before Tax | **(229)** | (874) | (73.80) | **(229)** | (874) | (73.80) |
| Loss After Tax | **(409)** | (874) | (53.20) | **(409)** | (874) | (53.20) |
| Loss Attributable to Owners of the Company | **(412)** | (875) | (52.91) | **(412)** | (875) | (52.91) |

* The Group’s revenue for the current financial quarter and cumulative financial period was marginally higher as compared the preceding year corresponding financial periods mainly due to a small increase in the volume of tourist arrivals recorded by the Group.
* The higher Group’s operating profit for current financial quarter and cumulative financial period was mainly attributed by the higher revenue coupled with the reduction in certain fixed operating expenses.
* The Group’s loss before tax and loss after tax for the current financial quarter and cumulative financial period showed marginal improvements as a result of the higher margins and lower operating cost incurred as a result of business rearrangements made.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

* 1. **Comparison with Immediate Preceding Quarter Results**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current Quarter Ended** | Preceding Quarter Ended | Changes |
|  | **30/6/17** | 31/3/17 |  |
|  | **RM’000** | RM’000 | % |
| Revenue | **14,643** | 11,209 | 30.64 |
| Operating Profit | **2,887** | 2,363 | 22.18 |
| Loss Before Interest and Tax | **(145)** | (3,165) | (95.42) |
| Loss Before Tax | **(229)** | (3,241) | (92.93) |
| Loss After Tax | **(409)** | (3,531) | (88.42) |
| Loss Attributable to Owners of the Company | **(412)** | (3,530) | (88.32) |

* The Group’s revenue for the current financial quarter was significantly higher as compared to the immediate preceding quarter mainly due to the favourable volume of tourist arrivals registered (Current quarter: 75,229; Preceding Quarter: 53,405).
* The Group’s operating profit for the current financial quarter was also significantly higher as compared to the immediate preceding quarter. The higher revenue recorded mainly contributed towards the favourable operating results.
* The Group’s loss before tax and loss after tax for the current financial quarter was significantly lower as compared to the immediate preceding quarter. The significantly higher losses in the immediate preceding quarter was mainly due to the recognition of impairment losses on receivables, inventories and fixed assets.
  1. **Prospects for the Current Financial Year**

The Board is aware of the current economic challenges and the possible impact that may arise due to its uncertainties. Nevertheless, the Board is confident that the Group will remain resilient and continue its efforts in improving the operational efficiency and financial performances of its core business segment. The Board also hopes that the efforts put in gearing the Group towards its maiden venture into the property development business sector will materialize as soon as the property market indicators/ sentiments show positive improvements.

* 1. **Profit Forecast**

The Company did not issue any profit forecast or guarantee during the current financial quarter under review and the financial period to date.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

* 1. **Corporate Proposals**

There were no corporate proposals announced but not completed as at 18 August 2017 (being the latest practicable date which is no earlier than 7 days from the date of issue of this quarterly report) that may affect the financial results for the current financial quarter under review and the financial period to date.

* 1. **Utilisation of Proceeds Raised from Corporate Proposal**

On 13 July 2016, the Company completed the Private Placement of 52,240,000 new ordinary shares of RM0.10 each at a placement price of RM0.115 each. The total capital raised from the placement of shares amounted to RM6,007,600 and the proceeds are to be allocated and utilised in accordance with the approved utilisation plan. The status of the utilisation as at 30 June 2017 are as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Purpose** | **Utilisation** | | **Intended** | **Deviation** | |
|  | **Proposed** | **Actual** | **Timeframe** |  |  |
|  | **RM’000** | **RM’000** | **for Utilisation** | **RM’000** | **%** |
| Expenses in relation to Corporate Proposals | 300 | 298 | Within 1 month | 2 | 0.7 |
| Funding for Proposed Development | 5,000 | 2,789 | Within 24 months |  |  |
| Working capital requirements of the group | 708 | 710 | Within 12 months | (2) | (0.3) |
|  | 6,008 | 3,797 |  |  |  |

* 1. **Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Quarter**  **ended**  **30/6/17** |  | Quarter  ended  30/6/16 |  | **Period**  **ended**  **30/6/17** |  | Period  ended  30/6/16 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| In respect of current year: |  |  |  |  |  |  |  |
| Income tax | **180** |  | - |  | **180** |  | - |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **180** |  | - |  | **180** |  | - |
| Under/(Over) provision in respect of previous year: |  |  |  |  |  |  |  |
| Income tax | **-** |  | - |  | **-** |  | - |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **-** |  | - |  | **-** |  | - |
|  | **180** |  | - |  | **180** |  | - |

The tax charge for the current financial quarter under review and the financial period todate is principally due to insufficient losses that are available to set-off the potential tax liabilities of certain subsidiaries.

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 18 August 2017 (being the latest practicable date which is no earlier than 7 days from the date of issue of this quarterly report) that may affect the financial results for the current financial quarter under review and the financial period to date.

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

**12.9 Group Borrowings**

The details of the secured borrowings of the Group are as follows:-

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 30/6/17** |  | As at  30/6/16 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
| Term Loan | **3,762** |  | 4,005 |
|  | **3,762** |  | 4,005 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
| Hire Purchase | **-** |  | - |
| Term Loan | **227** |  | 201 |
|  |  |  |  |
|  | **227** |  | 201 |

There were no unsecured borrowings outstanding as at the end of the current financial quarter under review and the financial period to date.

* 1. **Proposed Dividends**

No dividend has been declared or proposed since the end of the previous financial year.

* 1. **Loss Per Share**

The basic loss per share of the Group is calculated by dividing the loss for the period attributable to owners of the Company with the number of shares in issue during the reporting period.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | INDIVIDUAL PERIOD | | **CUMULATIVE PERIOD** | |
|  | **Quarter Ended**  **30/6/17** | Quarter Ended  30/6/16 | **Year**  **Ended**  **30/6/17** | Year Ended 30/6/16 |
| Loss after taxation attributable to  owners of the Company (RM’000) | **(412)** | (875) | **(412)** | (875) |
|  |  |  |  |  |
| Number of Shares in issue (’000) | **226,373** | 174,134 | **226,373** | 174,134 |
|  |  |  |  |  |
| Basic Loss per share (sen) | **(0.18)** | (0.50) | **(0.18)** | (0.50) |

# NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont’d)

**12.12 Loss Before Tax**

Loss before tax is arrived at after (crediting)/charging:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | INDIVIDUAL QUARTER | | **CUMULATIVE PERIOD** | |
|  | **Current Quarter Ended**  **30/6/17**  **(Unaudited)** | Comparetive Quarter Ended  30/6/16  (Unaudited) | **Current**  **Year**  **Ended**  **30/6/17**  **(Unaudited)** | Comparetive Year  Ended  30/6/16  (Audited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(57)** | (100) | **(57)** | (100) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange | **(112)** | (28) | **(112)** | (28) |
| Interest expense | **84** | 95 | **84** | 95 |
| Depreciation | **632** | 875 | **632** | 875 |
| Amortisation of prepaid lease payments | **60** | 59 | **60** | 59 |
| Impairment losses on receivables | **(28)** | - | **(28)** | - |
| Impairment or write off of inventories | **-** | - | **-** | - |
| (Gain)/loss on disposal of quoted or unquoted investments or properties | **-** | - | - | - |
| Impairment losses on investment properties | **-** | - | - | - |
| Impairment losses on property, plant and equipment | **-** | - | - | - |
| (Gain)/loss on derivatives | **-** | - | - | - |
| Exceptional items | **-** | - | - | - |

**12.13 Disclosure of Realised and Unrealised Profits/(Losses)**

|  |  |  |
| --- | --- | --- |
|  | **As at**  **30/6/17**  **RM’000** | As at  30/6/16  RM’000 |
| Total retained profits/(accumulated losses) of the Group:   * Realised * Unrealised | **(29,400)**  **(3,747)** | (22,503)  (3,605) |
|  | **(33,147)** | (26,108) |
| Consolidation adjustments | **54,152** | 52,520 |
| Total retained profits | **21,005** | 26,412 |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Molly Gunn Chit Geok

Company Secretary Date: 25 August 2017