**CONDENSED INTERIM FINANCIAL REPORT FOR THE 3rd FINANCIAL QUARTER ENDED 31 DECEMBER 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 31.12.17 | | |  | Tourism Services | Others | Group |
|  | | |  | RM’000 | RM’000 | RM’000 |
| Revenue | | |  |  |  |  |
| Total revenue | | |  | 37,707 | 355 | 38,062 |
| Intersegment revenues | | |  | (70) | - | (70) |
| Total external revenue | | |  | 37,637 | 355 | 37,992 |
| Results | | |  |  |  |  |
| Segment results | | |  | 168 | (1,030) | (862) |
| Finance costs | | |  | (253) |  | (253) |
| Share of profit from associate | | |  | - | - | - |
| Profit/(Loss) before tax | | |  | (85) | (1,030) | (1,115) |
| Income Tax | | |  | - | (4) | (4) |
| Profit/(Loss) after tax | | |  | (85) | (1,034) | (1,119) |
| Non-controlling interest | | |  | - | 3 | 3 |
| Loss attributable to Owners of the Company | | |  | (85) | (1,037) | (1,122) |
|  | | |  |  |  |  |
| Other information | | |  |  |  |  |
| Segment assets | | |  | 43,872 | 57,342 | 101,214 |
| Segment liabilities | | |  | 16,155 | 1,716 | 17,871 |
| Capital expenditure | | |  | 2 | - | 2 |
| Depreciation and amortization | | |  | 1,605 | 94 | 1,699 |

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. 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)

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

There were no material subsequent events as at 16 February 2018 (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 16 February 2018 (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 |
|  | **31/12/17** | 31/12/16 | Inc/(Dec) | **31/12/17** | 31/12/16 | Inc/(Dec) |
|  | **RM’000** | RM’000 | % | **RM’000** | RM’000 | % |
| Revenue | **11,489** | 9,378 | 22.51 | **37,992** | 34,383 | 10.50 |
| Operating Profit | **2,273** | 2,394 | (5.05) | **7,143** | 7,450 | (4.12) |
| Profit/(Loss) Before Interest and Tax | **212** | (883) | 124.01 | **(609)** | (2.078) | (70.69) |
| Profit/(Loss) Before Tax | **44** | (1,071) | 104.11 | **(1,115)** | (2,624) | (57.51) |
| Profit/(Loss) After Tax | **44** | (1,076) | 104.09 | **(1,119)** | (2,629) | (57.44) |
| Loss Attributable to Owners of the Company | **44** | (1,078) | 104.08 | **(1,122)** | (2,632) | (57.37) |

* The Group’s revenue for the current financial quarter improved by 22.51% 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: 62,797 pax; Comparative quarter: 37,067 pax)
* The Group’s revenue for the cumulative current financial period improved by 10.50% 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: 207,075 pax; Comparative period: 165,238 pax)
* The Group’s operating profit for the current financial quarter declined marginally by 5.05% as compared to the preceding year corresponding financial quarter. Similarly, the Group’s operating profit for the cumulative current financial period also registered a marginal decline as compared to the preceding year corresponding financial period by 4.12%.

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

* The Group registered a profit before interest and tax for the current financial quarter as opposed to the loss before interest and tax registered in the preceding year corresponding financial quarter. The significant increase in profit before interest and tax by 124.01% as compared to losses in the preceding year corresponding financial quarter was mainly attributed by the decline in the operating expenses as a result of the business rearrangements made to certain components of the tourism segment. The impact of the business rearrangements also contributed directly to the 70.69% decline in the cumulative loss before interest and tax for the current financial period as compared to the preceding year corresponding financial period.
  1. **Comparison with Immediate Preceding Quarter Results**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Current Quarter Ended** | Preceding Quarter Ended | Changes  Inc/(Dec) |
|  | **31/12/17** | 30/9/17 |  |
|  | **RM’000** | RM’000 | % |
| Revenue | **11,489** | 11,860 | (3.13) |
| Operating Profit | **2,273** | 1,983 | 14.62 |
| Profit/(Loss) Before Interest and Tax | **212** | (845) | 125.09 |
| Profit/(Loss) Before Tax | **44** | (930) | 104.73 |
| Profit/(Loss) After Tax | **44** | (754) | 105.84 |
| Profit/(Loss) Attributable to Owners of the Company | **44** | (754) | 105.84 |

* The Group’s revenue for the current financial quarter declined marginally by 3.13% as compared to the immediate preceding quarter. This decline was mainly attributed by the drop in volume of tourist arrivals (Current quarter: 62,797; Preceding Quarter: 68,140).
* The Group’s operating profit for the current financial quarter improved by 14.62% as compared to the immediate preceding quarter. Despite the decline in revenue, the improved profit margins registered during the current quarter mainly contributed towards the favourable increase in operating profit.
* The Group recorded a profit before and after tax for the current financial quarter as compared to the losses in the immediate preceding quarter. The higher operating profits coupled with lower expenses incurred for the current financial quarter mainly resulted in the improved financial performance.
  1. **Prospects for the Current Financial Year**

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

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

* 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.

* 1. **Corporate Proposals**

There were no corporate proposals announced but not completed as at 16 February 2018 (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 31 December 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 | 3,204 | Within 24 months |  |  |
| Working capital requirements of the group | 708 | 710 | Within 12 months | (2) | (0.3) |
|  | 6,008 | 4,212 |  |  |  |

* 1. **Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Quarter**  **ended**  **31/12/17** |  | Quarter  ended  31/12/16 |  | **Period**  **ended**  **31/12/17** |  | Period  ended  31/12/16 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| In respect of current year: |  |  |  |  |  |  |  |
| Income tax | **-** |  | 5 |  | **4** |  | 5 |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **-** |  | 5 |  | **4** |  | 5 |
| Under/(Over) provision in respect of previous year: |  |  |  |  |  |  |  |
| Income tax | **-** |  | - |  | **-** |  | - |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **-** |  | - |  | **-** |  | - |
|  | **-** |  | 5 |  | **4** |  | 5 |

The tax charge for the financial period todate 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)

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 16 February 2018 (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 31/12/17** |  | As at  31/12/16 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
| Term Loan | **3,647** |  | 3,818 |
|  | **3,647** |  | 3,818 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
| Hire Purchase | **-** |  | - |
| Term Loan | **227** |  | 227 |
|  |  |  |  |
|  | **227** |  | 227 |

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. **Earnings/(Loss) Per Share**

The basic earnings/(loss) per share of the Group is calculated by dividing the profit/(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**  **31/12/17** | Quarter Ended  31/12/16 | **Year**  **Ended**  **31/12/17** | Year Ended 31/12/16 |
| Profit/(Loss) after taxation attributable to  owners of the Company (RM’000) | **44** | (1,078) | **(1,122)** | (2,632) |
|  |  |  |  |  |
| Number of Shares in issue (’000) | **226,373** | 226,373 | **226,373** | 226,373 |
|  |  |  |  |  |
| Basic Earnings/(Loss) per share (sen) | **0.02** | (0.48) | **(0.50)** | (1.16) |

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

**12.12 Profit/(Loss) Before Tax**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | INDIVIDUAL QUARTER | | **CUMULATIVE PERIOD** | |
|  | **Current Quarter Ended**  **31/12/17**  **(Unaudited)** | Comparetive Quarter Ended  31/12/16  (Unaudited) | **Current**  **Year**  **Ended**  **31/12/17**  **(Unaudited)** | Comparetive Year  Ended  31/12/16  (Unaudited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(25)** | (109) | **(109)** | (327) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange | **(34)** | (83) | **(132)** | (137) |
| Interest expense | **84** | 98 | **253** | 269 |
| Depreciation | **322** | 796 | **1,524** | 1,868 |
| Amortisation of prepaid lease payments | **58** | 59 | **175** | 176 |
| Impairment losses on receivables | **(16)** | - | **(44)** | - |
| 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**  **31/12/17**  **RM’000** | As at  31/12/16  RM’000 |
| Total retained profits/(accumulated losses) of the Group:   * Realised * Unrealised | **(30,166)**  **(3,747)** | (24,260)  (3,605) |
|  | **(33,913)** | (27,865) |
| Consolidation adjustments | **54,208** | 52,520 |
| Total retained profits | **20,295** | 24,655 |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Lim Choo Tan

Chew Siew Cheng

Company Secretaries Date: 23 February 2018