**CONDENSED INTERIM FINANCIAL REPORT FOR THE 1st FINANCIAL QUARTER ENDED 30 JUNE 2015**

# 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 2015.

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

The most recent annual audited financial statements for the financial year ended 31 March 2015 was not subject to any audit qualification.

1. **Seasonal and Cyclical Factors**

All business segments of the Group are generally exposed to the 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 and 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 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 30.6.15 |  | Tourism Services  | Others | Group |
|  |  | RM’000 | RM’000 | RM’000 |
| Revenue |  |  |  |  |
| Total revenue |  | 11,215 | 239 | 11,454  |
| Intersegment revenues |  | (105) | - | (105) |
| Total external revenue |  | 11,110 | 239 | 11,349 |
| Results |  |  |  |  |
| Segment results (external) |  | (1,311) | (318) | (1,629) |
| Share of profit from associate |  |  |  | - |
| Loss from ordinary activities before taxation |  |  |  | (1,629) |
| Taxation |  |  |  | - |
| Loss from ordinary activities after taxation |  |  |  | (1,629) |
| Non-controlling interest |  |  |  | - |
| Loss attributable to Owners of the Company |  |  |  | (1,629) |
|  |  |  |  |  |
| Other information |  |  |  |  |
| Segment assets |  | 49,823 | 53,084 | 102,907 |
| Segment liabilities |  | 13,000 | 1,783 | 14,783 |
| Capital expenditure |  | 26 | 5 | 31 |
| Depreciation and amortization |  | 869 | 79 | 948 |

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

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

On 13 July 2015, the Company announced its intention to undertake the following proposals:-

1. Proposed reduction of the issued and paid-up share capital of the Company pursuant to Section 64 of the Companies Act,1965 involving the cancellation of RM0.90 of the par value of every existing ordinary shares of RM1.00 each in the Company;
2. Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the proposed reduction in par value;
3. Proposed private placement of up to 52,240,000 new shares representing up to approximately 30% of the issued and paid-up share capital of the Company after the proposed reduction in par value; and
4. Proposed diversification of business of the Group to include property development and investment.

As at the date of this report, the aforementioned corporate proposals are pending approvals from regulatory authorities and shareholders of the Company.

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

1. **Material Events after the Reporting Period (Cont’d)**

There were no other material subsequent events as at 14 August 2015 (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. **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.

1. **Contingent Assets or Liabilities**

There were no contingent assets or liabilities as at 14 August 2015 (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**

The Group recorded revenue of RM11.35 million for the current financial quarter and financial period to date as compared to RM6.45 million recorded in the preceding period corresponding financial quarter and period to date. The increase in the Group’s tourist arrival volume mainly contributed towards the higher revenue recorded during the reporting quarter. The higher revenue also helped reduce the Group’s losses for the reporting quarter. The Group’s loss before tax for the current financial quarter and financial period to date stood at RM1.63 million as compared to the loss before tax of RM2.51 million registered in the preceding period corresponding financial quarter and period to date.

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

The Group’s pre-tax loss of RM1.63 million for the 1st quarter of the current financial year was significantly lower as compared to the pre-tax loss of RM4.22 million registered in the immediate preceding quarter. The higher revenue derived helped to reduce the pre-tax loss for the current quarter, whereas the impairment losses on Property, Plant and Equipment coupled with the lower revenue due to lower tourist group arrivals resulted in the higher pre-tax loss for the immediate preceding quarter.

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

* 1. **Prospects for the Current Financial Year**

The Board of Directors is of the opinion that the setbacks experienced by the tourism industry will gradually fade-off and tourist arrivals particularly from China will eventually improve. With this, the Board is optimistic that the Group will be able to improve its business and financial performances moving forward. The Group will continue to rationalize and consolidate, where necessary its businesses to optimize its resources.

* 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**

The corporate proposals announced but not completed as at 14 August 2015 (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 9 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.

* 1. **Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Quarter****ended****30/06/15** |  |  Quarterended30/06/14 |  |  **Period****ended****30/06/15** |  | Period ended30/06/14 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| In respect of current period: |  |  |  |  |  |  |  |
|  Income tax | **-** |  | - |  | **-** |  | - |
|  Deferred tax  | **-** |  | - |  | **-** |  | - |
|  | **-** |  | - |  | **-** |  | - |
| Overprovision in respect of previous period: |  |  |  |  |  |  |  |
|  Income tax | **-** |  | - |  | **-** |  | - |
|  Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **-** |  | - |  | **-** |  | - |

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 14 August 2015 (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)

**12.8 Group Borrowings**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 30/06/15** |  | As at 30.06.14 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
|  Hire Purchase | **-** |  | 141 |
|  Term Loan | **4,200** |  | 4,395 |
|  | **4,200** |  | 4,536 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
|  Hire Purchase | **193** |  | 582 |
|  Term Loan | **201** |  | 190 |
|  |  |  |  |
|  | **394** |  | 772 |

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, excluding Treasury Shares held by the Company.

|  |  |  |
| --- | --- | --- |
|  | INDIVIDUAL PERIOD | **CUMULATIVE PERIOD** |
|  | **Quarter Ended****30/06/15** | Quarter Ended30/06/14 | **Period****Ended****30/06/15** | Period Ended 30/06/14 |
| Loss after taxation attributable to owners of the Company (RM’000) | **(1,629)** | (2,508) | **(1,629)** | (2,508) |
|  |  |  |  |  |
| Number of Shares in issue (’000) | **174,134** | 174,134 | **174,134** | 174,134 |
|  |  |  |  |  |
| Basic Loss per share (sen) | **(0.94)** | (1.44) | **(0.94)** | (1.44) |

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

**12.11 Loss Before Tax**

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

|  |  |  |
| --- | --- | --- |
|  | INDIVIDUAL QUARTER | **CUMULATIVE PERIOD** |
|  | **Current Quarter Ended****30/06/15****(Unaudited)** | Comparetive Quarter Ended30/06/14(Audited) | **Current** **Year** **Ended****30/06/15****(Unaudited)** | Comparetive Year Ended30/06/14(Audited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(115)** | (157) | **(115)** | (157) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange  | **(28)** | (47) | **(28)** | (47) |
| Interest expense | **103** | 105 | **103** | 105 |
| Depreciation | **889** | 1,073 | **889** | 1,073 |
| Amortisation of prepaid lease payments | **59** | 58 | **59** | 58 |
| Impairment losses on receivables | **-** | - | - | - |
| 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 | **-** | - | - | - |
|  |  |  |  |  |

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

|  |  |  |
| --- | --- | --- |
|  | **As at** **30/06/15****RM’000** | As at 30/06/14RM’000 |
| Total (accumulated losses)/retained profits of the Group:* Realised
* Unrealised
 | **(159,419)****(2,889)** | (63,452)(2,856) |
|  | **(162,308)** | (66,308) |
| Consolidation adjustments | **41,722** | 67,592 |
| Total (accumulated losses)/retained profits | **(120,586)** | 1,284 |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Molly Gunn Chit Geok

Company Secretary Date: 21 August 2015