**CONDENSED INTERIM FINANCIAL REPORT FOR THE 3rd FINANCIAL QUARTER ENDED 31 DECEMBER 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 except for the following:

* Cancellation of shares repurchased and held as treasury shares

During the financial quarter under review, the Company cancelled 15,104,500 ordinary shares of RM1.00 each, all of which were previously held as treasury shares. Pursuant to Section 67A of the Companies Act 1965 an equivalent value of the diminished ordinary shares has been transferred to the Capital Redemption Reserve whereas the total repurchase cost of RM11,369,815 has been set-off against the Share Premium account.

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

1. **Dividends**

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

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 31.12.15 | | |  | Tourism Services | Others | Group |
|  | | |  | RM’000 | RM’000 | RM’000 |
| Revenue | | |  |  |  |  |
| Total revenue | | |  | 35,180 | 441 | 35,621 |
| Intersegment revenues | | |  | (214) | - | (214) |
| Total external revenue | | |  | 34,966 | 441 | 35,407 |
| Results | | |  |  |  |  |
| Segment results (external) | | |  | (3,064) | (1,462) | (4,526) |
| Share of profit from associate | | |  |  |  | - |
| Loss from ordinary activities before taxation | | |  |  |  | (4,526) |
| Taxation | | |  |  |  | (9) |
| Loss from ordinary activities after taxation | | |  |  |  | (4,535) |
| Non-controlling interest | | |  |  |  | 1 |
| Loss attributable to Owners of the Company | | |  |  |  | (4,536) |
|  | | |  |  |  |  |
| Other information | | |  |  |  |  |
| Segment assets | | |  | 49,265 | 51,755 | 101,020 |
| Segment liabilities | | |  | 13,807 | 1,995 | 15,802 |
| Capital expenditure | | |  | 557 | 5 | 562 |
| Depreciation and amortization | | |  | 2,675 | 235 | 2,910 |

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

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.

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

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

On 11 January 2016, an order of the High Court confirming a reduction of the share capital was issued and the same was lodged with the Companies Commission of Malaysia on 18 January 2016. With this the Company completed the proposed reduction of its issued and paid-up share capital 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. The effect of the capital reduction on the Equity attributable to owners of the Company is illustrated as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | As at 31/03/15  (Audited) | After Treasury Share Cancellation | After Par Value Reduction |
|  | RM’000 | RM’000 | RM’000 |
| Share Capital | 189,238 | 174,133 | 17,413 |
| (Accumulated Losses) / Retained Earnings | (118,957) | (118,957) | 37,763 |
| Reserves | 30,757 | 34,492 | 34,492 |
| Treasury Shares | (11,370) | - | - |
|  | 89,668 | 89,668 | 89,668 |

There were no other material subsequent events as at 19 February 2016 (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 19 February 2016 (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 RM13.55 million for the current financial quarter as compared to RM9.62 million recorded in the preceding period corresponding financial quarter. The Group revenue for the current financial period to date stood at RM35.41 million as compared to RM23.35 million recorded in the preceding corresponding financial period to date. The increased tourist arrival volume for the Group mainly contributed towards the higher revenue recorded during the reporting period. The increased revenue resulted in the Group achieving a lower loss before tax of RM1.33 million for the current financial quarter as compared to the loss before tax of RM2.67 million registered in the preceding corresponding financial quarter. Similarly, the Group’s cumulative loss before tax for the reporting period was lower at RM4.53 million as compared to the loss before tax of RM8.43 million recorded in the preceding corresponding financial period to date.

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

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

The Group’s pre-tax loss of RM1.33 million for the 3rd quarter of the current financial year was marginally lower as compared to the pre-tax loss of RM1.57 million registered in the immediate preceding quarter.

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

The Board of Directors is of the opinion that the inbound tourism industry is recovering and showing favourable improvements with higher tourist arrivals particularly from China. 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**

On 30 September 2015, the shareholders of the Company approved the following corporate 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, all proposals were completed except for the proposed private placement of new shares.

There are no other new corporate proposals announced but not completed as at 19 February 2016 (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)

* 1. **Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Quarter**  **ended**  **31/12/15** |  | Quarter  ended  31/12/14 |  | **Period**  **ended**  **31/12/15** |  | Period  ended  31/12/14 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| In respect of current period: |  |  |  |  |  |  |  |
| Income tax | **3** |  | - |  | **3** |  | - |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **3** |  | - |  | **3** |  | - |
| Underprovision in respect of  previous period: |  |  |  |  |  |  |  |
| Income tax | **6** |  | - |  | **6** |  | - |
| Deferred tax | **-** |  | - |  | **-** |  | - |
|  | **6** |  | - |  | **6** |  | - |
|  | **9** |  | - |  | **9** |  | - |

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 19 February 2016 (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.

**12.8 Group Borrowings**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 31/12/15** |  | As at 31.12.14 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
| Hire Purchase | **-** |  | 17 |
| Term Loan | **4,104** |  | 4,307 |
|  | **4,104** |  | 4,324 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
| Hire Purchase | **44** |  | 428 |
| Term Loan | **201** |  | 186 |
|  |  |  |  |
|  | **245** |  | 614 |

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.

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

* 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**  **31/12/15** | Quarter Ended  31/12/14 | **Period**  **Ended**  **31/12/15** | Period Ended 31/12/14 |
| Loss after taxation attributable to  owners of the Company (RM’000) | **(1,338)** | (2,673) | **(4,536)** | (8,433) |
|  |  |  |  |  |
| Number of Shares in issue (’000) | **174,133** | 174,133 | **174,133** | 174,133 |
|  |  |  |  |  |
| Basic Loss per share (sen) | **(0.77)** | (1.54) | **(2.60)** | (4.84) |

**12.11 Loss Before Tax**

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | INDIVIDUAL QUARTER | | **CUMULATIVE PERIOD** | |
|  | **Current Quarter Ended**  **31/12/15**  **(Unaudited)** | Comparetive Quarter Ended  31/12/14  (Unaudited) | **Current**  **Year**  **Ended**  **31/12/15**  **(Unaudited)** | Comparetive Year  Ended  31/12/14  (Unaudited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(104)** | (20) | **(332)** | (287) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange | **(26)** | (33) | **(69)** | (77) |
| Interest expense | **99** | 94 | **303** | 314 |
| Depreciation | **924** | 1,108 | **2,735** | 3,324 |
| Amortisation of prepaid lease payments | **58** | 58 | **175** | 175 |
| 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 | **-** | - | - | - |
|  |  |  |  |  |

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

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

|  |  |  |
| --- | --- | --- |
|  | **As at**  **31/12/15**  **RM’000** | As at  31/12/14  RM’000 |
| Total (accumulated losses)/retained profits of the Group:   * Realised * Unrealised | **(162,326)**  **(2,889)** | (69,377)  (2,856) |
|  | **(165,215)** | (72,233) |
| Consolidation adjustments | **41,722** | 67,592 |
| Total (accumulated losses)/retained profits | **(123,493)** | (4,641) |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Molly Gunn Chit Geok

Company Secretary Date: 26 February 2016