**CONDENSED INTERIM FINANCIAL REPORT FOR THE 2nd FINANCIAL QUARTER ENDED 30 SEPTEMBER 2016**

# 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 2016.

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

The most recent annual audited financial statements for the financial year ended 31 March 2016 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 Securities and Equity**

There were no issuance or repayments of debt securities for the current financial quarter under review and the financial period to date. The changes in the equity shares are as follows:

|  |  |
| --- | --- |
|  | No of ordinary shares of RM0.10 each |
| As at 1 April 2016 | 174,133,848 |
| Issue of new ordinary shares pursuant to the approved Private Placement  | 52,240,000 |
| As at 30 September 2016 | 226,373,848 |

# 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 30.9.16 |  | Tourism Services  | Others | Group |
|  |  | RM’000 | RM’000 | RM’000 |
| Revenue |  |  |  |  |
| Total revenue |  | 24,962 | 253 | 25,215  |
| Intersegment revenues |  | (210) | - | (210) |
| Total external revenue |  | 24,752 | 253 | 25,005 |
| Results |  |  |  |  |
| Segment results (external) |  | (1,011) | (542) | (1,553) |
| Share of profit from associate |  |  |  | - |
| Loss from ordinary activities before taxation |  |  |  | (1,553) |
| Taxation |  |  |  | - |
| Loss from ordinary activities after taxation |  |  |  | (1,553) |
| Non-controlling interest |  |  |  | 1 |
| Loss attributable to Owners of the Company |  |  |  | (1,554) |
|  |  |  |  |  |
| Other information |  |  |  |  |
| Segment assets |  | 46,950 | 56,513 | 103,463 |
| Segment liabilities |  | 14,000 | 1,956 | 15,956 |
| Capital expenditure |  | 47 | - | 47 |
| Depreciation and amortization |  | 870 | 318 | 1,188 |

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.

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

There were no material subsequent events as at 18 November 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.

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

1. **Contingent Assets or Liabilities**

There were no contingent assets or liabilities as at 18 November 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 RM10.47 million for the current financial quarter as compared to RM10.51 million recorded in the preceding period corresponding financial quarter. The marginal decline in Group’s revenue for the current financial quarter is mainly attributed by the unfavourable volume of tourist arrivals. The Group revenue for the current financial period to date stood at RM25.01 million as compared to RM21.86 million recorded in the preceding corresponding financial period to date. The higher cumulative volume of tourist arrivals during the period contributed towards the higher revenue recorded for the current financial period to date.

The Group’s loss before tax for the current financial quarter stood at RM0.68 million as compared to the loss before tax of RM1.57 million registered in the preceding period corresponding financial quarter. Similarly, the Group’s cumulative loss before tax for the current financial period to date was lower at RM1.55 million as compared to the loss before tax of RM3.20 million recorded in the preceding corresponding financial period to date. The higher revenue coupled with the lower operating expenditure incurred mainly contributed towards the improved results for the cumulative reporting period.

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

The Group’s pre-tax loss of RM0.68 million for the 2nd quarter of the current financial period was lower as compared to the pre-tax loss of RM0.87 million registered in the immediate preceding quarter. The lower operating expenditures incurred helped reduce the pre-tax loss for the current financial quarter.

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

The Board of Directors is aware of the challenges in the global economic and financial landscape and the possible setbacks that may arise due to its uncertainties. The Board is of the opinion that the Group will be able to remain resilient and continue gearing towards improving its operational efficiency and financial performances. The Group will work towards diversifying its business into property development and investment.

* 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.

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

* 1. **Corporate Proposals**

There were no corporate proposals announced but not completed as at 18 November 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.

* 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 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 | 2,128 | Within 24 months |  |  |
| Working capital requirements of the group | 708 | 94 | Within 12 months |  |  |
|  | 6,008 | 2,520 |  |  |  |

* 1. **Taxation**

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

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 18 November 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)

**12.9 Group Borrowings**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 30/09/15** |  | As at 30.09.15 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
|  Term Loan | **3,937** |  | 4,153 |
|  | **3,937** |  | 4,153 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
|  Hire Purchase | **-** |  | 114 |
|  Term Loan | **219** |  | 201 |
|  |  |  |  |
|  | **219** |  | 315 |

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 weighted average number of shares in issue during the reporting period.

|  |  |  |
| --- | --- | --- |
|  | INDIVIDUAL PERIOD | **CUMULATIVE PERIOD** |
|  | **Quarter Ended****30/09/16** | Quarter Ended30/09/15 | **Period****Ended****30/09/16** | Period Ended 30/09/15 |
| Loss after taxation attributable to owners of the Company (RM’000) | **(679)** | (1,569) | **(1,554)** | (3,198) |
|  |  |  |  |  |
| Weighted Average Number of Shares in issue (’000) | **219,560** | 174,134 | **196,971** | 174,134 |
|  |  |  |  |  |
| Basic Loss per share (sen) | **(0.31)** | (0.90) | **(0.79)** | (1.84) |

# 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****30/06/16****(Unaudited)** | Comparetive Quarter Ended30/09/15(Audited) | **Current** **Year** **Ended****30/06/16****(Unaudited)** | Comparetive Year Ended30/09/15(Audited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(118)** | (113) | **(218)** | (228) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange  | **(55)** | (15) | **(83)** | (43) |
| Interest expense | **86** | 101 | **181** | 204 |
| Depreciation | **196** | 922 | **1,071** | 1,811 |
| Amortisation of prepaid lease payments | **58** | 58 | **117** | 117 |
| 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 | **-** | - | - | - |

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

|  |  |  |
| --- | --- | --- |
|  | **As at** **30/06/16****RM’000** | As at 30/09/15RM’000 |
| Total retained profits/(accumulated losses) of the Group:* Realised
* Unrealised
 | **(23,182)****(3,605)** | (160,988)(2,889) |
|  | **(26,787)** | (163,877) |
| Consolidation adjustments | **52,520** | 41,722 |
| Total retained profits/(accumulated losses) | **25,733** | (122,155) |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Molly Gunn Chit Geok

Company Secretary Date: 25 November 2016