

SANBUMI HOLDINGS BERHAD
(8386-P)

CONDENSED INTERIM FINANCIAL REPORT

FOR THE

**2nd FINANCIAL QUARTER
&
FINANCIAL PERIOD ENDED**

30 SEPTEMBER 2018

STRICTLY PRIVATE & CONFIDENTIAL
[FOR MANAGEMENT PURPOSES ONLY]

SANBUMI HOLDINGS BERHAD (8386-P)

Condensed Interim Financial Report for the 2nd financial quarter ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE PERIOD	
	Current Quarter Ended 30/09/18 (Unaudited) RM'000	Comparative Quarter Ended 30/09/17 (Unaudited) RM'000	Current Period Ended 30/09/18 (Unaudited) RM'000	Comparative Period Ended 30/09/17 (Unaudited) RM'000
Revenue	5,071	11,860	13,114	26,503
Cost of Sales	(4,429)	(9,877)	(11,861)	(21,633)
Gross Profit	642	1,983	1,253	4,870
Other Income	150	122	240	311
Operating Expenses	(1,726)	(2,950)	(3,322)	(6,171)
Finance Costs	(83)	(85)	(165)	(169)
Loss Before Tax	(1,017)	(930)	(1,994)	(1,159)
Tax Expense	-	176	-	(4)
Loss After Tax	(1,017)	(754)	(1,994)	(1,163)
Other Comprehensive Income/(Expenses)	-	-	-	-
Total Comprehensive Expenses	(1,017)	(754)	(1,994)	(1,163)
Loss After Tax attributable to:				
Owners of the Company	(1,017)	(754)	(1,994)	(1,166)
Non-controlling Interest	-	-	-	3
	(1,017)	(754)	(1,994)	(1,163)
Total Comprehensive Expenses attributable to:				
Owners of the Company	(1,017)	(754)	(1,994)	(1,166)
Non-controlling Interest	-	-	-	3
	(1,017)	(754)	(1,994)	(1,163)
Loss Per Share attributable to owners of the Company (sen):				
i) Basic	(0.45)	(0.33)	(0.88)	(0.52)
ii) Diluted	-	-	-	-

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for financial year ended 31 March 2018.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AS AT 30/09/18 (Unaudited)	AS AT 31/03/18 (Audited)
	RM'000	RM'000
ASSETS		
Non-Current Assets		
Property, Plant and Equipment	50,295	51,095
Investment Properties	6,690	6,690
Prepaid lease Payments	389	507
	<u>57,374</u>	<u>58,292</u>
Current Assets		
Inventories	489	2,150
Development Cost	26,602	26,017
Trade & Other Receivables	8,552	6,118
Deposits, cash and bank balances	5,058	8,401
	<u>40,701</u>	<u>42,686</u>
TOTAL ASSETS	<u><u>98,075</u></u>	<u><u>100,978</u></u>
EQUITY AND LIABILITIES		
Share Capital	22,637	22,637
Retained Profits	14,493	16,487
Revaluation and Other Reserves	44,439	44,439
Equity Attributable to Equity Holders of the Company	<u>81,569</u>	<u>83,563</u>
Non-controlling Interests	(113)	(113)
Total Equity	<u>81,456</u>	<u>83,450</u>
Non-current Liabilities		
Borrowings	3,447	3,576
Deferred taxation	4,501	4,501
	<u>7,948</u>	<u>8,077</u>
Current Liabilities		
Trade & Other Payables	8,040	8,823
Provision for tax	380	389
Borrowings	251	239
	<u>8,671</u>	<u>9,451</u>
Total Liabilities	<u>16,619</u>	<u>17,528</u>
TOTAL EQUITY AND LIABILITIES	<u><u>98,075</u></u>	<u><u>100,978</u></u>
Net Asset Per Share (RM)	<u>0.36</u>	<u>0.37</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2018.

SANBUMI HOLDINGS BERHAD (8386-F)

Condensed Interim Financial Report for the 2nd financial quarter ended 30 September 2018

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital		Non-distributable		Distributable		Total	Non-controlling Interests	Total Equity
	Ordinary shares of RM0.10 each RM'000	Capital Redemption Reserve RM'000	Revaluation and other reserves RM'000	Retained profits RM'000	RM'000	RM'000			
Cumulative Current Period (Unaudited)									
At 01.04.2018	22,637	15,105	29,334	16,487	83,563	(113)	83,450		
Recognised income and expense for the period:									
Loss after taxation	-	-	-	(1,994)	(1,994)	0	(1,994)		
At 30.09.2018	22,637	15,105	29,334	14,493	81,569	(113)	81,456		

	Share capital		Non-distributable		Distributable		Total	Non-controlling Interests	Total Equity
	Ordinary shares of RM0.10 each RM'000	Capital Redemption Reserve RM'000	Revaluation and other reserves RM'000	Retained profits RM'000	RM'000	RM'000			
Cumulative Preceding Period (Unaudited)									
At 01.04.2017	22,637	15,105	25,420	21,417	84,579	89	84,668		
Recognised income and expense for the period:									
Loss after taxation	-	-	-	(1,166)	(1,166)	3	(1,163)		
At 30.09.2017	22,637	15,105	25,420	20,251	83,413	92	83,505		

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2018.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Period	
	Period Ended 30/09/18 Unaudited RM'000	Period Ended 30/09/17 Unaudited RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES:		
Loss before taxation	(1,994)	(1,159)
Adjustments for:		
Non-cash items	900	1,330
Non-operating items	43	85
Operating (loss)/profit before changes in working capital	<u>(1,051)</u>	<u>256</u>
(Increase)/Decrease in current assets	(773)	(686)
Increase/(Decrease) in current liabilities	(783)	2,210
Cash flows (for)/from operations	<u>(2,607)</u>	<u>1,780</u>
Income tax refunded/(paid)	9	(4)
Interest received	122	84
Net cash flows (for)/from operating activities	<u>(2,476)</u>	<u>1,860</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES:		
Property, plant and equipment	-	(1)
Development cost	(585)	-
Investments in subsidiaries	-	(150)
Net cash flows for investing activities	<u>(585)</u>	<u>(151)</u>
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES:		
Interest paid	(165)	(169)
Proceeds from issue of new shares	-	-
Net borrowings	(117)	(112)
Net cash flows for financing activities	<u>(282)</u>	<u>(281)</u>
Net (decrease)/increase in cash & cash equivalent	(3,343)	1,428
Cash & cash equivalent at beginning of the financial period	8,401	9,576
Cash & cash equivalent at end of the financial period	<u><u>5,058</u></u>	<u><u>11,004</u></u>
Cash & cash equivalent consists of:	RM'000	RM'000
Deposits, cash and bank balances	5,058	11,004
Bank overdrafts	-	-
	<u><u>5,058</u></u>	<u><u>11,004</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 31 March 2018.

CONDENSED INTERIM FINANCIAL REPORT FOR THE 2ND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2018

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 the Malaysian Financial Reporting Standard (“MFRS”) 134: “Interim Financial Reporting” issued by the Malaysian Accounting Standards Board (“MASB”) 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 2018.

The accounting policies, methods of computation and the basis of consolidation used in the preparation of this interim financial report are consistent with those applied in the most recent audited annual financial statements for the year ended 31 March 2018. During the financial period, the following new accounting standards and/or interpretations issued by the MASB were adopted:

MFRS 107	Disclosure Initiative
MFRS 112	Recognition of Deferred Tax Asset for Unrealised Losses
Amendments to MFRS 12	Clarification of the Scope of Standard
MFRS 9	Financial Instruments

The adoption of the above MFRSs did not have any material impact on the interim financial report of the Group.

2. Auditors’ Report on Preceding Annual Financial Statements

The most recent annual audited financial statements for the financial year ended 31 March 2018 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.

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

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.

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

Financial period ended 30.9.18

	Tourism Services RM'000	Others RM'000	Group RM'000
Revenue			
Total revenue	12,839	275	13,114
Intersegment revenues	-	-	-
Total external revenue	12,839	275	13,114
Results			
Segment results	(906)	(923)	(1,829)
Finance costs	(165)	-	(165)
Share of profit from associate	-	-	-
Profit/(Loss) before tax	(1,071)	(923)	(1,994)
Income Tax	-	-	-
Profit/(Loss) after tax	(1,071)	(923)	(1,994)
Non-controlling interest	-	-	-
Loss attributable to Owners of the Company	(1,071)	(923)	(1,994)
Other information			
Segment assets	40,282	57,793	98,075
Segment liabilities	14,329	2,290	16,619
Capital expenditure	-	-	-
Depreciation and amortization	865	54	919

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

NOTES TO THE UNAUDITED CONDENSED INTERIM FINANCIAL REPORT (Cont'd)**9. Changes in Composition of the Group**

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

10. Material Events after the Reporting Period

On 2 October 2018, the Sanbumi Holdings Berhad (the 'Company') announced that it had entered into a conditional share subscription agreement with Dato' Tan Kean Tet and its intention to undertake a proposed private placement of 22,637,384 new ordinary shares representing 10% of the existing total number of issued shares in the Company to Dato' Tan Kean Tet at an issue price of RM0.173 per placement share.

As at the date of this report, the aforementioned corporate proposal is pending approval from regulatory authorities and shareholders of the Company.

There were no other material subsequent events as at 16 November 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.

11. Contingent Assets or Liabilities

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

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

	INDIVIDUAL QUARTER ENDED			CUMULATIVE YEAR ENDED		
	Current	Comparative	Changes	Current	Comparative	Changes
	30/9/18	30/9/17	Inc/(Dec)	30/9/18	30/6/17	Inc/(Dec)
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	5,071	11,860	(57.24)	13,114	26,503	(50.52)
Operating Profit	642	1,983	(67.62)	1,253	4,870	(74.27)
Loss Before Interest and Tax	(934)	(845)	10.53	(1,829)	(990)	84.74
Loss Before Tax	(1,017)	(930)	9.35	(1,994)	(1,159)	72.04
Loss After Tax	(1,017)	(754)	34.88	(1,994)	(1,163)	71.45
Loss Attributable to Owners of the Company	(1,017)	(754)	34.88	(1,994)	(1,166)	71.01

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

12.1 Group Performance Review (Cont'd)

- The Group's revenue for the current financial quarter declined by 57.24% whereas the revenue for the cumulative financial period declined by 50.52% respectively as compared to the preceding year corresponding periods. The drop in revenue is mainly attributed by the decline in volume of tourist arrivals registered by the Group. The impact of the general decline in volume of inbound tourists from China to Malaysia coupled with the unfavourable impact of the internal reorganization which included outsourcing of management and discontinuance of certain previously contributing businesses within the tourism segment mainly attributed to the drop in revenue.
- The Group's operating profit for the current financial quarter declined by 67.62% 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 by 74.27% as compared to the preceding year corresponding financial period. The significant drop in revenue coupled with the impact of the relatively high fixed direct operating costs mainly attributed to the decline in the operating profit of the Group.
- The Group's higher losses registered for the current financial quarter and the cumulative financial period as compared to the preceding year corresponding respective financial periods was directly attributed to the significant drop in the revenue registered coupled with the impact of the relatively high fixed indirect operating costs such as depreciation charge.

12.2 Comparison with Immediate Preceding Quarter Results

	Current Quarter Ended 30/9/18	Preceding Quarter Ended 30/6/18	Changes Inc/(Dec)
	RM'000	RM'000	%
Revenue	5,071	8,043	(36.95)
Operating Profit	642	611	5.07
Loss Before Interest and Tax	(934)	(895)	4.36
Loss Before Tax	(1,017)	(977)	4.09
Loss After Tax	(1,017)	(977)	4.09
Loss Attributable to Owners of the Company	(1,017)	(977)	4.09

- The Group's revenue for the current financial quarter declined by 36.95% as compared to the immediate preceding quarter. The impact of the discontinuance of certain previously contributing businesses under the restructuring of the tourism segment coupled with the decline in revenue registered as a result in to the drop in volume of tourist arrivals are the major contributing factors to this decline.

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

12.2 Comparison with Immediate Preceding Quarter Results (Cont'd)

- The Group's operating profit for the current financial quarter marginally improved by 5.07% as compared to the immediate preceding quarter.
- The Group's losses for the current financial quarter marginally increased as compared to the immediate preceding quarter. The impact of the marginally higher indirect operating expenses incurred during the current financial quarter mainly contributed to the higher losses for that period.

12.3 Prospects for the Current Financial Year

The extremely challenging business environment remains a key factor to the continued poor financial performances of the core tourism business segment. Nonetheless, the Group hopes that the internal restructuring of the current business model of its tourism segment will help improve the operations and financial performance of this segment.

The Group hopes that the introduction of a strategic investor with experiences in property development, via the proposed private placement exercise, will present an opportunity for the Group to be able to tap and leverage on the experience to kick-start the Group's maiden venture into the property development and be able to move forward positively sooner than it may be anticipated.

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

The corporate proposals announced but not completed as at 16 November 2018 (being the latest practicable date which is no earlier than 7 days from the date of issue of this quarterly report) are as disclosed in Note 10 above. There are no other new corporate proposals announced but not completed 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)

12.6 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 were allocated and fully utilised in accordance with the approved utilisation plan within the stipulated timeframe.

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	5,000	Within 24 months	0	0
Working capital requirements of the group	708	710	Within 12 months	(2)	(0.3)
	<u>6,008</u>	<u>6,008</u>			

12.7 Taxation

There is no tax charge for the current financial quarter under review and the financial year to date principally due to losses that are available to set-off potential tax liabilities of the subsidiaries.

12.8 Material Litigations

There are no pending material litigations involving the Group as at 16 November 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 30/9/18 RM'000	As at 30/9/17 RM'000
Non-current:		
Term Loan	<u>3,447</u>	<u>3,706</u>
	<u>3,447</u>	<u>3,706</u>
Current:		
Term Loan	<u>251</u>	<u>227</u>
	<u>251</u>	<u>227</u>

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

12.10 Proposed Dividends

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

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

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>	
	<u>Quarter Ended 30/9/18</u>	<u>Quarter Ended 30/9/17</u>	<u>Period Ended 30/9/18</u>	<u>Period Ended 30/9/17</u>
Loss after taxation attributable to owners of the Company (RM'000)	<u>(1,017)</u>	<u>(754)</u>	<u>(1,994)</u>	<u>(1,166)</u>
Number of Shares in issue ('000)	<u>226,373</u>	<u>226,373</u>	<u>226,373</u>	<u>226,373</u>
Basic Loss per share (sen)	<u>(0.45)</u>	<u>(0.33)</u>	<u>(0.88)</u>	<u>(0.52)</u>

12.12 Loss Before Tax

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

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE PERIOD</u>	
	<u>Current Quarter Ended 30/9/18</u>	<u>Comparative Quarter Ended 30/9/17</u>	<u>Current Year Ended 30/9/18</u>	<u>Comparative Year Ended 30/9/17</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Interest income	(53)	(27)	(122)	(84)
Other income including investment income	-	-	-	-
Net (gain)/loss on foreign exchange	-	14	-	(98)
Interest expense	83	85	165	169
Depreciation	437	570	801	1,202
Amortisation of prepaid lease payments	58	57	118	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	-	-	-	-

By Order of the Board
SANBUMI HOLDINGS BERHAD
 Lim Choo Tan
 Chew Siew Cheng
 Company Secretaries

Date: 23 November 2018