

CONDENSED INTERIM FINANCIAL REPORT FOR THE 2nd FINANCIAL QUARTER ENDED 30 SEPTEMBER 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.

2. 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.

3. Seasonal and Cyclical Factors

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

4. 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.

5. 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.

6. 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.

7. 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)**8. 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

<i>Financial period ended 30.9.17</i>	Tourism Services RM'000	Others RM'000	Group RM'000
Revenue			
Total revenue	26,274	229	26,503
Intersegment revenues	-	-	-
Total external revenue	<u>26,274</u>	<u>229</u>	<u>26,503</u>
Results			
Segment results	(101)	(889)	(990)
Finance costs	(169)		(169)
Share of profit from associate	-	-	-
Profit/(Loss) before tax	<u>(270)</u>	<u>(889)</u>	<u>(1,159)</u>
Income Tax	-	(4)	(4)
Profit/(Loss) after tax	<u>(270)</u>	<u>(893)</u>	<u>(1,163)</u>
Non-controlling interest	-	3	3
Loss attributable to Owners of the Company	<u>(270)</u>	<u>(896)</u>	<u>(1,166)</u>
Other information			
Segment assets	43,724	57,806	101,530
Segment liabilities	16,137	1,888	18,025
Capital expenditure	-	-	1
Depreciation and amortization	<u>1,091</u>	<u>228</u>	<u>1,319</u>

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

9. 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. Following this acquisition, EMCKL has 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)**10. Material Events after the Reporting Period**

There were no material subsequent events as at 16 November 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.

11. Contingent Assets or Liabilities

There were no contingent assets or liabilities as at 16 November 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.

12. Additional Information Pursuant to Appendix 9B of the MMLR of Bursa Securities**12.1 Group Performance Review**

	INDIVIDUAL QUARTER ENDED			CUMULATIVE PERIOD ENDED		
	Current	Comparative	Changes	Current	Comparative	Changes
	30/9/17	30/9/16	Inc/(Dec)	30/9/17	30/9/16	Inc/(Dec)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	11,860	10,469	13.28	26,503	25,005	5.99
Operating Profit	1,983	2,317	(14.41)	4,870	5,056	(3.68)
Loss Before Interest and Tax	(845)	(594)	42.25	(990)	(1,372)	(27.84)
Loss Before Tax	(930)	(679)	36.97	(1,159)	(1,553)	(25.37)
Loss After Tax	(754)	(679)	11.05	(1,163)	(1,553)	(25.11)
Loss Attributable to Owners of the Company	(754)	(679)	11.05	(1,166)	(1,554)	(24.97)

- The Group's revenue for the current financial quarter improved by 13.28% as compared to the preceding year corresponding financial quarter. The higher volume of tourist arrivals registered by the Group during the current financial quarter mainly attributed to the increased revenue. (Current quarter: 68,140 pax; Comparative quarter: 51,944 pax)
- The Group's revenue for the cumulative current financial period improved by 5.99% as compared to the preceding year corresponding financial period. The higher cumulative volume of tourist arrivals registered by the Group during the current financial period mainly attributed to the increased revenue. (Current period: 144,278 pax; Comparative period: 128,171 pax)
- The Group's operating profit for the current financial quarter declined by 14.41% as compared to the preceding year corresponding financial quarter. Similarly, the Group's operating profit for the cumulative current financial period also registered a decline as compared to the preceding year corresponding financial period by 3.68%. This decline was mainly attributed by the higher cost incurred in securing favourable market share of tourist arrivals as a result of intense competition.

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

- The Group's loss before tax for the current financial quarter registered an increase by 36.97% as compared to the preceding year corresponding financial quarter. The significant decline in profit margin during current financial quarter mainly contributed to the increase in losses.
- The Group's loss before tax for the cumulative current financial period registered a decline of 25.37% as compared to the preceding year corresponding financial period mainly due to the drop in the cumulative administrative costs following the business rearrangements made to certain components of the tourism segment which contributed to the lower expenditure incurred for the cumulative current financial period.

12.2 Comparison with Immediate Preceding Quarter Results

	Current Quarter Ended 30/9/17	Preceding Quarter Ended 30/6/17	Changes Inc/(Dec)
	RM'000	RM'000	%
Revenue	11,860	14,643	(19.00)
Operating Profit	1,983	2,887	(31.31)
Loss Before Interest and Tax	(845)	(145)	482.76
Loss Before Tax	(930)	(229)	306.11
Loss After Tax	(754)	(409)	84.35
Loss Attributable to Owners of the Company	(754)	(412)	83.01

- The Group's revenue for the current financial quarter declined by 19.00% as compared to the immediate preceding quarter. This decline was mainly attributed by the drop in volume of tourist arrivals (Current quarter: 68,140; Preceding Quarter: 76,138).
- The Group's operating profit for the current financial quarter declined by 31.31% as compared to the immediate preceding quarter. The decline in revenue coupled with the drop in profit margin registered during the current quarter mainly contributed towards the unfavourable operating profit.
- The Group's loss before tax for the current financial quarter was higher as compared to the immediate preceding quarter. The higher losses for the current financial quarter was mainly attributed by the drop in operating profits coupled with the higher administrative expenses incurred and paid during the period.

12.3 Prospects for the Current Financial Year

The Board is confident that the Group's core tourism business segment will be able to remain resilient despite the current challenges and will continue to support all efforts to improve operational efficiency and financial performances. The Board is also closely monitoring indicators/sentiments in the property market and the progress of the Group's maiden venture into the property development and hopes that the Group will be in a position to be able to move forward as soon as the property market shows positive improvements.

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

12.4 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.

12.5 Corporate Proposals

There were no corporate proposals announced but not completed as at 16 November 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.

12.6 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 September 2017 are as follows:

Purpose	Utilisation		Intended Timeframe for Utilisation	Deviation	
	Proposed RM'000	Actual RM'000		RM'000	%
Expenses in relation to Corporate Proposals	300	298	Within 1 month	2	0.7
Funding for Proposed Development	5,000	2,968	Within 24 months		
Working capital requirements of the group	708	710	Within 12 months	(2)	(0.3)
	<u>6,008</u>	<u>3,976</u>			

12.7 Taxation

	Quarter ended 30/9/17 RM'000	Quarter ended 30/9/16 RM'000	Period ended 30/9/17 RM'000	Period ended 30/9/16 RM'000
In respect of current year:				
Income tax	(176)	-	4	-
Deferred tax	-	-	-	-
	<u>(176)</u>	<u>-</u>	<u>4</u>	<u>-</u>
Under/(Over) provision in respect of previous year:				
Income tax	-	-	-	-
Deferred tax	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>(176)</u>	<u>-</u>	<u>4</u>	<u>-</u>

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont'd)**12.8 Material Litigations**

There are no pending material litigations involving the Group as at 16 November 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.

12.9 Group Borrowings

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

	As at 30/9/17 RM'000	As at 30/9/16 RM'000
Non-current:		
Term Loan	<u>3,706</u>	<u>3,937</u>
	3,706	3,937
Current:		
Hire Purchase	-	-
Term Loan	<u>227</u>	<u>219</u>
	227	219

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

12.10 Proposed Dividends

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

12.11 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.

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Quarter Ended 30/9/17	Quarter Ended 30/9/16	Year Ended 30/9/17	Year Ended 30/9/16
Loss after taxation attributable to owners of the Company (RM'000)	<u>(754)</u>	<u>(679)</u>	<u>(1,166)</u>	<u>(1,554)</u>
Number of Shares in issue ('000)	226,373	226,373	226,373	226,373
Basic Loss per share (sen)	<u>(0.33)</u>	<u>(0.30)</u>	<u>(0.52)</u>	<u>(0.69)</u>

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 30/9/17 (Unaudited) RM'000	Comparative Quarter Ended 30/9/16 (Unaudited) RM'000	Current Year Ended 30/9/17 (Unaudited) RM'000	Comparative Year Ended 30/9/16 (Unaudited) RM'000
Interest income	(27)	(118)	(84)	(218)
Other income including investment income	-	-	-	-
Net (gain)/loss on foreign exchange	14	(55)	(98)	(83)
Interest expense	85	86	169	181
Depreciation	570	196	1,202	1,017
Amortisation of prepaid lease payments	57	58	117	117
Impairment losses on receivables	-	-	(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 30/9/17 RM'000	As at 30/9/16 RM'000
Total retained profits/(accumulated losses) of the Group:		
- Realised	(30,154)	(23,182)
- Unrealised	(3,747)	(3,605)
	(33,901)	(26,787)
Consolidation adjustments	54,152	52,520
Total retained profits	20,251	25,733

By Order of the Board
SANBUMI HOLDINGS BERHAD
Molly Gunn Chit Geok
Company Secretary

Date: 23 November 2017