**CONDENSED INTERIM FINANCIAL REPORT FOR THE 4th FINANCIAL QUARTER AND FINANCIAL YEAR ENDED 31 MARCH 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 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 year 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 year to date.

1. **Changes in Debt Securities and Equity**

There were no issuance, repurchase or repayments of debt securities for the current financial quarter under review and the financial year to date. The changes in the equity shares during the financial year 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 31 March 2017 | 226,373,848 |

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

1. **Dividends**

There were no dividends declared or paid for the current financial quarter under review and the financial year 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 31.3.17 | | |  | Tourism Services | Others | Group |
|  | | |  | RM’000 | RM’000 | RM’000 |
| Revenue | | |  |  |  |  |
| Total revenue | | |  | 45,512 | 500 | 46,012 |
| Intersegment revenues | | |  | (420) | - | (420) |
| Total external revenue | | |  | 45,092 | 500 | 45,592 |
| Results | | |  |  |  |  |
| Segment results (external) | | |  | (4,734) | (1,131) | (5,865) |
| Share of profit from associate | | |  |  |  | - |
| Loss from ordinary activities before taxation | | |  |  |  | (5,865) |
| Taxation | | |  |  |  | (295) |
| Loss from ordinary activities after taxation | | |  |  |  | (6,160) |
| Non-controlling interest | | |  |  |  | 2 |
| Loss attributable to Owners of the Company | | |  |  |  | (6,162) |
|  | | |  |  |  |  |
| Other information | | |  |  |  |  |
| Segment assets | | |  | 44,844 | 55,234 | 100,078 |
| Segment liabilities | | |  | 15,436 | 1,742 | 17,178 |
| Capital expenditure | | |  | 59 | 4,022 | 4,081 |
| Depreciation and amortization | | |  | 2,671 | 637 | 3,308 |

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 year to date.

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

There were no material subsequent events as at 23 May 2017 (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 year 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 23 May 2017 (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 year to date.

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

The Group recorded revenue of RM11.21 million for the current financial quarter as compared to RM11.84 million recorded in the preceding period corresponding financial quarter. The marginal decline in Group’s revenue for the current financial quarter was attributed by the drop in the volume of tourist arrivals for the Group, particularly during the festive period. The Group revenue for the current financial year to date stood at RM45.59 million as compared to RM47.25 million recorded in the preceding corresponding financial year to date. The cumulative drop in volume of tourist arrivals for the Group as a result of stiff market competition mainly contributed towards the lower cumulative revenue achieved for the current financial year to date.

The Group’s pre-tax loss for the current financial quarter stood at RM3.24 million as compared to the pre-tax loss of RM5.79 million registered in the preceding period corresponding financial quarter. The Group’s cumulative pre-tax loss for the current financial year to date stood at RM5.87 million as compared to the pre-tax loss of RM10.32 million recorded in the preceding corresponding financial year to date. The close monitoring and controls over operating expenditures mainly contributed towards keeping the losses lower for the current financial year to date despite the decline in the cumulative revenue. The significantly high losses in the preceding corresponding financial year to date was mainly due to the impairment losses on property, plant and equipment incurred in addition to the high operating costs.

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

The Group’s pre-tax loss of RM3.24 million for the 4th quarter of the current financial year was higher as compared to the pre-tax loss of RM1.07 million registered in the immediate preceding quarter. This was mainly due to the unfavourable net impact of the higher operating costs against revenue despite the favourable increase in revenue during the period.

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

The Board is aware of the current economic challenges and the possible impact that may arise due to its uncertainties. Nevertheless, the Board is of the opinion that the Group will remain resilient and be able to weather the storm and continuing its efforts in gearing towards improving its operational efficiency and financial performances. The Group is also actively working towards diversifying its business into property development and investment. The Board hopes that the Group will be ready and able to take full advantage of the impending improvements in the property market sentiments.

# 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 year to date.

* 1. **Corporate Proposals**

There were no corporate proposals announced but not completed as at 23 May 2017 (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 year 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 March 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 | 2,128 | Within 24 months |  |  |
| Working capital requirements of the group | 708 | 621 | Within 12 months |  |  |
|  | 6,008 | 3,047 |  |  |  |

* 1. **Taxation**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Quarter**  **ended**  **31/3/17** |  | Quarter  ended  31/3/16 |  | **Year**  **ended**  **31/3/17** |  | Year  ended  31/3/16 |
|  | **RM’000** |  | RM’000 |  | **RM’000** |  | RM’000 |
| In respect of current year: |  |  |  |  |  |  |  |
| Income tax | **371** |  | 182 |  | **371** |  | 185 |
| Deferred tax | **(151)** |  | (92) |  | **(151)** |  | (92) |
|  | **220** |  | 90 |  | **220** |  | 93 |
| Under/(Over) provision in respect of previous year: |  |  |  |  |  |  |  |
| Income tax | **70** |  | 59 |  | **75** |  | 65 |
| Deferred tax | **-** |  | (1) |  | **-** |  | (1) |
|  | **70** |  | 58 |  | **75** |  | 64 |
|  | **290** |  | 148 |  | **295** |  | 157 |

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.

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

* 1. **Material Litigations**

There are no pending material litigations involving the Group as at 23 May 2017 (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 year to date.

**12.9 Group Borrowings**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at 31/3/17** |  | As at  31/3/16 |
|  | **RM’000** |  | RM’000 |
| Non-current: |  |  |  |
| Term Loan | **3,834** |  | 4,048 |
|  | **3,834** |  | 4,048 |
|  |  |  |  |
|  |  |  |  |
| Current: |  |  |  |
| Hire Purchase | **-** |  | 18 |
| Term Loan | **211** |  | 207 |
|  |  |  |  |
|  | **4,045** |  | 225 |

There were no unsecured borrowings outstanding as at the end of the current financial quarter under review and the financial year 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**  **31/3/17** | Quarter Ended  31/3/16 | **Year**  **Ended**  **31/3/17** | Year Ended 31/3/16 |
| Loss after taxation attributable to  owners of the Company (RM’000) | **(3,531)** | (5,939) | **(6,160)** | (10,474) |
|  |  |  |  |  |
| Weighted Average Number of Shares  in issue (’000) | **226,373** | 174,134 | **211,489** | 174,134 |
|  |  |  |  |  |
| Basic Loss per share (sen) | **(1.56)** | (3.41) | **(2.91)** | (6.02) |

# 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**  **31/3/17**  **(Unaudited)** | Comparetive Quarter Ended  31/3/16  (Audited) | **Current**  **Year**  **Ended**  **31/3/17**  **(Unaudited)** | Comparetive Year  Ended  31/3/16  (Audited) |
|  | **RM’000** | RM’000 | **RM’000** | RM’000 |
| Interest income | **(74)** | (95) | **(401)** | (427) |
| Other income including investment income | **-** | - | **-** | - |
| Net (gain)/loss on foreign exchange | **(40)** | (67) | **(177)** | (136) |
| Interest expense | **84** | 92 | **353** | 395 |
| Depreciation | **1,206** | 1,300 | **3,074** | 4,035 |
| Amortisation of prepaid lease payments | **58** | 58 | **234** | 233 |
| Impairment losses on receivables | **209** | 56 | **209** | 56 |
| Impairment or write off of inventories | **222** | 87 | **222** | 87 |
| (Gain)/loss on disposal of quoted or unquoted investments or properties | **-** | - | - | - |
| Impairment losses on investment properties | **-** | (300) | - | (300) |
| Impairment losses on property, plant and equipment | **-** | 2,897 | - | 2,897 |
| (Gain)/loss on derivatives | **-** | - | - | - |
| Exceptional items | **-** | - | - | - |

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

|  |  |  |
| --- | --- | --- |
|  | **As at**  **31/3/17**  **RM’000** | As at  31/3/16  RM’000 |
| Total retained profits/(accumulated losses) of the Group:   * Realised * Unrealised | **(27,939)**  **(3,454)** | (22,833)  (3,038) |
|  | **(31,393)** | (25,871) |
| Consolidation adjustments | **52,518** | 53,158 |
| Total retained profits | **21,125** | 27,287 |

By Order of the Board

### SANBUMI HOLDINGS BERHAD

Molly Gunn Chit Geok

Company Secretary Date: 30 May 2017