SANBUMI HOLDINGS BERHAD
(8386-P)

Annual Report 2016

47th Annual General Meeting

VENUE
Conference Room,
Second Floor,
Wisma EMC,
972 Jalan Baru,
13700 Prai,
Penang

TIME
Thursday,
15 September 2016
at 10.00 a.m.

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NOTICE OF
Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Seventh Annual General Meeting of Sanbumi Holdings Berhad will be held at the Conference Room, Second Floor, Wisma EMC, 972 Jalan Baru, 13700 Prai, Penang on Thursday, 15 September 2016 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 March 2016 together with the Directors' and Auditors' Reports thereon. **Please refer to Note A**

AS ORDINARY BUSINESS

2. To re-elect the following Directors retiring in accordance with Article 93 of the Company's Articles of Association:-

   Dato' Chua Tiong Moon **(Resolution 1)**

   Mr Lim Thian Loong **(Resolution 2)**

3. To re-appoint Messrs Crowe Horwath as Auditors of the Company and to authorise the Directors to determine their remuneration. **(Resolution 3)**

AS SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modifications the following resolutions:-

Ordinary Resolutions

4. To approve the payment of Directors' fees of RM204,000 for the financial year ended 31 March 2016. **(Resolution 4)**

5. **Authority to continue in office as Independent Non-Executive Directors**

   "THAT authority be and is hereby given to Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012." **(Resolution 5)**

   "THAT authority be and is hereby given to Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years with intervals, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2012." **(Resolution 6)**

6. To transact any other business of the Company of which due notice shall have been received.

By Order of the Board

MOLLY GUNN CHIT GEOK (MAICSA 0673097)
Company Secretary

Penang

Date: 29 July 2016

Note A

This Agenda Item is meant for discussion only as the provision of Section 169 (1) of the Companies Act 1965 does not require a formal approval of the shareholders and hence is not put forward for voting.

NOTES

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.

2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.

3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.

6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.

8. Only members registered in the Record of Depositors as at 6 September 2016 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

NOTICE OF
Annual General Meeting

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. **Resolution 4 – To approve the payment of Directors' fees of RM204,000 for the financial year ended 31 March 2016**

   The Ordinary Resolution proposed under item 4 of the agenda, if passed, will authorise the payment of the Directors' fees for the financial year ended 31 March 2016 amounting to RM204,000.

2. **Resolution 5 - Authority to continue in office as an Independent Non-Executive Director**

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Dato' Ir. Zainurin bin Karman who has served as an Independent Non-Executive Director for a cumulative term of more than nine years. Dato' Ir. Zainurin bin Karman has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

3. **Resolution 6 - Authority to continue in office as an Independent Non-Executive Director**

   The Board of Directors has via the Nomination Committee conducted an annual performance evaluation and assessment of Datuk Wira Rahadian Mahmud bin Mohammad Khalil who has served as an Independent Non-Executive Director for a cumulative term of more than nine years with intervals. Datuk Wira Rahadian Mahmud bin Mohammad Khalil has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Board considers him to be independent and believes that he should be re-appointed and retained as Independent Non-Executive Director, in particular his experience and contributions to the Board.

STATEMENT ACCOMPANYING
Notice of Annual General Meeting

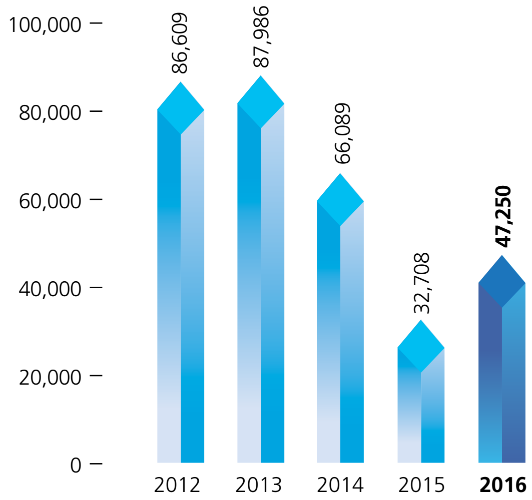
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

There are no individuals who are standing for election as Director (excluding Directors standing for re-election) at the forthcoming Annual General Meeting.

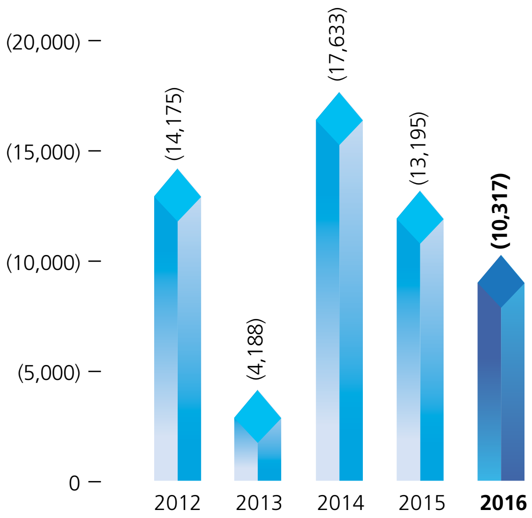
FINANCIAL Highlights

The Group's Five Year Financial Highlights

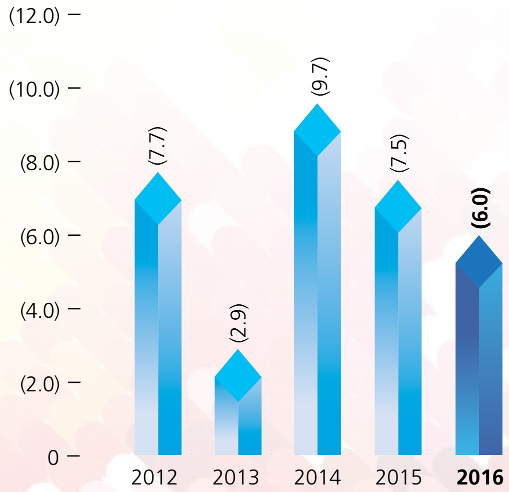
TURNOVER
(RM'000)



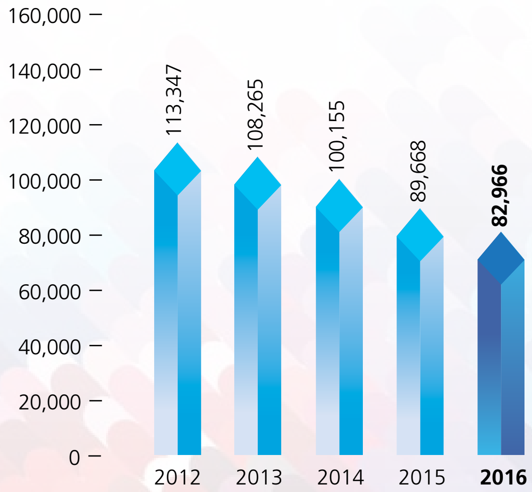
LOSS BEFORE TAXATION
(RM'000)



LOSS PER SHARE
(Sen)



SHAREHOLDERS' EQUITY
(RM'000)



CORPORATE Information

BOARD OF DIRECTORS

Chairman / Independent Non-Executive Director
DATO' IR. ZAINURIN BIN KARMAN (Appointed on 26/08/2005)

Managing Director
DATO' CHUA TIONG MOON (Appointed on 23/02/2001)

Executive Director
TAN SRI DATUK CHAI KIN KONG (Appointed on 23/02/2001; Resigned on 30/11/2015)

Independent Non-Executive Director
DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL (Appointed on 23/02/2001)
LIM THIAN LOONG (Appointed on 08/12/2010)
LEE SEE HONG (Ms) (Appointed on 22/02/2013)

AUDIT COMMITTEE

Chairman
LIM THIAN LOONG

Members
DATO' IR. ZAINURIN BIN KARMAN
LEE SEE HONG (Ms)

NOMINATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG
LEE SEE HONG (Ms)

REMUNERATION COMMITTEE

Chairman
DATO' IR. ZAINURIN BIN KARMAN

Members
LIM THIAN LOONG
LEE SEE HONG (Ms)

COMPANY SECRETARY

MOLLY GUNN CHIT GEOK
(MAICSA 0673097)

REGISTERED OFICE

WISMA EMC
972, JALAN BARU
13700 PRAI
PENANG
TEL : 604 - 390 3699
FAX : 604 - 397 9311, 604 - 390 3636

SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)
UNIT 32-01, LEVEL 32, TOWER A
VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR
TEL : 603 - 2783 9299
FAX : 603 - 2783 9222

AUDITORS

CROWE HORWATH
Kuala Lumpur Office
(Chartered Accountants)
LEVEL 16 TOWER C
MEGAN AVENUE II
12 JALAN YAP KWAN SENG
50450 KUALA LUMPUR

PRINCIPAL BANKERS

MALAYAN BANKING BERHAD
HONG LEONG BANK BERHAD

STOCK EXCHANGE LISTING

MAIN MARKET OF BURSA
MALAYSIA SECURITIES BERHAD
STOCK NAME : SANBUMI
STOCK CODE : 9113

CORPORATE Structure

As at 30 June 2016

SANBUMI HOLDINGS BERHAD (8386-P)

TOURISM SERVICES

- 100% SANBUMI CAPITAL SDN BHD
  - PEWTER ART INDUSTRIES (M) SDN BHD 100%
  - TOURISM INFORMATION CENTRE SDN BHD 100%
  - FINE TASTE PRODUCTS SDN BHD 100%
  - FINE TASTE PRODUCTS (KL) SDN BHD 100%
  - SANBUMI HOLIDAY SDN BHD 100%
  - SANBUMI AIR TRANSPORT SDN BHD 100%
  - 100% NOUVELLE HOTEL (KL) SDN BHD
  - 100% NOUVELLE HOTEL (KULAI) SDN BHD
  - 100% TROPIKS PRODUCTS SDN BHD
  - 100% SINORENO JEWELLERY SDN BHD
  - 100% NOUVELLE HOTEL SDN BHD
  - 100% FINE PEWTERWARE (KL) SDN BHD
  - 100% NOUVELLE RESTAURANT SDN BHD
  - 100% SRI DONDANG RESTAURANT SDN BHD

GENERAL TRADING & OTHER SERVICES

- 100% SANBUMI SAWMILL SDN BHD
  - 100% SANBUMI DEVELOPMENT SDN BHD (formerly known as SANBUMI WOOD PROCESSING SDN BHD)
  - 100% MIRIM TIMBER SDN BHD
- 100% AKALAJU SDN BHD
- 100% EMC CRANES SDN BHD
- 100% EMC MARKETING SDN BHD
- 100% EMC CAPITAL SDN BHD
- 70% EMC CONTAINERS SDN BHD
- 78.50% EMC CRANES (KL) SDN BHD
- 49% FERROTRANS SDN BHD

PROFILE OF THE Board of Directors

DATO' IR. ZAINURIN BIN KARMAN

Chairman

Age : 52
Nationality : Malaysian
Gender : Male

Dato' Ir. Zainurin bin Karman is a qualified Civil Engineer graduated from Syracuse University of New York, U.S.A. He is registered as a Professional Engineer with the Board of Engineers, Malaysia, a member of the Institution of Engineers Malaysia and also a member of the Malaysian Water Association. He is currently the Executive Chairman of RE Consultant Sdn Bhd and he also sits on the Board of Zat Global Sdn Bhd.

Dato' Ir. Zainurin bin Karman does not hold any directorship in other public companies and has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any.

DATO' CHUA TIONG MOON

Managing Director

Age : 57
Nationality : Malaysian
Gender : Male

Dato' Chua Tiong Moon is a businessman and has been involved in the timber industry for over 38 years with extensive experience in timber extraction, sawmilling and plywood operations. Besides the timber industry, he has also vast experience being primarily responsible for the operations and financial management of companies involved in property development, manufacturing, quarry business, hospitality services and tourism services. He has been the Chairman of Sanbumi Sawmill Sdn Bhd and Akalaju Sdn Bhd since 1995 as well as Director in several private limited companies under the Sanbumi Group. He also sits on the Board of several other private limited companies.

Dato' Chua Tiong Moon has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Board of Permaju Industries Berhad as Managing Director.

DATUK WIRA RAHADIAN MAHMUD BIN MOHAMMAD KHALIL

Director

Age : 42
Nationality : Malaysian
Gender : Male

Datuk Wira Rahadian Mahmud bin Mohammad Khalil is a businessman. He has vast experience being involved in various industries throughout his career with active participation in the construction, property development, timber and manufacturing sectors. He also sits on the Board of several other private limited companies.

Datuk Wira Rahadian Mahmud bin Mohammad Khalil has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Boards of Permaju Industries Berhad as Chairman, KYM Holdings Berhad, Magna Prima Berhad and AppAsia Berhad.

LIM THIAN LOONG
Director
Age : 52
Nationality : Malaysian
Gender : Male

Mr Lim Thian Loong is an accountant by profession. He graduated with The Chartered Institute of Management Accountants (CIMA), London. He is also a member of the Malaysian Institute of Accountants (MIA) and the Chartered Tax Institute of Malaysia (CTIM). He has over 15 years experience in accounting, auditing and taxation and has been practicing as a sole practitioner under his own firm since 2002. He also sits on the Board of several other private limited companies.

Mr Lim Thian Loong has no conflict of interest with the Company. He does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any. He also sits on the Board of Grand Central Enterprises Berhad.

LEE SEE HONG (Ms)
Director
Age : 47
Nationality : Malaysian
Gender : Female

Ms Lee See Hong is a businesswoman with extensive professional and entrepreneurial experiences. She graduated with a Bachelor of Commerce from Flinders University, Australia. She started her career as an Export Manager Trainee in the Omega Lubricant Division of Magna Industrial Co. Ltd. in 1994 and subsequently set up her own business distributing specialized lubricants as well as lubricators that help reduce plant operating costs and provide solutions to various types of lubrication-related problems faced by various major industries throughout Malaysia. She has also successfully set up and operate a lubricant business in Vietnam. She also sits on the Board of several other private limited companies.

Ms Lee See Hong does not hold any directorship in other public companies and has no conflict of interest with the Company. She does not have any family relationship with any other Directors and/or substantial shareholders of the Company and has no record of convictions for offences within the past ten years other than traffic offences, if any.

CHAIRMAN'S Statement

ON BEHALF OF THE BOARD OF DIRECTORS OF SANBUMI HOLDINGS BERHAD, I PRESENT THE ANNUAL REPORT AND THE AUDITED FINANCIAL STATEMENTS OF THE GROUP AND OF THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016.

GENERAL OVERVIEW

The global economic growth was reported to have moderated amid heightened volatility in the international financial market. Throughout 2015, the global economic and financial environment was shaped by the sharp fall in global commodity prices, heightened volatility in the financial markets of major economies and the slowing momentum of growth in the advanced economies. Growth was also uneven across the advanced economies and were insufficient to offset the lower growth in emerging economies. Economic growth in Asia moderated during the year as weak exports weighed on the pace of economic expansion. [Source: BNM Annual Report 2015]

The Malaysian economy was reported to have recorded a growth of 5.0% in 2015 (2014: 6.0%) supported by the continued expansion of domestic demand primarily driven by the private sector. Private consumption expanded at a moderate pace as households adjusted their spending to offset the higher cost of living resulting from implementation of GST and depreciation in the ringgit. Public consumption remained consistent, reflecting the Government's continued effort to provide support to growth while remaining committed to steadily reduce fiscal deficit. [Source: BNM Annual Report 2015]

DATO' IR. ZAINURIN BIN KARMAN
Chairman / Independent Non-Executive Director

As for the Malaysian tourism industry, 2015 continued to be a challenging year with tourist arrivals reportedly declining by approximately 6.3% to 25.7 million arrivals as compared to the 27.4 million arrivals recorded during the 'Visit Malaysia Year' 2014. The haze phenomenon, availability of more holiday destination choices, security concerns, incidences of natural disasters and changes or cancellations in air-travel routes were noted as among the major factors affecting travel to Malaysia. Tourist arrivals from the ASEAN region contributed approximately 74% of the total arrivals. China remained as one of the top 10 tourist generating markets to Malaysia. An approximate 1.6 million tourist arrivals from China which attributed an approximate 4% growth was registered in 2015 as compared to 2014. Aggressive promotion supported by special travel arrangements helped improve the confidence of the Chinese travellers. [Source: Tourism Malaysia]

FINANCIAL PERFORMANCE OVERVIEW

The financial year ended 31 March 2016 continued to be challenging for the Sanbumi Group as its core tourism business is almost entirely structured to cater for inbound tourists from China. The overall improvements in tourist arrivals from China helped ease the pressure on the Group's tourism segment and contributed towards improvements in revenue and results of the Group for the financial year ended 31 March 2016.

The Group's revenue for the financial year ended 31 March 2016 stood at approximately RM47.25 million (2015: RM32.71 million) with the 'Tourism' segment contributing 98.85% (2015: 97.25%) to the total revenue and the 'Others' segment providing the remainder. Increase in the Group's tourist volume as a result of higher tourist arrivals from China contributed to the approximately 44.45% rise in the Group revenue. The Group loss before tax for the current financial year stood at RM10.32 million (2015: RM13.20 million) with rental, depreciation and impairment loss on property, plant and equipment contributing RM4.02 million (2015: RM4.14 million), RM4.04 million (2015: RM4.44 million) and RM2.90 million (2015: RM4.00 million) respectively towards expenses during the financial year. The lower loss before tax for the current financial year is mainly attributable to the higher revenue achieved coupled with the lower depreciation charges and impairment losses recognized.

OPERATIONS REVIEW

Tourism Services Segment

The Group's Tourism Services segment registered a higher revenue from external sales of approximately RM46.71 million for the current financial year as compared to approximately RM31.81 million registered in the preceding financial year. The Group's ability to withstand the downward market pressure coupled with the aggressive marketing strategy contributed significantly towards the increase in the Group's tourist arrival volume, thus increasing revenue by approximately 46.84% for the current financial year.

The Tourism Services segment recorded a pre-tax loss of approximately RM8.46 million for the current financial year as opposed to the pre-tax loss of approximately RM12.60 million recorded in the preceding financial year. The lower losses were mainly attributable to the increased revenue and the reduced depreciation charges and lower impairment losses on the property, plant and equipment which collectively accounted for a charge of approximately RM6.30 million (2015: RM7.81 million) to the segments statement of comprehensive income.

CHAIRMAN'S Statement

Others Segment

This segment comprises other businesses of the Group, neither of which are of a sufficient size to be reported separately. The Group's Others Segment registered an annual revenue from external sales of approximately RM0.54 million (2015: RM0.90 million) and a pre-tax loss of approximately RM1.86 million (2015: RM0.60 million) for the current financial year.

CORPORATE DEVELOPMENT

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

(i) 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;
(ii) Proposed amendments to the Memorandum and Articles of Association of the Company to facilitate the proposed reduction in par value;
(iii) 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
(iv) Proposed diversification of business of the Group to include property development and investment.

The aforementioned corporate proposals were approved by the regulatory authorities and subsequently by the shareholders of the Company at an Extraordinary General Meeting held on 30 September 2015. The Memorandum and Articles of Association of the Company were amended to allow for the alteration in the authorised share capital so as to facilitate the proposed reduction in par value.

On 20 November 2015, the Company cancelled 15,104,500 ordinary shares of RM1.00 each, all of which were previously held as Treasury Shares.

On 11 January 2016 the High Court of Malaya in Penang granted an order confirming the application for the reduction in par value of shares in the Company. Accordingly the Company altered its authorised share capital from 250,000,000 ordinary shares of RM1.00 each to 2,500,000,000 ordinary shares of RM0.10 each.

On 18 January 2016, upon lodgement of the sealed order of the High Court of Malaya in Penang with the Companies Commission of Malaysia and pursuant to Section 64 of the Companies Act, 1965 the issued and fully paid-up share capital of the Company was reduced from RM174,133,848 to RM17,413,385 by way of the cancellation of RM0.90 of the par value of each existing ordinary shares of RM1.00 each in the Company.

On 28 June 2016, the Company announced that the issue price for the Private Placement of 52,240,000 new shares of RM0.10 each in the Company was fixed at RM0.115 per placement share.

On 13 July 2016, the Company announced that the Private Placement was completed following the listing and quotation of the placement shares on the Main Market of Bursa Malaysia Securities Berhad. The 52,240,000 placement shares raised a total capital of RM6,007,600 for the Company and shall be allocated in accordance with the approved utilisation plan.

As at the date of this statement, the aforementioned corporate proposals have been completed and the Company has no other corporate proposals announced, issued or pending completion.

CORPORATE RESPONSIBILITY

As a responsible corporate citizen, the Group is aware of the possible adverse impact, if any, arising from its operations to the society and is committed to work towards minimising any adversities without compromising the interests of its shareholders, customers and employees. Through proper corporate governance, the Group works to ensure that its businesses are conducted in compliance with all applicable legal and regulatory requirements. Despite the challenges, the Group continues to work towards adding value to investments for its shareholders, fulfilling customer demands and provide for its employee needs within its means. The Group provides fair and equal opportunity to all employees and does not practise discrimination in any form against gender, race, religion or age throughout the organization.

In the spirit of fulfilling its social responsibility to the community, the Group extends financial support by way of sponsorships and donations towards community related activities, education and charity. The Group is also committed to participate in the scholarship award programme called Project CHange administered by Messrs Crowe Horwath with the sponsor of RM10,000 per annum towards the cost of tuition fee to one deserving student undertaking a study course in a local institute of higher learning.

OUTLOOK

The global economy is expected to improve at a modest pace in 2016, with growth outlook remaining vulnerable to considerable downside risks arising from policy developments, high uncertainties in global commodity prices and abrupt financial market adjustments. The growth in advanced economies is expected to be at a gradual and uneven pace whereas the emerging economies is expected to recover subject to the developments in the commodity prices, financial market conditions and the ability to contain rising domestic vulnerabilities. Global trade activity is expected to register modest improvement in this environment. The confluence of external and domestic headwinds will make 2016 a challenging year. [Source: BNM Annual Report 2015]

The challenging international economic and financial landscape will be a key factor that will influence the prospects of the Malaysian economy in 2016. The Malaysian economy will also remain affected by growth prospects of its key trading partners, trajectory of global oil prices, conditions in the financial markets and the state of investor and consumer confidence. Nevertheless, Malaysia will face these challenges from a position of strength. The Malaysian economy is expected to grow by 4.0% - 4.5% (2015: 5.0%) in 2016 with services sector and manufacturing sector remain as key drivers of overall growth. [Source: BNM Annual Report 2015].

OUTLOOK (CONT'D)

The Malaysian tourism sector remains a major source of income and for past decade, Malaysia has run elaborate campaigns to market itself as an ideal destination. In this regard, year 2014 was declared as 'Visit Malaysia Year' and 2015 as 'Malaysia Year of Festivals'. The government also stepped up its efforts and is working closely with China to regain the confidence of its traveler to return and reposition Malaysia as a destination of choice.

The Sanbumi Group, despite all the challenges experienced by tourism industry in Malaysia, had remained resilient and is endeavouring to improve its operational efficiency and financial performance. With the tourist arrivals from China showing positive signs of improvements, the Group hopes that this will provide a window of opportunity for it to increase its revenue as well as financial performances of the tourism segment for the next financial year. At the same time the Sanbumi Group is also working towards diversifying its business by venturing into property development and investment to reduce its high dependence on the tourism business segment. In this regards the Group is currently exploring possibilities of suitable developments on its existing properties with the hopes of moving forward as soon as the economic climate and market conditions permit.

APPRECIATION

On behalf of the Board, I wish to express my sincere gratitude to the management team and all employees of the Company and the Group for their commitment and dedication in performing their duties and responsibilities.

I would also wish to thank our shareholders, bankers, customers and business associates for all the support and cooperation extended and look forward to their continued support.

Dato' Ir. Zainurin bin Karman
Chairman

The Malaysian Code on Corporate Governance 2012 ("the Code") sets out the broad principles and specific recommendations on structures and processes which companies should adopt in making good corporate governance an integral part of their business dealings and culture.

The Board of Directors ("the Board") of Sanbumi Holdings Berhad has always been supportive of the adoption of the principles as set out in the Code. The Board is committed to ensure that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders' value and the performance of the Company.

The Board is pleased to report to shareholders on the manner the Group has applied the eight (8) principles, and the extent of compliance with the twenty six (26) recommendations of the Code throughout the financial year ended 31 March 2016.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 The Board should establish clear functions reserved for the board and those delegated to management

The Board consists of members from different backgrounds and diverse expertise in leading and directing the Group's business operation. The Board is responsible for the control and proper management of the Company. The Board has delegated specific responsibilities to three main committees namely the Audit, Remuneration and Nomination Committees, which operate within the defined constitution or terms of reference approved by the Board. These Committees have the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however lies with the entire Board.

The roles of the Chairman and the Managing Director as well as the terms of reference of the committees are mentioned in details in the Board Charter which is made available in the Company's website www.sanbumi.com.my.

1.2 The Board should establish clear roles and responsibilities in discharging its fiduciary and leadership functions

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The Group has also established a Whistleblowing Policy underlining its objectives, scope of policy, Policy Statement, reporting procedures and action in the Board Charter.

1.3 The Board should formalise ethical standards through a code of conduct and ensure its compliance

The Board has formalised a Code of Conduct for its directors which is incorporated in the Board Charter. The Board would periodically review the said Code of Conduct.

1.4 The Board should ensure that the company's strategies promote sustainability

The Company will give attention to the environment, social and governance (ESG) aspects of doing business in the future to ensure long-term viability and sustainability of the Company's business.

PRINCIPLE 1: ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (CONT'D)

1.5 The Board should have procedures to allow its members access to information and advice

All Directors are provided with an agenda and a set of board papers issued in sufficient time prior to the Board meetings to ensure that the Directors can appreciate the issues to be deliberated and to obtain further explanations, where necessary.

In addition, there is a schedule of matters reserved specifically for the Board's decision, including amongst others, the approval of corporate policies and procedures, Group operational plan and budget, acquisitions and disposals of undertakings and properties that are material to the Group, major investments, changes to management and control structure of the Group, including key policies, procedures and authority limits.

In exercising their duties, the Directors have access to all information within the Company. All Directors have access to the advice and services of the Company Secretaries and are updated on new statutory regulations or requirements concerning their duties and responsibilities. They may obtain independent professional advice at the Company's expense in furtherance of their duties.

1.6 The Board should ensure it is supported by a suitably qualified and competent company secretary

The Board is supported by qualified and experienced named secretary who facilitate overall compliance with the Main Market Listing Requirements of Bursa Securities ("MMLR") and other relevant laws and regulations. The secretary is a fellow of the Malaysian Institute of Chartered Secretaries and Administrators.

The secretary plays important roles by ensuring adherence to the Board policies and procedures from time to time.

The Company Secretary carries out the following tasks:

- Attend and ensure proper conduct and procedures at all Board Meetings, Board Committee Meetings, Annual General Meeting ("AGM"), Extraordinary General Meeting ("EGM") and any other meetings that require the attendance of Company Secretary and ensure that meetings are properly convened;
- Ensure that the quarterly financial results, audited financial statements, annual reports, circulars, etc and all relevant announcements are announced to Bursa Malaysia and Securities Commission on a timely basis;
- Ensure that deliberations at the meetings are well captured and minuted, and subsequently communicated to the relevant Management personnel for necessary actions;
- Ensure that the Company complies with the Main Market Listing Requirements and the requirements of the relevant authorities;
- Inform and keep the Board updated of the latest enhancement in corporate governance, changes in the legal and regulatory framework, new statutory requirements and best practices;
- Keep the Directors and principal officers informed of the closed period for trading in the Company's shares; and
- Ensure proper record and maintenance of the Company's proceedings, resolutions, statutory records, register books and documents.

1.7 The Board should formalise, periodically review and make public its board charter

The Board has formally established a Board Charter that clearly sets out the roles and responsibilities, composition and processes related to key governance activities. The Board will periodically review the Board Charter which is published on the corporate website: www.sanbumi.com.my.

PRINCIPLE 2: STRENGTHEN COMPOSITION

2.1 The Board should establish a Nominating Committee which should comprise exclusively of non-executive directors, a majority of whom must be independent

The Nomination Committee shall consist of not less than three (3) members and all members are to be Non-Executive with the majority being independent. The present members of the Nomination Committee are Dato' Ir. Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

The Nomination Committee assists the Board on the following functions:

(1) to review regularly, and at least not less than once a year, the structure, size and composition of the Board and make recommendation to the Board as regards any changes that may, in their view, be beneficial to the company as well as review on its compositions;
(2) to review the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
(3) to implement a process, to be carried out annually, to assess the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
(4) to be responsible for identifying and recommending to the Board candidates to fill Board vacancies;
(5) to recommend to the Board directors who are retiring by rotation to be put forward for re-election;
(6) to recommend to the Board the continuation or not in service of any director who has reached the age of 70;
(7) to do an annual assessment of independence of its Independent directors and also ensure that the tenure of the Independent Directors do not exceed a cumulative term of nine years and to recommend to the Board to seek shareholders' approval at the forthcoming AGM for a Director who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine years to continue to be an Independent Non-Executive Director; and
(8) to conduct annual review on the Board members and Managing Director on the required mix of skills, character, experience, integrity, competence and time to effectively discharge their roles.

2.2 The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors

Appointment of Directors
The Board appoints its members through a formal and transparent selection process, which is consistent with the Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee after taking into consideration the candidates' skills, knowledge, expertise, experience, professionalism and integrity and women candidates shall be sought as part of its recruitment exercise. For the position of independent non-executive directors, the Nomination Committee will evaluate the candidates' ability to discharge such responsibilities as expected from independent non-executive directors. The Nomination Committee shall also consider candidates for directorships proposed by the Managing Director and within the bounds of practicality, by any other senior management or any director or shareholder. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure all appointments are properly made and that legal and regulatory requirements are met.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

2.2 The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors (Cont'd)

Re-election of Directors
In accordance with the Company's Articles of Association, one-third (1/3) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to one-third (1/3) with minimum of one (1), shall retire from office and an election of Directors shall take place. The Articles further provide that each Director shall retire once in every three (3) years but shall be eligible for re-election.

Newly appointed directors shall hold office only until the next annual general meeting and shall be eligible for re-election.

Boardroom Diversity
The Company currently does not have any gender, ethnicity and age policy or target. The evaluation of the suitability of candidates as the new Board member is based on the candidates' competency, skills, character, time commitment, knowledge, experience and other qualities in meeting the needs of the Company. Nevertheless, the Board is supportive of gender diversity in the boardroom as recommended by the Code to promote the representation of women in the composition of the Board. The Board will endeavor to ensure that gender, ethnicity and age diversity will be taken into account in nominating and selecting new Directors to be appointed to the Board. The Board currently has one female director.

Annual Assessment
During the financial year, the Nomination Committee had assisted the Board on the following functions:

(1) reviewed the structure, size and composition of the Board and made recommendation to the Board as regards to any changes that may, in their view, be beneficial to the company;
(2) reviewed the required mix of skills, experience and core competencies which Non-Executive Directors bring to the Board;
(3) implemented a process, assessed the effectiveness of the Board as a whole, committees of the Board and the contribution of individual directors;
(4) recommended to the Board directors who are retiring by rotation to be put forward for re-election
(5) reviewed and recommended to the Board for re-appointment of Directors who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine years and to seek shareholders' approval at the forthcoming AGM by giving strong justification on the re-appointment
(6) assessed the independence of each of the existing Independent Directors with each director abstaining from deliberation on his own assessment; and
(7) reviewed the Terms of Reference of the Nomination Committee.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

2.2 The Nominating Committee should develop, maintain and review the criteria to be used in the recruitment process and annual assessment of directors (Cont'd)

During the financial year ended 31 March 2016, the Nomination Committee had one (1) meeting:

Nomination Committee Meeting		May '15		
Directors	**Position**	**Attendance**	**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	1/1	100
Lim Thian Loong	Member	•	1/1	100
Lee See Hong	Member	•	1/1	100

Total number of meeting held: 1

2.3 The Board should establish formal and transparent remuneration policies and procedures to attract and retain directors

Remuneration Committee
The Remuneration Committee comprises Dato' Ir. Zainurin bin Karman (Independent Non-Executive Director) who is the Chairman, Mr Lim Thian Loong (Independent Non-Executive Director) and Ms Lee See Hong (Independent Non-Executive Director).

During the financial year ended 31 March 2016, the Remuneration Committee had one (1) meeting:

Remuneration Committee Meeting		Feb'16		
Directors	**Position**	**Attendance**	**Total**	**%**
Dato' Ir. Zainurin bin Karman	Chairman	•	1/1	100
Lim Thian Loong	Member	•	1/1	100
Lee See Hong	Member	•	1/1	100

Total number of meetings held: 1

Remuneration Policy
The Remuneration Committee recommends to the Board for approval the remuneration package of Executive Directors. The remuneration system takes into account individual performance and experience, comparison of the Company's actual performance relative to other companies in the same sector and additional responsibilities of the Directors. The fees of the Directors are subject to shareholders' approval at the Annual General Meeting.

PRINCIPLE 2: STRENGTHEN COMPOSITION (CONT'D)

2.3 The Board should establish formal and transparent remuneration policies and procedures to attract and retain directors

Directors' Remuneration
The details of the remuneration of the Directors on Company basis for the financial year ended 31 March 2016 are as follows:-

(All figures in RM)	Executive Directors	Non-Executive Directors
Salary	585,000	-
Fees	60,000	144,000
Bonus	-	-
Benefits-in-kind	-	-
Total	**645,000**	**144,000**

The number of Directors whose remuneration falls into the following bands of RM50,000 is shown below:-

	Executive Directors	Non-Executive Directors
Below RM50,000	-	4
RM50,000 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	1	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	-	-
Total	**2**	**4**

The Board is of the opinion that the disclosure of Directors' remuneration through the "band disclosure" is sufficient to meet the objectives of the Code. They feel that it is inappropriate to disclose the remuneration of individual Directors and has opted not to do so.

PRINCIPLE 3: REINFORCE INDEPENDENCE

3.1 The Board should undertake an assessment of its independent directors annually

The Board formalised the importance of independence and objectivity in the decision-making process as advocated in the MCCG 2012. The Board is committed to ensure that the independent directors are capable to exercise independent judgment and act in the best interests of the Group.

In line with Recommendation 3.1 of the MCCG 2012 whereby the Board is required to develop criteria to assess independence of directors, the Board has adopted the same criteria used in the definition of "independent directors" prescribed by the MMLR of Bursa Securities.

The Independent Directors of the Company fulfilled the criteria of "Independence". They act independently of management and are not involved in any other relationship with the Group that may impair their independent judgment and decision making.

Each Director has a continuing responsibility to determine whether he has a potential or actual conflict of interest in relation to any material transactions. Such a situation may arise from external associations, interests or personal relationships.

The Director is required to immediately disclose to the Board and to abstain from participating in discussions, deliberations and decisions of the Board on the respective matters.

The Board, via Nomination Committee has developed the criteria to assess independence and formalised the current independence assessment practice.

3.2 The tenure of an independent director should not exceed a cumulative term of nine years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a non-independent director

The Board is aware of the tenure of an Independent Director which should not exceed a cumulative term of nine (9) years as recommended by MCCG 2012 and that an Independent Director may continue to serve on the Board if the Independent Director is re-designated as a Non-Independent Non-Executive Director upon completion of the cumulative term of nine (9) years.

3.3 The Board must justify and seek shareholders' approval in the event it retains as an independent director, a person who has served in that capacity for more than nine years

Subject to the assessment of the Nomination Committee and the shareholders' approval, the Board may retain an Independent Director who has served nine (9) years or more on the Board. Presently, there are two Independent Directors of the Company whose tenure have exceeded a cumulative term of nine (9) years.

PRINCIPLE 3: REINFORCE INDEPENDENCE (CONT'D)

3.4 The positions of chairman and CEO should be held by different individuals, and the chairman must be a non-executive member of the Board

The Chairman and the Group Managing Director are held by different individuals. The Chairman is an Independent Non-Executive Member of the Board.

The role of the Chairman and the Group Managing Director are clearly distinct for effective balance of power and authority because the positions are held by two different individuals. The Chairman is primarily responsible for ensuring Board's effectiveness and conduct. He ensures that all relevant issues and quality information to facilitate decision making and effective running of the Group's business are included in the meeting agenda.

The Group Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board. His vast experience, business knowledge and skills contributed significantly towards the attainment of the Group's goals and objectives.

The role of the Chairman and the Managing Director are mentioned in details in the Board Charter which is made available in the Company's website www.sanbumi.com.my

3.5 The board must comprise a majority of independent directors where the chairman of the board is not an independent director

The Board currently consists of one Executive Director and four Independent Non-Executive Directors. The composition of the Board complies with paragraph 15.02 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("BMSB").

The Group is led and controlled by an experienced Board, many of whom have intimate knowledge of the business. There is a clear division of responsibility between the Chairman and the Managing Director to ensure that there is a balance of power and authority. The management of the Group's business and implementation of policies and day-to-day running of the business is delegated to the Executive Directors. The Independent Non-Executive Directors provide unbiased and independent views to safeguard the interests of shareholders.

The Board considers that the current size of the Board is adequate and facilitates effective decision-making. The Nomination Committee has reviewed the present composition of the Board and the three main existing committees and is satisfied that they have adequately carried out their functions within their scope of work.

PRINCIPLE 4: FOSTER COMMITMENT

4.1 The Board should set out expectations on time commitment for its members and protocols for accepting new directorships

All directors of the Company do not hold more than 5 directorships under paragraph 15.06 of the Main market Listing Requirements.

The annual calendar of at least four (4) meetings is agreed at the beginning of each year, with additional meetings convened as and when necessary. Besides Board meetings, the Board also exercises control on matters that require Board's approval through Directors' Circular Resolutions. Amongst others, key matters such as approval of annual and quarterly results, financial statements, major acquisitions and disposals, major investments, appointment of Directors are discussed and decided by the Board.

The dates scheduled for Board meetings, Board Committee meetings and Annual General Meeting are set in advance and circulated to the Directors to facilitate the Directors' time planning. The Directors' Circular Resolutions are used for determination of urgent matters arising in between meetings. In accordance with Article 103 of the Articles of Association of the Company, a signed and approved resolution by the majority of the Directors shall be valid and effectual as if it had been passed at a meeting of the Directors.

During the financial year ended 31 March 2016, six (6) Board Meetings were held. The attendance record of each Director is as follows:-

Board of Directors' Meeting		May 15	Jul 15	Jul 15	Aug 15	Nov 15	Feb 16		
Directors	Position	Attendance						Total	%
Dato' Ir. Zainurin bin Karman	Chairman	•	•	•	•	•	•	6/6	100
Dato' Chua Tiong Moon	Managing Director	•	•	•	•	•	•	6/6	100
Lim Thian Loong	Director	•	•	•	•	•	•	6/6	100
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	Director	•	•	•	•	X	•	5/6	83
Lee See Hong	Director	•	•	•	•	•	•	6/6	100
Tan Sri Datuk Chai Kin Kong (resigned on 30 Nov 2015)	Executive Director	•	•	•	•	•	X	5/5	100

Total number of meetings held: 6

4.2 The board should ensure its members have access to appropriate continuing education programmes

As required under the Main Market Listing Requirements of Bursa Securities, all the Directors have attended the Directors' Mandatory Accreditation Programme. The Directors will continue to attend various professional programmes necessary to enhance their professionalism in the discharge of their duties.

PRINCIPLE 4: FOSTER COMMITMENT (CONT'D)

4.2 The board should ensure its members have access to appropriate continuing education programmes (Cont'd)

During the financial year ended 31 March 2016, the Directors have evaluated their own training needs on a continuous basis and attended the following:-

Dato' Chua Tiong Moon

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

Datuk Wira Rahadian Mahmud bin Mohammad Khalil

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

Dato' Ir. Zainurin bin Karman

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

Lim Thian Loong

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

Lee See Hong

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

Tan Sri Datuk Chai Kin Kong

- Managing risk management challenges to deliver sustainable performance — 27 May 2015

PRINCIPLE 5: UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 The Audit Committee should ensure financial statements comply with applicable financial reporting standards

The Directors have a responsibility to present a balanced, true and fair assessment of the Group's financial position and prospects primarily through the annual report to shareholders and quarterly financial statements to the Bursa Securities.

The Audit Committee assists the Board in reviewing the information disclosed to ensure accuracy, adequacy and completeness of all annual and quarterly reports, audited or unaudited, and approved by the Board of Directors before releasing to the Bursa Securities.

A statement by the Directors of their responsibilities in preparing the financial statements is set out on page 34 of this Annual Report.

5.2 The Audit Committee should have policies and procedures to assess the suitability and independence of external auditors

The Audit Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Company on their findings which are included as part of the Company's financial reports with respect to each year's audit on the statutory financial statements. In doing so, the Company has established a transparent arrangement with the External Auditors to meet their professional requirements and seeking professional advice and ensuring compliance with accounting standards. In the course of audit of the Group's operation, the External Auditors have highlighted to the Audit Committee and the Board on matters that require the Board's attention. The role of the Audit Committee in relation to the External Auditors is described on pages 30 to 32 of this Annual Report.

PRINCIPLE 6: RECOGNISE AND MANAGE RISKS

6.1 The Board should establish a sound framework to manage risks

The Board continues to review and evaluate the effectiveness of the Group's systems of internal control to safeguard the shareholders' investment and the Group's assets. These controls provide reasonable but not absolute assurance against material misstatement, loss or fraud.

The Company has in place an on-going process for identifying, evaluating and managing key risks that may affect the achievement of the business objectives of the Group. Towards cultivating a sustainable risk management culture, risk management principles and practices are embedded into existing key processes across different functions within the Group.

6.2 The Board should establish an internal audit function which reports directly to the Audit Committee

The Group's internal audit function is carried out by outsourced external consultants who assist the Audit Committee and Board in providing independent assessment on the adequacy, efficiency and effectiveness of the Group's governance, risk management and internal control processes.

The information on the Group's internal control is presented in the Statement on Risk Management & Internal Control set out on pages 35 to 36 of this Annual Report.

PRINCIPLE 7: ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 The board should ensure the company has appropriate corporate disclosure policies and procedures

The Board ensures that the disclosure of material information pertaining to the Group's performance and operations to the public is in accordance with the disclosure requirements under the MMLR of Bursa Securities and other applicable laws and regulations. Confidential information is restricted to top management only. Selected members of top management are responsible for making disclosures and responding to market rumours and queries.

7.2 The board should encourage the company to leverage on information technology for effective dissemination of information

The Board has established a dedicated section for corporate information on the Company's website where information on the Company's announcements, financial information, share prices and analysts' reports can be accessed.

Shareholders and members of the public are invited to access the Company's website at www.sanbumi.com.my and Bursa Securities website at www.bursamalaysia.com to obtain the latest information on the Group.

PRINCIPLE 8: STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

8.1 The board should take reasonable steps to encourage shareholder participation at general meetings

The Annual General Meeting ("AGM") is the principal forum for dialogue and interaction with individual shareholders and investors where they may seek clarifications on the Group's businesses. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report 21 days before the meeting. All Directors are available to provide responses to questions from shareholders during this meeting. External Auditors are also present to provide their professional and independent clarification on issues and concerns raised by shareholders. In the event that an answer cannot be readily given at the meeting, the Chairman will undertake to provide a written reply to the shareholder.

8.2 The board should encourage poll voting

With effect from 1 July 2016, all resolutions set out in the notice of general meetings will be carried out by poll voting. The Board will make an announcement of the detailed results showing the number of votes cast for and against each resolution at general meetings to facilitate greater shareholder participation.

8.3 The board should promote effective communication and proactive engagements with shareholders

The Company recognises the importance of timely and thorough dissemination of information on all material business and corporate developments to shareholders and investors.

The Company keeps shareholders informed by announcements and timely release of quarterly financial results through Bursa Link, press releases, annual report and circular to shareholders.

Any queries and concerns regarding the Group may be conveyed to the following person:-

Dato' Ir. Zainurin bin Karman	:	Senior Independent Non-Executive Director
Telephone number	:	04-390 3699
Facsimile number	:	04-397 9311

COMPLIANCE STATEMENT

The Board is of the view that the Group is generally in compliance with the Principles and Recommendations of the MCCG 2012. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observance has been explained and the reasons thereof has been included in this Statement.

This Statement was approved by the Board of Directors on 11 July 2016.

ADDITIONAL Compliance Information

a) Variations in actual results from those previously announced or released

There were no material differences in the actual results of the Group for the financial year ended 31 March 2016 reported herein as compared to the unaudited results for the same period announced previously.

The Company did not announce or issue any profit estimate, forecast or projection during the financial year ended 31 March 2016.

b) Share buybacks

(i) The Company did not purchase any of its own shares during the financial year ended 31 March 2016.
(ii) All shares previously repurchased were retained as treasury shares and all these shares were cancelled during the financial year.
(iii) The movements in the treasury shares during the financial year ended 31 March 2016 are as follows:

	No. of shares retained as Treasury Shares
As at 1 April 2015	15,104,500
Cancelled during the year	(15,104,500)
As at 31 March 2016	-

c) Options or convertible securities

The Company did not issue any options or convertible securities during the financial year ended 31 March 2016.

d) Depository Receipt Programme

The Company did not sponsor any Depository Receipt Programme during the financial year ended 31 March 2016.

e) Material contracts

Save as disclosed below, there were no contracts of the Company or its subsidiary companies, which are or may be material, involving directors' and major shareholders’ interests still subsisting as at the end of the financial year ended 31 March 2016:

(i) Service Agreement dated 11 July 2016 between Sanbumi Holdings Berhad (“the Company”) and Dato’ Chua Tiong Moon whereby the Company agrees to employ Dato’ Chua Tiong Moon as the Managing Director of the Company for a term of 3 years with effect from 1 July 2016. The remuneration of the Managing Director shall be a fixed salary of RM25,000.00 per month (or such higher rate as the Company may, in its discretion from time to time decide or award) inclusive of any directors’ fees payable to him under the Articles of Association of the Company, payable in arrears.

f) Sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiary companies, directors or management by the relevant regulatory authorities during the financial year ended 31 March 2016, which have material impact on the operations or financial position of the Group.

g) Comparison of profit achieved with the profit guarantee

The Company did not issue any profit guarantee for the financial year ended 31 March 2016.

h) Utilisation of proceeds from corporate proposals

On 13 July 2016, the Company announced that the Private Placement of up to 52,240,000 new ordinary shares of RM0.10 each was completed following the listing and quotation of the placement shares on the Main Market of Bursa Malaysia Securities Berhad. The 52,240,000 placement shares raised a total capital of RM6,007,600 for the Company and shall be allocated in accordance with the approved utilisation plan.

i) Conviction for offences

None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

j) Non-audit fee

The fee payable by the Company to the external auditors for non-audit services provided during the financial year ended 31 March 2016 amounted to RM3,000. There were no fees payable by the subsidiary companies to the external auditors for non-audit services provided during the financial year ended 31 March 2016.

k) Recurrent related party transactions

There were no recurrent transactions entered into by the Company or its subsidiary companies with related parties during the financial year ended 31 March 2016.

Chairman

Lim Thian Loong
(Independent Non-Executive Director)

Members

Dato' Ir. Zainurin bin Karman
(Independent Non-Executive Director)

Lee See Hong
(Independent Non-Executive Director)

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee are incorporated in the Board Charter and can be viewed in the Company's website at www.sanbumi.com.my

DETAILS OF ATTENDANCE OF MEMBERS AT AUDIT COMMITTEE MEETINGS

During the financial year ended 31 March 2016, there were five (5) Audit Committee Meetings held. The details of the attendance of each member are as follows:-

Audit Committee Meeting		May '15	Jul '15	Aug '15	Nov '15	Feb '16		
Committee Members	Position	Attendance					Total	%
Lim Thian Loong	Chairman	•	•	•	•	•	5/5	100
Dato' Ir. Zainurin bin Karman	Member	•	•	•	•	•	5/5	100
Lee See Hong	Member	•	•	•	•	•	5/5	100

Total number of meetings held: 5

SUMMARY OF WORK OF THE AUDIT COMMITTEE

In discharging its functions and duties in accordance with its Terms of Reference, the Audit Committee ("AC") had carried out the following work during the financial year ended 31 March 2016:-

1. At their Meetings held on 27 May 2015 and 29 July 2015, the AC met with the external auditors in the absence of the Executive Board Members to discuss on any significant audit issues which may have arisen in the course of their audit of the Group. The external auditors confirmed that there were no such significant audit issues to be reported. The external auditors also reported to the AC that there was no restriction on any information requested and they had obtained full co-operation from the staff and management throughout the course of their audit for the financial year ended 31 March 2015.

2. At their Meeting held on 27 May 2015, the AC reviewed and discussed the following:

    a. The unaudited condensed interim financial report of the Group for the fourth financial quarter and the financial year ended 31 March 2015. The AC noted that the condensed interim financial report had been prepared in accordance with all applicable Malaysian Financial Reporting Standards and Appendix 9B of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and were in compliance with the accounting standards and other legal requirements. There were no items or incidences of an unusual nature not otherwise dealt with which may or has substantially affect 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. After deliberation the AC agreed that recommendations are made to the Board of Directors for the approval of the unaudited condensed interim financial report of the Group for the fourth financial quarter and financial year ended 31 March 2015;

    b. The external auditors presented the Audit Review Memorandum (ARM) dated 27 May 2015 in respect of their audit of Sanbumi Group for the financial year ended 31 March 2015. After due deliberation the AC was satisfied with the ARM and requested the auditors to proceed and report accordingly;

    c. The AC reviewed and approved the Statement on Risk Management and Internal Control and the Audit Committee Report for inclusion in the 2015 Annual Report; and

    d. The AC received and discussed the performance of the Group against the Budget for the financial year ended 31 March 2015. The AC also reviewed and discussed the Business Plan and Budget for the financial year ending 31 March 2016 and after due deliberation agreed to recommend to the Board of Directors for approval.

3. At their Meeting held on 29 July 2015, the AC reviewed the Audit Review Memorandum (Closing Meeting) presented by the external auditors setting out the status update on the ARM presented on 27 May 2015 and the final draft audited financial statements of the Group and of the Company for the financial year ended 31 March 2015. The external auditors confirmed the following:

    a. That all issues raised at the last meeting had been satisfactorily addressed and there were no new issues;

    b. That there was no audit qualification in their report on the financial statements of the Group and the Company for the financial year ended 31 March 2015 and the Group had complied with all the required accounting standards; and

    c. There was no material deviation between the actual results of the Group and the unaudited results announced previously for the financial year ended 31 March 2015.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

4. At their Meeting held on 29 July 2015, the AC also addressed the following:

   a. To consider and recommend to the Board of Directors the re-appointment and remuneration of the external auditors. The AC assessed the efficiency and quality of work of the external auditors and made enquiries with the management as to whether there has been or were any pertinent issues with the external auditors that may affect their independence. After deliberation, the AC agreed to recommend the re-appointment of the external auditors at a remuneration to be negotiated and agreed upon by the management; and

   b. To review and determine that the scope, functions, competency and resources of the internal audit function were adequate. The AC made enquiries with the management on these matters and were satisfied that the existing internal audit function is adequate.

5. At their Meetings held on 21 August 2015, 20 November 2015 and 26 February 2016, the AC reviewed and discussed the Group's unaudited first, second and third quarterly results for the financial year ended 31 March 2016 together with the relevant reports and made recommendations to the Board of Directors for approval. The condensed interim financial reports which were unaudited and had been prepared in accordance with all applicable Malaysian Financial Reporting Standards and Appendix 9B of the MMLR of Bursa Securities were in compliance with the accounting standards and other legal requirements. There were no items or incidences 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 respective financial quarters under review and the financial period to date.

6. At their Meeting held on 26 February 2016, the AC reviewed and discussed the Audit Planning Memorandum for the financial year ending 31 March 2016 presented by the external auditors. The AC was satisfied with the audit scope and adequacy of coverage in respect of the audit of the Company and its subsidiary companies for the financial year ending 31 March 2016. At the said meeting, the AC had affirmed that based on their observation, reports provided by the Management and representation from the internal auditors, to the best of their knowledge and belief, they were not aware of any actual, suspected or alleged fraud in the Group. The AC also affirmed that to the best of their knowledge and belief, they were also not aware of any non-compliance with key legal and regulatory framework.

7. At their Meeting held on 26 February 2016, the external auditors Messrs Crowe Horwath declared to the AC that they will continuously comply with the ethical requirements regarding independence with respect to the audit of Sanbumi Group in accordance with the International Federation of Accountants' Code of Ethics for Professional Accountants and the Malaysian Institute of Accountants' By-laws (on Professional Ethics, Conduct and Practice). They also declared that they were not aware of any relationship between them and Sanbumi Group that might reasonably be thought to impair their independence.

8. At their Meeting held on 26 February 2016, the AC received updates from the external auditors on the new and revised Audit Reporting Standards which will be effective for audits of financial statements for the periods ending on or after 15 December 2016, in particular the inclusion of a section on "Key Audit Matters" ("KAM") in the audit report which will be compulsory for listed entities as well as other requirements introduced include specific statements about going concern in the auditors' report and the inclusion of an affirmative statement about the auditors' independence and fulfilment of relevant ethical responsibilities.

SUMMARY OF WORK OF THE AUDIT COMMITTEE (CONT'D)

9. At their Meeting held on 26 February 2016, the AC reviewed and discussed the Internal Audit Strategy and Planning Memorandum presented by the internal auditors setting out the following internal audit work to be carried out on the Sanbumi Group for the financial year ending 31 March 2017:-

By Functions *(Key Business Processes)*	**Proposed reporting schedule at the Audit Committee Meeting**
Full audit review on Expenses and Payments Processing	August 2016
Full audit review on Inventory Management	November 2016

10. The AC receives and discusses the Internal Audit Reports containing the audit findings and recommendations made by the internal auditors on weaknesses in the systems of internal control and the Management responses on those issues. The AC monitors the progress on the corrective actions taken by the Management on a quarterly basis until it is satisfied that the weaknesses identified had been adequately addressed. During the financial year ended 31 March 2016 on the following Internal Audit Reports were tabled by the internal auditors to the AC:-

    a. On 21 August 2015, the Internal Audit Report in relation to the review of the internal control systems on Procurement Management of 5 auditable entities and the review of the internal control system on the Property, Plant and Equipment of 2 auditable entities within the Sanbumi Group; and

    b. On 20 November 2015, the Internal Audit Report in relation to the review of the internal control systems on Sales and Accounts Receivable Control of 7 auditable entities within the Sanbumi Group.

11. Reviewed the effectiveness of the Group's risk management and internal control system.

12. At every quarterly meeting, there would be an agenda to discuss on related party transactions (if any). During the financial year ended 31 March 2016, the AC noted that there were no related party transactions.

13. At every quarterly meeting, the schedule showing the advances made to the subsidiaries of the Company would be tabled to the AC for notation and discussion.

14. The AC is kept abreast on the Group's compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements, Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other relevant legal and regulatory requirements through updates received from the external auditors and the company secretary.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group has outsourced the Internal Audit function to Messrs IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2016. The responsibility of the Internal Auditors is to review the Group's system of internal control and report its adequacy, effectiveness and efficiency to the AC. The Internal Auditors adopt a risk based audit approach in auditing objectively to provide the assurance that risks were mitigated to acceptable levels. This approach would draw the Internal Auditors' attention towards gaining an understanding of the Group's interaction with external forces, changes in the strength of the relationships during the period under audit, and the risk of potential future changes presented by the external forces. Their approach would entail understanding on how the business risks translate to audit risks, and communicating value added input to the management through the audit process. Whenever required, the Internal Auditors would make reference to the Group's policies and procedures, established practices, listing requirements and recommended industry practices.

During the financial year ended 31 March 2016, there were 2 cycles of internal audit work carried out for Sanbumi Group as follows:-

a. The Internal Audit Report on 21 August 2015 in relation to the review of the internal control systems on the Procurement Management of 5 auditable entities and the review of the internal control system on the Property, Plant and Equipment of 2 subsidiaries; and

b. The Internal Audit Report on 20 November 2015 in relation to the review of the internal control systems on the Sales and Accounts Receivable Control of the 7 auditable entities.

In each of the internal audit report, the findings arising from the audit field work were highlighted together with suitable recommendations for improvement to the management for review and further action where necessary. These findings were not limited to matters relating to the financial and accounting controls but also cover certain key operational and management control areas.

During the quarterly meetings, the Internal Auditors also go through with the AC the update status on the implementation of their recommendations by the Management.

DIRECTORS'
Responsibility Statement

(Pursuant to paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors are required to prepare financial statements for each financial year to give a true and fair view of the state of affairs of the Group and the Company in accordance with the Financial Reporting Standards and the requirement of the Companies Act 1965. In preparing the financial statements, the Directors have:-

- adopted new accounting policies where appropriate and used accounting policies consistently in dealing with items which are considered material in relation thereto;
- made accounting estimates where applicable that are prudent, just and reasonable; and
- ensured that the Company and the Group have taken reasonable steps to prevent and detect fraud and other irregularities.

STATEMENT ON RISK MANAGEMENT **and Internal Control**

(Pursuant to paragraph 15.26 (b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. REGULATORY FRAMEWORK

Sanbumi Group is committed to embrace the Malaysian code on Corporate Governance 2012 and the Main Market Listing requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

This Statement describes the risk management and internal control system practised throughout the business operations of the Group in general, and the processes that made up the framework in particular.

2. ACCOUNTABILITY OF THE BOARD

The Board has overall responsibility for the Group's system of risk management and internal control and for reviewing its adequacy and integrity.

In establishing the Group's system of risk management and internal control, the following critieria are taken into consideration:-

- Systems can only be designed to manage rather than eliminate the risk of failure to achieve business objectives. This system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

- The system is a continuous process for identifying, evaluating and managing the significant risks faced by the Group.

The Board delegates to the senior management, the implementation of the systems of risk management and internal control within an established framework throughtout the Group.

3. AN INTEGRATED RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The main features of the Group's risk management and internal control system are as follows:-

3.1 Financial reports are presented to the Audit Committee and the Board on a quarterly basis for review and if necessary corrective action to be taken.

3.2 Budgets for all active operating units are prepared annually and periodic review is carried out together with the Management. The results are communicated to the Board on a timely basis.

3.3 A defined organisational and hierarchical structure outlining the line of reporting and job responsibilities at the operational level.

3.4 In ensuring that each operating unit is functioning efficiently, emphasis is placed on personnel employed where the integrity and competence of personnel are ensured through recruitment evaluation process.

3.5 The Board, Audit Committee and Management regularly review the internal audit reports and monitor the status of the implementation of recommendations to address any internal control weaknesses identified.

3.6 Regular reporting made to the Board at its meetings on corporate and accounting developments, in turn facilitates the prioritisation of risk related issues for the Sanbumi Group to plan its resources and address the risk accordingly.

4. INTERNAL AUDIT

The Internal audit function highlights issues to executive and operational management on areas for improvement and subsequently reviews the extent to which its recommendations have been implemented. The extent of compliance is reported to the audit Committee on a regular basis. The Audit Committee in turn reviews the adequacy and effectiveness of the system of risk management and internal control in operation and reports the results thereon to the Board.

The Internal Audit function of the Group is outsourced to IBDC (Malaysia) Sdn. Bhd. for the financial year ended 31 March 2016. Internal audits were conducted on the internal control system of management control, legal, licencing, insurance, safety and security and property, plant and equipment of the Group's tourism business operations for the financial year ended 31 March 2016.

The cost incurred for the internal audit function in respect of the financial year ended 31 March 2016 was RM29,430.90.

5. EFFECTIVENESS OF THE SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board is of the view that the existing system of risk management and internal control is sound and adequate to safeguard the Group's assets at the existing level of operations. Consequently, there were no material internal control aspects of any significance that had arisen during the financial year and up to the date of this report.

The Board has received assurance from the Managing Director and the Finance Manager that the Group's risk management and internal control system is operating adequately, in all material aspects, based on the risk management and internal control framework of the Group.

6. REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the Bursa Malaysia Securities Berhad's Main Market Listing Requirements, the external Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report. Their review was performed in accordance with recommended Practice Guide (RPG) 5 (revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is factually inaccurate.

FINANCIAL **Statements**

DIRECTORS' Report

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Loss after taxation for the financial year	(10,474)	(10,211)
Attributable to:-		
Owners of the Company	(10,476)	(10,211)
Non-controlling interests	2	-
	(10,474)	(10,211)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the statements of changes in equity and Note 25 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) the Company altered its authorised share capital from 250,000,000 ordinary share capital of RM1.00 each to 2,500,000,000 ordinary shares of RM0.10 each to facilitate the implementation of the par value reduction as disclosed below;

(b) the issued and paid up share capital of the Company was reduced by:

 (i) the cancellation of the entire 15,104,500 treasury shares of RM1.00 each pursuant to Section 67A of the Companies Act 1965 in Malaysia; and

 (ii) the reduction of RM0.90 of the par value of each existing ordinary shares of RM1.00 each in the Company pursuant to Section 64 of the Companies Act 1965 in Malaysia.

 On 18 January 2016, the Company lodged the seal order of the reduction of the share capital granted by the High Court of Malaya in Pulau Pinang with the Companies Commission of Malaysia. With the completion of the par value reduction, the par value of each existing ordinary share of the Company was reduced from RM1.00 to RM0.10 each.

 The reduction of the issued and paid up share capital of the Company amounting to RM156,720,463 arising from the par value reduction has been credited to the accumulated losses account; and

(c) there were no issue of debentures by the Company.

TREASURY SHARES

During the financial year, the Company has cancelled the entire 15,104,500 treasury shares with carrying amount of RM11,369,814 in accordance with Section 67A of the Companies Act 1965 in Malaysia.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 33 to the financial statements. At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

DIRECTORS

The directors who served since the date of the last report are as follows:-

Dato' Ir. Zainurin Bin Karman
Dato' Chua Tiong Moon
Datuk Wira Rahadian Mahmud Bin Mohammad Khalil
Lim Thian Loong
Lee See Hong
Tan Sri Datuk Chai Kin Kong (Resigned on 30.11.2015)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year of shares of the Company during the financial year are as follows:-

	Number of Ordinary Shares of RM0.10 Each			
	At 1.4.2015	**Bought**	**Sold**	**At 31.3.2016**
Direct Interest in the Company				
Dato' Chua Tiong Moon	11,250,362	-	-	11,250,362
Indirect Interest in the Company				
Dato' Chua Tiong Moon#	2,198,113	-	-	2,198,113

Deemed interest by virtue of his direct substantial shareholding in Equal Accord Sdn Bhd.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year , no director has received or become entitled to receive any benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 11 July 2016.

Dato' Ir. Zainurin Bin Karman

Dato' Chua Tiong Moon

STATEMENT BY **Directors**

Pursuan to Section 169(15) of the Companies Act, 1965

We, Dato' Ir. Zainurin Bin Karman and Dato' Chua Tiong Moon, being two of the directors of Sanbumi Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 46 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year ended on that date.

The supplementary information set out in Note 37, which is not part of the financial statements, is prepared in all material respects, in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed in accordance with a resolution of the directors dated 11 July 2016.

Dato' Ir. Zainurin Bin Karman **Dato' Chua Tiong Moon**

STATUTORY **Declaration**

Pursuan to Section 169(16) of the Companies Act, 1965

I, Dato' Chua Tiong Moon, being the director primarily responsible for the financial management of Sanbumi Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 46 to 107 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Dato' Chua Tiong Moon,
at Kuala Lumpur in the Federal Territory
on this 11 July 2016

Dato' Chua Tiong Moon

Before me

Lai Din (No. W-668)
Commissioner for Oaths

Kuala Lumpur

INDEPENDENT
Auditors' Report

To the Members of Sanbumi Holdings Berhad (Incorporated in Malaysia)
Company No : 8386-P

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sanbumi Holdings Berhad, which comprise the statements of financial position as at 31 March 2016 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 46 to 107.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 March 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 37 on page 108 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Onn Kien Hoe
Approval No: 1772/11/16 (J/PH)
Chartered Accountant

Kuala Lumpur
11 July 2016

STATEMENTS OF
Financial Position
At 31 March 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	**68,764**	70,639	**13,372**	12,062
Prepaid lease payments	6	**973**	1,206	**-**	-
Investment properties	7	**5,835**	5,535	**5,835**	5,535
Investments in subsidiaries	8	**-**	-	**33,415**	35,330
Investment in an associate	9	**-**	-	**-**	-
Amount owing by subsidiaries	10	**-**	-	**-**	-
		75,572	77,380	**52,622**	52,927
CURRENT ASSETS					
Inventories	11	**2,004**	2,031	**-**	-
Trade receivables	12	**3,512**	3,902	**17**	8
Other receivables, deposits and prepayments	13	**5,201**	2,929	**240**	414
Amount owing by subsidiaries	10	**-**	-	**17,415**	20,639
Amount owing by an associate	14	**-**	-	**-**	-
Current tax assets		**115**	458	**44**	-
Fixed deposits with licensed banks	15	**10,162**	15,179	**8,800**	13,500
Cash and bank balances		**2,390**	2,994	**297**	435
		23,384	27,493	**26,813**	34,996
TOTAL ASSETS		**98,956**	104,873	**79,435**	87,923

The annexed notes from an integral part of these financial statements.

STATEMENTS OF Financial Position

At 31 March 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	16	**17,413**	189,238	**17,413**	189,238
Retained profits/(Accumulated losses)		**27,287**	(118,957)	**33,062**	(113,447)
Treasury shares	17	**-**	(11,370)	**-**	(11,370)
Other reserves	18	**38,266**	30,757	**27,195**	22,149
Equity attributable to owners of the Company		**82,966**	89,668	**77,670**	86,570
Non-controlling interests		**87**	85	**-**	-
TOTAL EQUITY		**83,053**	89,753	**77,670**	86,570
NON-CURRENT LIABILITIES					
Hire purchase payables	19	**-**	18	**-**	-
Term loan	20	**4,048**	4,245	**-**	-
Deferred tax liabilities	21	**3,605**	2,889	**764**	680
		7,653	7,152	**764**	680
CURRENT LIABILITIES					
Trade payables	22	**1,145**	1,692	**-**	-
Other payables and accruals	23	**6,801**	5,470	**487**	565
Amount owing to subsidiaries	10	**-**	-	**514**	61
Hire purchase payables	19	**18**	377	**-**	12
Term loan	20	**207**	201	**-**	-
Current tax liabilities		**79**	228	**-**	35
		8,250	7,968	**1,001**	673
TOTAL LIABILITIES		**15,903**	15,120	**1,765**	1,353
TOTAL EQUITY AND LIABILITIES		**98,956**	104,873	**79,435**	87,923

The annexed notes from an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS
and Other Comprehensive Income

For the financial year ended 31 March 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
REVENUE	24	**47,250**	32,708	**498**	494
COST OF SALES		**(38,858)**	(28,692)	**-**	-
GROSS PROFIT		**8,392**	4,016	**498**	494
OTHER INCOME		**2,179**	2,458	**699**	5,473
		10,571	6,474	**1,197**	5,967
ADMINISTRATIVE EXPENSES		**(13,024)**	(10,392)	**(2,082)**	(2,064)
OTHER EXPENSES		**(7,469)**	(8,854)	**(9,353)**	(26,880)
FINANCE COSTS		**(395)**	(423)	**(1)**	(2)
LOSS BEFORE TAXATION	25	**(10,317)**	(13,195)	**(10,239)**	(22,979)
INCOME TAX EXPENSE	26	**(157)**	79	**28**	-
LOSS AFTER TAXATION		**(10,474)**	(13,116)	**(10,211)**	(22,979)
OTHER COMPREHENSIVE INCOME					
Items that Will Not Be Reclassified Subsequently to Profit or Loss					
Revaluation of properties		**4,583**	2,801	**1,380**	2,331
Effects of deferred tax on revaluation of properties		**(809)**	(167)	**(69)**	(144)
		3,774	2,634	**1,311**	2,187
TOTAL COMPREHENSIVE EXPENSES FOR THE FINANCIAL YEAR		**(6,700)**	(10,482)	**(8,900)**	(20,792)

The annexed notes from an integral part of these financial statements.

		The Group		The Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
LOSS AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		**(10,476)**	(13,121)	**(10,211)**	(22,979)
Non-controlling interests		**2**	5	**-**	-
		(10,474)	(13,116)	**(10,211)**	(22,979)
TOTAL COMPREHENSIVE EXPENSES ATTRIBUTABLE TO:-					
Owners of the Company		**(6,702)**	(10,487)	**(8,900)**	(20,792)
Non-controlling interests		**2**	5	**-**	-
		(6,700)	(10,482)	**(8,900)**	(20,792)
LOSS PER SHARE (SEN)					
- Basic	27	**(6.02)**	(7.53)		
- Diluted	27	**Not applicable**	Not applicable		

The annexed notes from an integral part of these financial statements.

STATEMENTS OF
Changes in Equity

For the financial year ended 31 March 2016

The Group	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Accumulated Losses RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← Non - Distributable					→	Distributable			
Balance at 1.4.2014	189,238	14,788	(11,370)	1,582	11,753	-	(105,836)	100,155	80	100,235
Loss after taxation for the financial year	-	-	-	-	-	-	(13,121)	(13,121)	5	(13,116)
Other comprehensive income for the financial year:										
- Revaluation of properties	-	-	-	-	2,801	-	-	2,801	-	2,801
- Effects of deferred tax on revaluation of properties	-	-	-	-	(167)	-	-	(167)	-	(167)
Total comprehensive expenses for the financial year	-	-	-	-	2,634	-	(13,121)	(10,487)	5	(10,482)
Balance at 31.3.2015	189,238	14,788	(11,370)	1,582	14,387	-	(118,957)	89,668	85	89,753

The annexed notes from an integral part of these financial statements.

The Group	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	← Non - Distributable					→				
Balance at 31.3.2015/ 1.4.2015	189,238	14,788	(11,370)	1,582	14,387	-	(118,957)	89,668	85	89,753
Loss after taxation for the financial year	-	-	-	-	-	-	(10,476)	(10,476)	2	(10,474)
Other comprehensive income for the financial year:										
- Revaluation of properties	-	-	-	-	4,583	-	-	4,583	-	4,583
- Effects of deferred tax on revaluation of properties	-	-	-	-	(809)	-	-	(809)	-	(809)
Total comprehensive expenses for the financial year	-	-	-	-	3,744	-	(10,476)	(6,702)	2	(6,700)
	189,238	**14,788**	**(11,370)**	**1,582**	**18,161**	**-**	**(129,433)**	**82,966**	**87**	**83,053**
Contributions by and distributions to owners of the Company:										
- Cancellation of treasury shares	(15,105)	(11,370)	11,370	-	-	15,105	-	-	-	-
- Par value reduction	(156,720)	-	-	-	-	-	156,720	-	-	-
Total transactions with owners	(171,825)	(11,370)	11,370	-	-	15,105	156,720	-	-	-
Balance at 31.3.2016	**17,413**	**3,418**	**-**	**1,582**	**18,161**	**15,105**	**27,287**	**82,966**	**87**	**83,053**

The annexed notes from an integral part of these financial statements.

STATEMENTS OF
Changes in Equity

For the financial year ended 31 March 2016

The Company	Share Capital RM'000	Share Premium RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Capital Redemption Reserve RM'000	Distributable (Accumulated Losses)/ Retained Profits RM'000	Total Equity RM'000
	← Non - Distributable				→	Distributable	
Balance at 1.4.2014	189,238	14,788	(11,370)	5,174	-	(90,468)	107,362
Loss after taxation for the financial year	-	-	-	-	-	(22,979)	(22,979)
Other comprehensive income for the financial year:							
- Revaluation of properties	-	-	-	2,331	-	-	2,331
- Effects of deferred tax on revaluation of properties	-	-	-	(144)	-	-	(144)
Total comprehensive expenses for the financial year	-	-	-	2,187	-	(22,979)	(20,792)
Balance at 31.3.2015/1.4.2015	189,238	14,788	(11,370)	7,361	-	(113,447)	86,570
Loss after taxation for the financial year	-	-	-	-	-	(10,211)	(10,211)
Other comprehensive income for the financial year:							
- Revaluation of property	-	-	-	1,380	-	-	1,380
- Effects of deferred tax on revaluation of properties	-	-	-	(69)	-	-	(69)
Total comprehensive expenses for the financial year	-	-	-	1,311	-	(10,211)	(8,900)
Contributions by and distribution to owners of the Company							
- Cancellation of treasury shares	(15,105)	(11,370)	11,370	-	15,105	-	-
- Par value reduction	(156,720)	-	-	-	-	156,720	-
Total transactions with owners	(171,825)	(11,370)	11,370	-	15,105	156,720	-
Balance at 31.3.2016	**17,413**	**3,418**	**-**	**8,672**	**15,105**	**33,062**	**77,670**

The annexed notes from an integral part of these financial statements.

STATEMENTS OF **Cash Flows**

For the financial year ended 31 March 2016

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
CASH FLOWS FOR OPERATING ACTIVITIES				
Loss before taxation	**(10,317)**	(13,195)	**(10,239)**	(22,979)
Adjustments for:-				
Amortisation of prepaid lease payments	**233**	233	**-**	-
Bad debts written off:				
- third party	**5**	-	**-**	-
- amount owing by subsidiaries	**-**	-	**-**	33
- amount owing by an associate	**2**	9	**2**	9
Depreciation of property, plant and equipment	**4,035**	4,437	**75**	67
Impairment loss:				
- property, plant and equipment	**2,897**	4,000	**-**	-
- investments in subsidiaries	**-**	-	**1,915**	12,550
- amount owing by subsidiaries	**-**	-	**7,363**	14,220
- trade receivables	**56**	4	**-**	-
Inventories written down	**205**	283	**-**	-
Interest expense	**395**	423	**1**	2
Loss on disposal of equipment	**1**	-	**-**	-
Property, plant and equipment written off	**191**	3	**-**	-
Dividend income	**-**	-	**-**	(4,000)
Fair value gain on investment properties	**(300)**	(984)	**(300)**	(984)
Interest income	**(427)**	(569)	**(388)**	(487)
Reversal of impairment losses on trade receivables	**-**	(19)	**-**	-
Reversal of inventories written down	**(118)**	(40)	**-**	-
Operating loss before working capital changes	**(3,142)**	(5,415)	**(1,571)**	(1,569)
(Increase)/Decrease in inventories	**(60)**	214	**-**	-
(Increase)/Decrease in trade and other receivables	**(1,727)**	123	**177**	177
Increase/(Decrease) in trade and other payables	**782**	(79)	**(82)**	68
CASH FOR OPERATIONS/ BALANCE CARRIED FORWARD	**(4,147)**	(5,157)	**(1,476)**	(1,324)

The annexed notes from an integral part of these financial statements.

Cash Flows

For the financial year ended 31 March 2016

	Note	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
CASH FOR OPERATIONS/BALANCE BROUGHT FORWARD		**(4,147)**	(5,157)	**(1,476)**	(1,324)
Income tax paid		**(373)**	(494)	**(44)**	(44)
Income tax refunded		**103**	555	**-**	97
Interest paid		**(395)**	(423)	**(1)**	(2)
Interest received		**427**	569	**388**	487
NET CASH FOR OPERATING ACTIVITIES		**(4,385)**	(4,950)	**(1,133)**	(786)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**-**	-	**(4,139)**	(3,164)
Advances to an associate		**(2)**	(4)	**(2)**	(4)
Dividend received		**-**	-	**-**	4,000
Purchase of property, plant and equipment		**(675)**	(287)	**(5)**	(9)
Proceeds from disposal of equipment		**9**	-	**-**	-
Placement of deposits with licensed banks with maturity of more than three months		**(9,859)**	-	**(8,800)**	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(10,527)**	(291)	**(12,946)**	823
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Advances from subsidiaries		**-**	-	**453**	-
Repayment to subsidiaries		**-**	-	**-**	(3,535)
Repayment of hire purchase obligations		**(378)**	(309)	**(12)**	(20)
Repayment of term loan		**(190)**	(337)	**-**	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		**(568)**	(646)	**441**	(3,555)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(15,480)**	(5,887)	**(13,638)**	(3,518)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**18,173**	24,060	**13,935**	17,453
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	28	**2,693**	18,173	**297**	13,935

The annexed notes from an integral part of these financial statements.

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business is at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 11 July 2016.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 8 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 119: Defined Benefit Plans – Employee Contributions

Annual Improvements to MFRSs 2010 – 2012 Cycle

Annual Improvements to MFRSs 2011 – 2013 Cycle

The adoption of the above accounting standards and/or interpretation (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128 (2011): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 (2011): Investment Entities – Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 15: Effective Date of MFRS 15	1 January 2016
Amendments to MFRS 101: Presentation of Financial Statements – Disclosure Initiative	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture – Bearer Plants	1 January 2016
Amendments to MFRS 127 (2011): Equity Method in Separate Financial Statements	1 January 2016
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016

The adoption of the above accounting standards and interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 9 (IFRS 9 issued by IASB in July 2015) replaces the existing guidance in MFRS 139 and introduces a revised guidance on the classification and measurement of financial instruments, including a single forward-looking 'expected loss' impairment model for calculating impairment on financial assets, and a new approach to hedge accounting. Under this MFRS 9, the classification of financial assets is driven by cash flow characteristics and the business model in which a financial asset is held. There will be no material impact on the financial statements of the Group upon its initial application.

MFRS 15 establishes a single comprehensive model for revenue recognition and will supersede the current revenue recognition guidance and other related interpretations when it becomes effective. Under MFRS 15, an entity shall recognise revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customers. In addition, extensive disclosures are required by MFRS 15. The Group anticipates that the application of MFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the financial impacts of MFRS 15 until the Group performs a detailed review.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:-

(a) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made.

(c) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(d) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(g) Fair Value Estimates for Certain Financial Assets and Financial Liabilities

The Group carries certain financial assets and financial liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(h) Revaluation of Properties

Certain properties of the Group are reported at valuation which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining discount rates, estimates of future cash flows, capitalisation rate, terminal year value, market freehold rental and other factors used in the valuation process. Also, judgement has been applied in estimating prices for less readily observable external parameters. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuation estimates.

4.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

4.3 FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables financial assets, held-to-maturity investments, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial asset is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(i) Financial Assets at Fair Value through Profit or Loss (Cont'd)

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established.

Financial assets at fair value through profit or loss could be presented as current assets or non-current assets. Financial assets that are held primarily for trading purposes are presented as current assets whereas financial assets that are not held primarily for trading purposes are presented as current assets or non-current assets based on the settlement date.

(ii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Loans and receivables financial assets are classified as current assets, except for those having settlement dates later than 12 months after the reporting date which are classified as non-current assets.

(iii) Held-to-maturity Investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment loss, with interest income recognised in profit or loss on an effective yield basis.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current assets.

(iv) Available-for-sale Financial Assets

Available-for-sale financial assets are non-derivative financial assets that are designated in this category or are not classified in any of the other categories.

After initial recognition, available-for-sale financial assets are remeasured to their fair values at the end of each reporting period. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the fair value reserve, with the exception of impairment losses. On derecognition, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity into profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iv) Available-for-sale Financial Assets (Cont'd)

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Financial Liabilities

All financial liabilities are initially measured at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(c) Equity Instruments

Equity instruments classified as equity are measured at cost and are not remeasured subsequently.

(i) Ordinary Shares

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments (Cont'd)

(ii) Treasury Shares (Cont'd)

Where treasury shares are sold, the difference between the sales consideration and the carrying amount of the treasury shares are shown as a movement in equity. When the consideration received is more than the carrying amount, the credit difference arising is taken to the share premium account. Where the consideration received is less than the carrying amount, the debit difference is offset against reserves.

Where treasury shares are cancelled, an amount equivalent to their nominal value is transferred to a capital redemption reserve account in accordance with the requirements of Section 67A of the Companies Act 1965. The transfer to the capital redemption reserve account and the premium paid on the shares repurchased were made out of the share premium and retained profits, where applicable.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 BASIS OF CONSOLIDATION (CONT'D)

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The acquisitions resulted in a business combination involving common control entities is outside the scope of MFRS 3. The merger accounting is used by the Group to account for such common control business combination.

(a) Merger accounting for common control business combinations

A business combination involving entities under common control is a business combination in which all the combining entities or subsidiaries are ultimately controlled by the same party and parties both before and after the business combination, and that control is not transitory.

Subsidiaries acquired which have met the criteria for pooling of interest are accounted for using merger accounting principles. Under the merger method of accounting, the results of the subsidiaries are presented as if the merger had been effected throughout the current financial year.

The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. No amount is recognised in respect of goodwill and excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets and liabilities and contingent liabilities over cost at the time of the common control business combination to the extent of the continuation of the controlling party and parties' interests.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the carrying value of the investment and the nominal value of the shares of the subsidiaries is treated as a merger deficit or merger reserve as applicable. The merger deficit is adjusted against suitable reserves of the subsidiaries acquired to the extent that laws or statues do not prohibit the use of such reserves. The results of the subsidiaries being merged are included for the full financial year.

(b) Acquisition method of accounting for non-common control business combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 BASIS OF CONSOLIDATION (CONT'D)

(c) Non-Controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(e) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.5 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 GOODWILL (CONT'D)

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that their carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.7 INVESTMENTS IN ASSOCIATES

An associate is an entity in which the Group and the Company have a long-term equity interest and where it exercises significant influence over the financial and operating policies.

Investment in associates are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investment includes transaction costs.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 March 2016. The Group's share of the post acquisition profits and other comprehensive income of the associate is included in the consolidated statement of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's interest in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation.

Unrealised gains on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 139. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate into profit or loss when the equity method is discontinued.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and impairment losses, if any.

Freehold land is stated at valuation less impairment losses recognised after the date of the revaluation. Freehold land is not depreciated. Freehold buildings are stated at revalued amount less accumulated depreciation and impairment losses recognised after the date of the revaluation.

Freehold land and buildings are revalued periodically, at least once in every 5 years. Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Depreciation is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Buildings	2% - 10%
Short-term leasehold land	Over the lease period of 78 years
Mobile cranes and heavy vehicles	5% - 10%
Plant, machinery, tools and equipment	8% - 20%
Motor vehicles and forklifts	10% - 20%
Office equipment, renovation, furniture and fittings	10% - 33%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. For an equity instrument, a significant or prolonged decline in the fair value below its cost is considered to be an objective evidence of impairment.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

An impairment loss in respect of available-for-sale financial assets is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the fair value reserve. In addition, the cumulative loss recognised in other comprehensive income and accumulated in equity under fair value reserve, is reclassified from equity into profit or loss.

With the exception of available-for-sale debt instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss made is recognised in other comprehensive income.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 – Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow using a pre-tax discount rate. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 IMPAIRMENT (Cont'd)

(b) Impairment of Non-financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rate basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

4.10 PREPAID LEASE PAYMENTS

Leases of land under which the lessor has not transferred all the risks and benefits of ownership are classified as operating leases. Lease prepayment for land use rights is stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged to the profit or loss on a straight-line basis over the remaining lease terms.

4.11 ASSETS UNDER HIRE PURCHASE

Assets acquired under hire purchase are capitalised in the financial statements as property, plant and equipment and the corresponding obligations are treated as hire purchase payables. The assets capitalised are measured at the lower of the fair value of the leased assets and the present value of the minimum lease payments and are depreciated on the same basis as owned assets. Each hire purchase payment is allocated between the liability and finance charges so as to achieve a constant periodic rate of charge on the hire purchase outstanding. Finance charges are recognised in profit or loss over the period of the respective hire purchase agreements.

4.12 INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Initially investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 INVESTMENT PROPERTIES (CONT'D)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for property, plant and equipment up to date of change in use.

4.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.14 INCOME TAXES

Income tax for the reporting period comprises current tax and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the reporting period and is measured using the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodies in the property over time, rather than through sale.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.14 INCOME TAXES (CONT'D)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

4.15 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

4.17 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

4.18 REVENUE RECOGNITION

(a) Sale of Goods

Revenue is measured at fair value of the consideration received or receivable and is recognised upon delivery of goods and customers' acceptance and where applicable, net of goods and services tax, returns, cash and trade discounts.

(b) Services

Revenue is recognised upon rendering of services and when the outcome of the transaction can be estimated reliably. In the event the outcome of the transaction could not be estimated reliably, revenue is recognised to the extent of the expenses incurred that are recoverable.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 REVENUE RECOGNITION (CONT'D)

(c) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

(d) Rental and Management Fees

Rental and management fees are recognised on an accrual basis.

4.19 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

4.20 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.20 RELATED PARTIES (CONT'D)

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the reporting entity either directly or indirectly, including its director (whether executive or otherwise) of that entity.

4.21 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.22 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

5. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold Land And Buildings RM'000	Short-Term Leasehold Land RM'000	Motor Vehicles And Forklifts RM'000	Office Equipment, Renovation, Furniture And Fittings RM'000	Total RM'000
2016					
Net book value					
At 1.4.2015	50,458	6,600	3,589	9,992	70,639
Additions	-	-	-	675	675
Revaluation surplus	2,218	2,365	-	-	4,583
Disposal	-	-	(2)	(8)	(10)
Writeoff	-	-	-	(191)	(191)
Impairment loss	-	-	(25)	(2,872)	(2,897)
Depreciation charges	(614)	(165)	(1,017)	(2,239)	(4,035)
At 31.3.2016	**52,062**	**8,800**	**2,545**	**5,357**	**68,764**
2015					
Net book value					
At 1.4.2014	48,263	6,600	4,605	16,523	75,991
Additions	-	-	2	285	287
Revaluation surplus	2,801	-	-	-	2,801
Writeoff	-	-	-	(3)	(3)
Impairment loss	-	-	-	(4,000)	(4,000)
Depreciation charges	(606)	-	(1,018)	(2,813)	(4,437)
At 31.3.2015	50,458	6,600	3,589	9,992	70,639

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold Land And Buildings RM'000	Short-Term Leasehold Land RM'000	Mobile Crane And Heavy Vehicles RM'000	Plant, Machinery, Tools And Equipment RM'000	Motor Vehicles And Forklifts RM'000	Office Equipment, Renovation, Furniture And Fittings RM'000	Total RM'000
2016							
At cost	**-**	**-**	**208**	**-**	**9,585**	**47,745**	**57,538**
At valuation	**54,084**	**8,800**	**-**	**-**	**-**	**-**	**62,884**
Accumulated impairment losses	**-**	**-**	**(90)**	**-**	**(33)**	**(22,717)**	**(22,840)**
Accumulated depreciation	**(2,022)**	**-**	**(118)**	**-**	**(7,007)**	**(19,671)**	**(28,818)**
Net book value	**52,062**	**8,800**	**-**	**-**	**2,545**	**5,357**	**68,764**
2015							
At cost	-	-	208	18	9,681	48,427	58,334
At valuation	51,866	6,600	-	-	-	-	58,466
Accumulated impairment losses	-	-	(90)	-	(8)	(19,845)	(19,943)
Accumulated depreciation	(1,408)	-	(118)	(18)	(6,084)	(18,590)	(26,218)
Net book value	50,458	6,600	-	-	3,589	9,992	70,639

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold Land And Buildings RM'000	Motor Vehicle RM'000	Office Equipment, Furniture And Fittings RM'000	Total RM'000
The Company				
2016				
Net book value				
At 1.4.2015	11,986	62	14	12,062
Additions	-	-	5	5
Revaluation surplus	1,380	-	-	1,380
Depreciation charges	(47)	(25)	(3)	(75)
At 31.3.2016	**13,319**	**37**	**16**	**13,372**
2015				
Net book value				
At 1.4.2014	9,694	87	8	9,789
Additions	-	-	9	9
Revaluation surplus	2,331	-	-	2,331
Depreciation charges	(39)	(25)	(3)	(67)
At 31.3.2015	11,986	62	14	12,062
2016				
At cost	**-**	**125**	**781**	**906**
At valuation	**14,207**	**-**	**-**	**14,207**
Accumulated depreciation	**(888)**	**(88)**	**(765)**	**(1,741)**
Net book value	**13,319**	**37**	**16**	**13,372**
2015				
At cost	-	125	776	901
At valuation	12,827	-	-	12,827
Accumulated depreciation	(841)	(63)	(762)	(1,666)
Net book value	11,986	62	14	12,062

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Included in the assets of the Group at the end of the reporting period were motor vehicles with a total net book value of RM417,917 (2015 – RM1,793,521), which were acquired under hire purchase terms.

(b) Certain freehold land and buildings of the Group with a total net book value of RM13,790,000 (2015 - RM13,346,200) have been pledged to a licensed bank as security for banking facilities granted to the Group.

(c) During the financial year, the Group's freehold and leasehold land and buildings have been revalued by an independent professional valuer. The surpluses arising from the revaluations, net of deferred taxation, have been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

(d) The details of the Group's property, plant and equipment that carried at fair value are analysed as follows:-

The Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2016				
Freehold land and buildings	**-**	**54,084**	**-**	**54,084**
Short-term leasehold land	**-**	**8,800**	**-**	**8,800**
	-	**62,884**	**-**	**62,884**
2015				
Freehold land and buildings	-	51,866	-	51,866
Short-term leasehold land	-	6,600	-	6,600
	-	58,466	-	58,466

The level 2 fair values have been determined based on the market comparison approach that reflects recent transaction prices for similar properties. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

There were no transfers between level 1 and level 2 during the financial year.

6. PREPAID LEASE PAYMENTS

	The Group 2016 RM'000	The Group 2015 RM'000
At cost	**2,100**	2,100
Accumulated amortisation	**(1,127)**	(894)
Net book value	**973**	1,206

6. PREPAID LEASE PAYMENTS (CONT'D)

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Accumulated amortisation:-		
At 1 April	**(894)**	(661)
Amortisation for the financial year	**(233)**	(233)
At 31 March	**(1,127)**	(894)

The prepaid lease payments of the Group represent lease payments to a third party to carry out trading business in the premises of the third party.

7. INVESTMENT PROPERTIES

	The Group/The Company	
	2016	**2015**
	RM'000	**RM'000**
Freehold land and buildings, at fair value		
At 1 April	**5,535**	4,551
Fair value adjustment	**300**	984
At 31 March	**5,835**	5,535

(a) Investment properties represent commercial properties leased to third parties.

Include in the statements of comprehensive income relating to investment properties during the financial year are the following items:-

	The Group/The Company	
	2016	**2015**
	RM'000	**RM'000**
Rental income	**335**	342
Direct operating expenses	**69**	64

(b) Investment properties are stated at fair value, which have been determined based on valuations performed by independent valuer at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

8. INVESTMENTS IN SUBSIDIARIES

	The Company 2016 RM'000	The Company 2015 RM'000
Unquoted shares, at cost	**136,190**	136,190
Accumulated impairment losses:-		
At 1 April	**(100,860)**	(88,310)
Addition during the financial year	**(1,915)**	(12,550)
At 31 March	**(102,775)**	(100,860)
	33,415	35,330

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiary	Effective Equity Interest held by The Company 2016 %	The Company 2015 %	Subsidiary 2016 %	Subsidiary 2015 %	Principal Activities
Sanbumi Sawmill Sdn. Bhd.	**100**	100	**-**	-	Timber log traders.
Akalaju Sdn. Bhd.	**100**	100	**-**	-	Dormant.
EMC Cranes Sdn. Bhd.	**100**	100	**-**	-	Dormant.
EMC Cranes (K.L) Sdn. Bhd.	**78.50**	78.50	**-**	-	Dormant.
EMC Capital Sdn. Bhd.	**100**	100	**-**	-	Insurance agent.
EMC Containers Sdn. Bhd.	**70**	70	**-**	-	Dormant.
Sanbumi Capital Sdn. Bhd.	**100**	100	**-**	-	Investment holding.
EMC Marketing Sdn. Bhd.	**100**	100	**-**	-	Trading in industrial supplies and lubricants.
Subsidiaries of Sanbumi Sawmill Sdn. Bhd.					
- Sanbumi Wood Processing Sdn. Bhd.	**-**	-	**100**	100	Dormant.
- Mirim Timber Sdn. Bhd.	**-**	-	**100**	100	Dormant.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Effective Equity Interest held by The Company 2016 %	The Company 2015 %	Subsidiary 2016 %	Subsidiary 2015 %	Principal Activities
Subsidiary of Sanbumi Capital Sdn. Bhd.					
- Sanbumi Holiday Sdn. Bhd.	**-**	-	**100**	100	Travel agent.
- Sanbumi Air Transport Sdn. Bhd.	**-**	-	**100**	100	Carrier, transport provider, and travel agent.
- Pewter Art Industries (M) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs.
- Tourism Information Centre Sdn. Bhd.	**-**	-	**100**	100	Trading in local products, operating restaurant and engaged in business relating to tourism industry.
- Sri Dondang Restaurant Sdn. Bhd.	**-**	-	**100**	100	Dormant.
- Fine Taste Products (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Nouvelle Hotel Sdn. Bhd.	**-**	-	**100**	100	Hotelier.
- Fine Taste Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage industry products relating to tourism industry.
- Sinoreno Jewellery Sdn. Bhd.	**-**	-	**100**	100	Trading in costume jewellery primarily relating to tourism industry.
-Tropiks Products Sdn. Bhd.	**-**	-	**100**	100	Trading in local cottage Industry products relating to tourism industry.

8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Effective Equity Interest held by The Company 2016 %	The Company 2015 %	Subsidiary 2016 %	Subsidiary 2015 %	Principal Activities
Subsidiaries of Sanbumi Capital Sdn. Bhd. (Cont'd)					
- Fine Pewterware (KL) Sdn. Bhd.	**-**	-	**100**	100	Trading in pewterware and souvenirs.
- Nouvelle Restaurant Sdn. Bhd.	**-**	-	**100**	100	Dormant.
- Nouvelle Hotel (KL) Sdn. Bhd.	**-**	-	**100**	100	Hotelier.
- Nouvelle Hotel (Kulai) Sdn. Bhd.	**-**	-	**100**	100	Hotelier.

9. INVESTMENT IN AN ASSOCIATE

	The Group 2016 RM'000	The Group 2015 RM'000	The Company 2016 RM'000	The Company 2015 RM'000
Unquoted shares, at cost	**637**	637	**637**	637
Accumulated impairment loss	**-**	-	**(637)**	(637)
	637	637	**-**	-
Share of post-acquisition losses	**(637)**	(637)	**-**	-
	-	-	**-**	-

Details of the associate, which is incorporated in Malaysia, are as follows:-

Name of Associate	Effective Equity Interest 2016 %	Effective Equity Interest 2015 %	Principal Activity
Ferrotrans Sdn. Bhd	**49**	49	Dormant.

9. INVESTMENT IN AN ASSOCIATE (CONT'D)

(a) The summarised financial information of the associate is as follows:-

	2016 RM'000	2015 RM'000
Assets and Liabilities		
Current assets	**57**	58
Current liabilities	**1,415**	1,411
Results		
(Loss)/Profit for the financial year	**(5)**	4

(b) The Group has not recognised losses relating to Ferrotrans Sdn. Bhd, where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was RM 47,497 (2015 – RM 45,001). The Group has no obligation in respect of these losses.

10. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	The Group	
	2016 RM'000	2015 RM'000
Amount Owing by Subsidiaries		
Non-current		
Long-term advances	**7,800**	7,800
Allowance for impairment losses	**(7,800)**	(7,800)
	-	-
Current		
Non-trade balances	**42,010**	37,871
Allowance for impairment losses:-		
At 1 April	**(17,232)**	(11,382)
Addition during the financial year	**(7,363)**	(6,420)
Written off during the financial year	**-**	570
At 31 March	**(24,595)**	(17,232)
	17,415	20,639

10. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D)

	The Group	
	2016 RM'000	2015 RM'000
Amount Owing to Subsidiaries		
Current		
Non-trade balances	**(514)**	(61)

(a) Long-term advances represent advances and payments made on behalf of which the settlement is neither planned nor likely to occur in the foreseeable future. These amounts are, in substance, a part of the Company's net investment in the subsidiaries. The long-term advances are stated at cost less accumulated impairment losses, if any.

(b) The non-trade balances represent unsecured interest-free advances and payments made on behalf. The amounts owing are repayable on demand and are to be settled in cash.

11. INVENTORIES

	The Group	
	2016 RM'000	2015 RM'000
Goods held for resale, at cost	**2,004**	2,031
Recognised in profit or loss:-		
Inventories recognised as cost of sales	**5,836**	3,482
Inventories written down	**205**	283
Reversal of inventories written down	**(118)**	(40)

12. TRADE RECEIVABLES

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	**7,201**	7,535	**157**	148
Allowance for impairment losses:-				
At 1 April	**(3,633)**	(5,063)	**(140)**	(140)
Addition during the financial year	**(56)**	(4)	**-**	-
Writeoff during the financial year	**-**	1,415	**-**	-
Reversal during the financial year	**-**	19	**-**	-
At 31 March	**(3,689)**	(3,633)	**(140)**	(140)
	3,512	3,902	**17**	8

The Group's normal trade credit terms range from cash terms to 90 days.

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other receivables:-				
Third parties	**10,818**	9,577	**1,114**	1,103
Allowance for impairment losses:-				
At 1 April	**(9,227)**	(10,467)	**(961)**	(961)
Written off during the financial year	**-**	1,240	**-**	-
At 31 March	**(9,227)**	(9,227)	**(961)**	(961)
	1,591	350	**153**	142
Deposits	**2,171**	2,066	**34**	41
Prepayments	**1,439**	513	**53**	231
	5,201	2,929	**240**	414

14. AMOUNT OWING BY AN ASSOCIATE

	The Group/The Company	
	2016	2015
	RM'000	RM'000
Amount owing by an associate	**1,011**	1,011
Allowance for impairment losses	**(1,011)**	(1,011)
	-	-

The amount owing was non-trade in nature, unsecured and interest-free.

15. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group and of the Company at the end of reporting period bore effective interest rates ranging from 3.05% to 5.00% (2015 – 3.05% to 3.50%) per annum and 3.45% to 4.10% (2015 – 3.45% to 4.10%) per annum respectively. The fixed deposits have maturity periods ranging from 1 to 12 (2015 – 1 to 12) months and 12 (2015 - 1) months for the Group and the Company respectively.

16. SHARE CAPITAL

The movements in the authorised and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2016	2015	2016	2015
	Number Of Shares ('000)		RM'000	RM'000
Ordinary Shares of RM0.10 (2015 – RM1.00) each				
Authorised				
At 1 April	**250,000**	250,000	**250,000**	250,000
Par Value reduction	**2,250,000**	-	**-**	-
At 31 March	**2,500,000**	250,000	**250,000**	250,000
Issued and Fully Paid-Up				
At 1 April	**189,238**	189,238	**189,238**	189,238
Cancellation of treasury shares	**(15,105)**	-	**(15,105)**	-
Par Value reduction	**-**	-	**(156,720)**	-
At 31 March	**174,133**	189,238	**17,413**	189,238

16. SHARE CAPITAL (CONT'D)

During the financial year, the issued and paid-up ordinary share capital was reduced by way of cancellation of 15,104,500 units of treasury shares of RM1.00 each.

By the sanction of court obtained on 11 January 2016, the Company changed its authorised share capital from 250,000,000 ordinary share capital of RM1.00 each to 2,500,000,000 ordinary shares of RM0.10 each.

On 18 January 2016, the Company completed a capital reduction exercise pursuant to section 64 of the Companies Act 1985 to reduce the Company's issued and paid-up ordinary share capital from 174,133,848 ordinary shares of RM1.00 each after the cancellation of treasury shares to 174,133,848 ordinary shares of RM 0.10 each by way of cancellation of RM0.90 from the par value of each existing ordinary share of the Company.

The Memorandum and Articles of Association of the Company have been amended to allow for the alteration in the authorised share capital of the Company.

17. TREASURY SHARES

During the financial year, the Company has cancelled the entire 15,104,500 treasury shares with carrying amount of RM11,369,814 in accordance with Section 67A of the Companies Act 1965 in Malaysia.

18. OTHER RESERVES

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Share premium	**3,418**	14,788	**3,418**	14,788
Revaluation reserve	**18,161**	14,387	**8,672**	7,361
Capital reserve	**1,582**	1,582	**-**	-
Capital redemption reserve	**15,105**	-	**15,105**	-
	38,266	30,757	**27,195**	22,149

The revaluation reserve comprises:-

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Surplus on revaluation of property, plant and equipment				
At 1 April	**14,387**	11,753	**7,361**	5,174
Surplus on revaluation	**4,583**	2,801	**1,380**	2,331
Effects of deferred tax on revaluation of properties	**(809)**	(167)	**(69)**	(144)
At 31 March	**18,161**	14,387	**8,672**	7,361

18. OTHER RESERVES (CONT'D)

The capital reserve represents post-acquisition profits in subsidiaries utilised for the issue of bonus shares by certain subsidiaries.

The capital redemption reserve represents amount arising from the cancellation of treasury shares of the Company during the financial year as disclosed in Note 17 to the financial statements.

The other reserves are not distributable by way of dividends.

19. HIRE PURCHASE PAYABLES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Minimum hire purchase payments:				
- not later than 1 year	**18**	395	-	13
- later than 1 year but not later than 5 years	**-**	18	-	-
	18	413	-	13
Less: Future finance charges	**-**	(18)	-	(1)
Present value of hire purchase payables	**18**	395	-	12
Current				
Not later than one year	**18**	377	-	12
Non-current				
Later than 1 year and not later than 5 years	**-**	18	-	-
	18	395	-	12

(a) The hire purchase payables of the Group are secured by the Group's motor vehicles under hire purchase.

(b) The hire purchase payables of the Group at the end of the reporting period bore an effective interest rate of 4.55% (2015 – 4.55% to 6.31%). The interest rates are fixed at the inception of the hire purchase arrangement.

20. TERM LOAN

	The Group	
	2016 RM'000	2015 RM'000
Current		
Not later than 1 year	**207**	201
Non-current		
Later than 1 year and not later than 2 years	**227**	220
Later than 2 years and not later than 5 years	**811**	782
Later than 5 years	**3,010**	3,243
	4,048	4,245
	4,255	4,446

(a) The term loan of the Group at the end of the reporting period bore an effective interest rate of 8.60% (2015 – 8.60%) per annum.

(b) The term loan is secured by:-

(i) a first party legal charge over 3 storey shop offices as disclosed in Note 5(b) to the financial statements.

(ii) a legal assignment of Rental Proceeds; and

(iii) a corporate guarantee of the Company.

(c) The term loan is repayable in 179 instalments of RM47,208 each and a final instalment of RM46,902, commencing from December 2011.

21. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 April	**2,889**	2,856	**680**	536
Recognised in profit or loss (Note 26)	**(93)**	(134)	**15**	-
Recognised in other comprehensive income	**809**	167	**69**	144
At 31 March	**3,605**	2,889	**764**	680

21. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accelerated capital allowances over depreciation	**260**	368	**-**	-
Investment properties	**15**	-	**15**	-
Revaluation of freehold land and buildings	**3,330**	2,521	**749**	680
	3,605	2,889	**764**	680

22. TRADE PAYABLES

The normal trade credit terms granted to the Group range from cash terms to 90 days.

23. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Other payables:-				
Third parties	**3,712**	2,484	**84**	83
Deposit received	**589**	730	**122**	121
Accruals	**2,500**	2,256	**281**	361
	6,801	5,470	**487**	565

24. REVENUE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sale of goods	**35,562**	20,790	**-**	-
Services	**9,681**	8,612	**-**	-
Rental income from land and building	**2,007**	3,306	**498**	494
	47,250	32,708	**498**	494

25. LOSS BEFORE TAXATION

	The Group		The Company	
	2016	2015	**2016**	2015
	RM'000	RM'000	**RM'000**	RM'000
Loss before taxation is arrived at after charging/ (crediting):-				
Amortisation of prepaid lease payments (Note 6)	**233**	233	**-**	-
Audit fees:				
- current financial year	**178**	161	**50**	40
- overprovision in the previous financial year	**(8)**	(6)	**-**	-
Bad debts written off:				
- third party	**5**	-	**-**	-
- amount owing by subsidiaries	**-**	-	**-**	33
- amount owing by an associate	**2**	9	**2**	9
Depreciation of property, plant and equipment (Note 5)	**4,035**	4,437	**75**	67
Directors' remuneration (Note 29)	**885**	1,064	**789**	918
Impairment loss:				
- property, plant and equipment (Note 5)	**2,897**	4,000	**-**	-
- investment in subsidiaries (Note 8)	**-**	-	**1,915**	12,550
- amount owing by subsidiaries (Note 10)	**-**	-	**7,363**	14,220
- trade receivables (Note 12)	**56**	4	**-**	-
Inventories written down	**205**	283	**-**	-
Interest expense on financial liabilities not at fair value through profit or loss:				
- hire purchase	**20**	37	**1**	2
- term loan	**375**	386	**-**	-
Loss on disposal of equipment	**1**	-	**-**	-
Rental of equipment	**15**	3	**-**	-

25. LOSS BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before taxation is arrived at after charging/ (crediting):-				
Rental of premises	**4,023**	4,141	**86**	86
Staff costs:				
- salaries, wages, bonuses, and allowances	**5,222**	5,002	**396**	448
- defined contribution plan	**403**	504	**49**	54
- other benefits	**205**	241	**21**	24
Property, plant and equipment written off (Note 5)	**191**	3	**-**	-
Dividend income from a subsidiary	**-**	-	**-**	(4,000)
Fair value gain on investment properties (Note 7)	**(300)**	(984)	**(300)**	(984)
Gain on foreign exchange:				
- realised	**(121)**	(111)	**-**	-
- unrealised	**(15)**	(2)	**-**	-
Interest income on financial assets not at fair value through profit or loss	**(427)**	(569)	**(388)**	(487)
Rental income from building	**(36)**	(21)	**-**	-
Reversal of impairment losses on trade receivables (Note 12)	**-**	(19)	**-**	-
Reversal of inventories written down	**(118)**	(40)	**-**	-

26. INCOME TAX EXPENSE

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax:				
- current financial year	**185**	27	**-**	-
- under/(over)provision in the previous financial year	**65**	28	**(43)**	-
Balance carried forward	**250**	55	**(43)**	-

26. INCOME TAX EXPENSE (CONT'D)

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Balance brought forward	**250**	55	**(43)**	-
Deferred tax (Note 21):				
- originating and recognition of temporary differences	**(79)**	(131)	**15**	-
- effect of change in corporate income tax rate from 25% to 24%	**(13)**	-	**-**	-
- overprovision in the previous financial year	**(1)**	(3)	**-**	-
	(93)	(134)	**15**	-
	157	(79)	**(28)**	-

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015 - 25%) of estimated taxable profit for the year.

A reconciliation of the income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss before taxation	**(10,317)**	(13,195)	**(10,239)**	(22,979)
Tax at the statutory tax rate of 24% (2015 - 25%)	**(2,476)**	(3,299)	**(2,457)**	(5,745)
Tax effects of:-				
Non-deductible expenses	**1,392**	716	**2,362**	6,741
Non-taxable income	**(73)**	(292)	**(72)**	(1,246)
Effect of change in corporate tax from 25% to 24% on deferred tax	**(13)**	-	**-**	-
Utilisation of deferred tax assets not recognised in the previous financial year	**(191)**	(95)	**-**	-
Deferred tax assets not recognised during the financial year	**1,454**	2,866	**182**	250
Under/(Over)provision in the previous financial year:				
- current tax	**65**	28	**(43)**	-
- deferred tax	**(1)**	(3)	**-**	-
Income tax expense for the financial year	**157**	(79)	**(28)**	-

26. INCOME TAX EXPENSE (CONT'D)

No deferred tax assets are recognised on the following items:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unutilised tax losses	**53,989**	50,564	**2,976**	2,244
Unabsorbed capital allowances	**39,783**	39,154	**1,173**	1,154
Others	**4,135**	2,920	**89**	78
	97,907	92,638	**4,238**	3,476

27. LOSS PER SHARE

	The Group	
	2016	2015
Loss attributable to owners of the Company (RM'000)	**(10,476)**	(13,121)
Weighted average number of ordinary shares in issue, net of treasury shares ('000)	**174,133**	174,133
Basic loss per share (Sen)	**(6.02)**	(7.53)

No disclosure on diluted loss per share as there were no dilutive potential ordinary shares outstanding at the end of the reporting period.

28. CASH AND CASH EQUIVALENTS

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed deposits with licensed banks	**10,162**	15,179	**8,800**	13,500
Cash and bank balances	**2,390**	2,994	**297**	435
	12,552	18,173	**9,097**	13,935
Less : Deposits with licensed banks with maturity of more than three months	**(9,859)**	-	**(8,800)**	-
	2,693	18,173	**297**	13,935

29. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

(a) The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Directors				
Directors of the Company				
Executive Directors				
Short-term employee benefits:				
- fees	**60**	72	**60**	72
- salaries, bonuses and other benefits	**500**	600	**500**	600
	560	672	**560**	672
Defined contribution benefits	**85**	102	**85**	102
	645	774	**645**	774
Non-Executive Directors				
Short-term employee benefits:				
- fees	**144**	144	**144**	144
	789	918	**789**	918
Directors				
Directors of the Subsidiaries				
Executive Directors				
Short-term employee benefits:				
- salaries, bonuses and other benefits	**88**	130	**-**	-
Defined contribution benefits	**8**	16	**-**	-
	96	146	**-**	-
Total directors' remuneration (Note 25)	**885**	1,064	**789**	918

29. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

(b) The number of the Company's directors with total remuneration falling in bands of RM50,000 are as follows:-

	The Company 2016	The Company 2015
	Number Of Directors	
Executive Directors		
RM200,001 – RM250,000	**1**	-
RM350,001 – RM450,000	**1**	2
Non-executive Directors		
Below RM50,000	**4**	4
	6	6

30. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) Identities of Related Parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, associate, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Company 2016 RM'000	The Company 2015 RM'000
Advances to subsidiaries	**(4,139)**	(3,164)
Dividend from a subsidiary	**-**	4,000

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

31. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

(i) Tourism segment – Provision of inbound and outbound tours and ticketing services, transportation services, hospitality services and trading of souvenirs, pewterware, local cottage industry products and other tourism related products.

(ii) Others – Comprises investment holding, trading, warehousing, mobile crane services, timber log trading, sawmilling and manufacturing of downstream timber products, neither of which are of a sufficient size to be reported separately.

The Group Executive Committee assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Each reportable segment assets is measured based on all assets of the segment other than investment in an associate and tax-related assets.

Each reportable segment liabilities is measured based on all liabilities of the segment other than tax-related liabilities.

Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly income taxes and related expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

	Tourism Services		Others		Group	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Revenue						
External revenue	**46,708**	31,810	**542**	898	**47,250**	32,708
Inter-segment revenue	**424**	675	**-**	-	**424**	675
	47,132	32,485	**542**	898	**47,674**	33,383
Consolidation adjustments					**(424)**	(675)
Consolidated revenue					**47,250**	32,708
Results						
Segment loss before interest and taxation	**(8,105)**	(12,234)	**(2,244)**	(1,107)	**(10,349)**	(13,341)
Finance costs					**(395)**	(423)
Interest income					**427**	569
Consolidated loss before interest and taxation					**(10,317)**	(13,195)
Segment loss before interest and taxation includes the followings:-						
Depreciation and amortisation	**3,631**	4,041	**637**	629	**4,268**	4,670
Impairment loss on property, plant and equipment	**2,897**	4,000	**-**	-	**2,897**	4,000
Inventories written down	**205**	283	**-**	-	**205**	283
Property, plant and equipment written off	**191**	3	**-**	-	**191**	3
Reversal of inventories written down	**(118)**	(40)	**-**	-	**(118)**	(40)

31. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

	Tourism Services		Others		Group	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets						
Segment assets	**45,220**	47,624	**53,621**	56,791	**98,841**	104,415
Unallocated asset:						
- current tax assets					**115**	458
Consolidated total assets					**98,956**	104,873
Additions to non-current assets other than financial instruments are:-						
Property, plant and equipment	**669**	278	**6**	9	**675**	287
Liabilities						
Segment liabilities	**10,681**	11,077	**1,538**	926	**12,219**	12,003
Unallocated liabilities:						
- deferred tax liabilities					**3,605**	2,889
- current tax liabilities					**79**	228
Consolidated total liabilities					**15,903**	15,120

GEOGRAPHICAL INFORMATION

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

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

32. NON-CANCELLABLE OPERATING LEASES

The future minimum lease payments under the non-cancellable operating leases are as follows:-

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Not later than 1 year	**3,300**	3,300
Later than 1 year and not later than 5 years	**6,875**	10,175
	10,175	13,475

33. CONTINGENT LIABILITY

	The Company	
	2016	**2015**
	RM'000	**RM'000**
Corporate guarantee given to a licensed bank for banking facilities utilised by a subsidiary	**4,255**	4,446

34. FOREIGN EXCHANGE RATES

The principal closing exchange rates used (expressed on the basis of one unit of foreign currency to RM equivalent) for the translation of foreign currency balances at the end of the reporting period are:-

	The Group	
	2016	**2015**
	RM'000	**RM'000**
Chinese Renminbi	**0.67**	0.51
Hong Kong Dollar	**0.57**	0.50
United States Dollar	**4.20**	3.20
Singapore Dollar	**2.70**	2.30

35. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

35.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the functional currency of the Group. The currencies giving rise to this risk are primarily Chinese Renminbi, Hong Kong Dollar, United States Dollar and Singapore Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the functional currency of the Group does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined by MFRS7 since neither their carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk that based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 19 and Note 20 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonably possible change in the interest rates of floating rate term loans at the end of the reporting period does not have material impact on the loss after taxation and other comprehensive income of the Group and of the Company and hence, no sensitivity analysis is presented.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Groups uses ageing analysis to monitor the credit quality of the trade receivables. Any receivables having significant balances past due or more than 180 days, which are deemed to have higher credit risk, are monitored individually.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified (where applicable). Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit Risk Concentration Profile

The Group does not has any major concentration of credit risk related to any individual customers or counterparty.

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing Analysis

The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM'000	Individual Impairment RM'000	Carrying Amount RM'000
2016			
Not past due	**1,138**	**-**	**1,138**
Past due:			
- less than 2 months	**282**	**-**	**282**
- 2 to 5 months	**670**	**-**	**670**
- more than 5 months	**5,111**	**(3,689)**	**1,422**
	7,201	**(3,689)**	**3,512**
2015			
Not past due	1,110	-	1,110
Past due:			
- less than 2 months	309	-	309
- 2 to 5 months	430	-	430
- over 5 months	5,686	(3,633)	2,053
	7,535	(3,633)	3,902

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

The Group believes that no additional impairment allowance is necessary in respect of trade receivables that are past due but not impaired because they are companies with good collection track record and no recent history of default.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2016						
Non-derivative Financial Liabilities						
Hire purchase payables	**4.55**	**18**	**18**	**18**	**-**	**-**
Term loan	**8.60**	**4,255**	**6,870**	**566**	**2,266**	**4,038**
Trade payables	**-**	**1,145**	**1,145**	**1,145**	**-**	**-**
Other payables and accruals	**-**	**6,801**	**6,801**	**6,801**	**-**	**-**
		12,219	**14,834**	**8,530**	**2,266**	**4,038**
2015						
Non-derivative Financial Liabilities						
Hire purchase payables	4.55 - 6.31	395	413	395	18	-
Term loan	8.60	4,446	7,258	566	2,266	4,426
Trade payables	-	1,692	1,692	1,692	-	-
Other payables and accruals	-	5,470	5,470	5,470	-	-
		12,003	14,833	8,123	2,284	4,426

35. FINANCIAL INSTRUMENTS (CONT'D)

35.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 – 5 Years RM'000	Over 5 Years RM'000
2016						
Non-derivative Financial Liabilities						
Other payables and accruals	-	**487**	**487**	**487**	-	-
Amount owing to subsidiaries	-	**514**	**514**	**514**	-	-
		1,001	**1,001**	**1,001**	-	-
2015						
Non-derivative Financial Liabilities						
Hire purchase payables	5.02	12	13	13	-	-
Other payables and accruals	-	565	565	565	-	-
Amount owing to subsidiaries	-	61	61	61	-	-
		638	639	639	-	-

35.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity (total equity attributable to owners of the Company) more than the 25% of the issued and paid-up share capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

35. FINANCIAL INSTRUMENTS (CONT'D)

35.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Financial Asset				
Loans and Receivables Financial Assets				
Trade receivables (Note 12)	**3,512**	3,902	**17**	8
Other receivables and deposits (Note 13)	**3,762**	2,416	**187**	183
Amount owing by subsidiaries (Note 10)	**-**	-	**17,415**	20,639
Fixed deposits with licensed banks	**10,162**	15,179	**8,800**	13,500
Cash and bank balances	**2,390**	2,994	**297**	435
	19,826	24,491	**26,716**	34,765
Financial Liability				
Other Financial Liabilities				
Hire purchase payables (Note 19)	**18**	395	**-**	12
Term loan (Note 20)	**4,255**	4,446	**-**	-
Trade payables (Note 22)	**1,145**	1,692	**-**	-
Other payables and accruals (Note 23)	**6,801**	5,470	**487**	565
Amount owing to subsidiaries (Note10)	**-**	-	**514**	61
	12,219	12,003	**1,001**	638

35. FINANCIAL INSTRUMENTS (CONT'D)

35.4 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Not Carried At Fair Value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
2016					
Financial Liability					
Term loan	**-**	**6,304**	**-**	**6,304**	**4,255**
2015					
Financial Liabilities					
Hire purchase payables	-	18	-	18	18
Term loan	-	6,692	-	6,692	4,245

The fair values of hire purchase payable and term loans are determined by discounting the relevant cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	The Group 2016 %	2015 %
Hire purchase payables	**4.55**	4.55 - 6.31
Term loan	**8.60**	8.60

36. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 13 July 2015, the Company proposed to undertake the following proposals:-

(i) proposed reduction of the issued and paid up share capital of the Company pursuant to Section 64 of the Companies Act 1965, through the cancellation of RM0.90 of the par value of each ordinary share of RM1.00 each in the Company ("Proposed Par Value Reduction");

(ii) proposed amendments to the Company's Memorandum and Articles of Association to facilitate the Proposed Par Value Reduction;

(iii) proposed private placement of up to 52,240,000 new ordinary shares in the Company upon completion of the Proposed Par Value Reduction; and

(iv) proposed diversification of the Group's business to include property development and investment.

(Collectively referred to as " the Proposals")

On 30 September 2015, the Company obtained approval from its shareholders in relation to the Proposals.

On 11 January 2016, the Company announced that the High Court of Malaya in Pulau Pinang had granted an order confirming the Capital Reduction Pursuant to Section 64 of the Companies Act 1965 in Malaysia.

On 18 January 2016, the Company announced that the Sealed Order of the High Court of Malaya in Pulau Pinang had been lodged with the Companies Commission of Malaysia and the Proposed Par Value Reduction was considered completed on the same date.

The proposed private placement has not been completed as at the date of this report.

37. SUPPLEMENTARY INFORMATION - DISCLOSURE OF REALISED AND UNREALISED PROFITS/LOSSES

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company at the end of the reporting period into realised and unrealised profits/(losses) are presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants, as follows:-

	The Group		The Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- realised	**(22,196)**	(149,990)	**33,826**	(112,767)
- unrealised	**(3,038)**	(2,889)	**(764)**	(680)
	(25,234)	(152,879)	**33,062**	(113,447)
Total share of losses of associate:				
- realised	**(637)**	(637)	**-**	-
Less: Consolidated adjustments	**53,158**	34,559	**-**	-
At 31 March	**27,287**	(118,957)	**33,062**	(113,447)

SHARE CAPITAL

Authorised Share Capital	:	RM250,000,000 (2,500,000,000 shares of RM0.10 each)
Issued and Paid-up Capital	:	RM17,413,385 (174,133,848 shares of RM0.10 each)
Class of Shares	:	Ordinary shares of RM0.10 each
Voting Rights	:	One vote per ordinary share

SUBSTANTIAL SHAREHOLDERS

In accordance with the Register of Substantial Shareholders, the Substantial Shareholders and their shareholdings as at 30 June 2016 are as follows:-

Name of Substantial Shareholders	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26
Tan Sri Datuk Chai Kin Kong	8,694,070	4.99	2,198,113*	1.26

* Deemed interest by virtue of Dato' Chua Tiong Moon and Tan Sri Datuk Chai Kin Kong having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

DIRECTORS' SHAREHOLDINGS

In accordance with the Register of Directors' Shareholdings, the Directors and their shareholdings as at 30 June 2016 are as follows:-

Name of Directors	Direct		Indirect	
	No. of shares	%	No. of shares	%
Dato' Chua Tiong Moon	11,250,362	6.46	2,198,113*	1.26
Datuk Wira Rahadian Mahmud bin Mohammad Khalil	-	-	-	-
Dato' Ir. Zainurin bin Karman	-	-	-	-
Lim Thian Loong	-	-	-	-
Lee See Hong (Ms)	-	-	-	-

* Deemed interest by virtue of Dato' Chua Tiong Moon having not less than fifteen percent of the voting shares in Equal Accord Sdn Bhd which has a direct interest in the Company.

SHAREHOLDINGS
Statistics and Analysis
As at 30 June 2016

ANALYSIS OF SHAREHOLDINGS BY RANGE GROUPS

	No. of shares	% of Issued Capital	No. of Holders	% Over Total Holders
1 – 99	433	-	17	0.355
100 – 1,000	814,440	0.468	854	17.833
1,001 – 10,000	13,349,531	7.666	2,614	54.583
10,001 – 100,000	37,385,444	21.469	1,113	23.241
100,001 – 8,706,691 (*)	122,584,000	70.397	191	3.988
8,706,692 and Above (**)	-	-	-	-
	174,133,848	**100.000**	**4,789**	**100.000**

* Less than 5% of issued shares.
** 5% and above of issued shares.

LIST OF THIRTY LARGEST HOLDERS (As per Record of Depositors)
(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Shares	%
1.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	6,591,900	3.786
2.	RHB NOMINEES (ASING) SDN BHD OSK ASIA SECURITIES LTD FOR BIOVENTURE LIMITED	5,000,000	2.871
3.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG	4,822,300	2.769
4.	EVERGREEN CITY HOLDINGS SDN BHD	4,779,200	2.745
5.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG MOON	4,658,400	2.675
6.	FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,326,000	2.484
7.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FINE TASTE LOCAL PRODUCTS INDUSTRIES SDN BHD	4,261,900	2.447
8.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KOK AUN	4,044,100	2.322
9.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JULUNG PRESTASI SDN BHD (M0015)	3,939,700	2.262
10.	GOLDMATRIX RESOURCES SDN BHD	3,460,400	1.987

LIST OF THIRTY LARGEST HOLDERS (As per Record of Depositors) (Cont'd)
(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Holders	No. of Shares	%
11.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAI KIN KONG (021)	3,366,700	1.933
12.	KEAN MOONG YIN	3,041,200	1.746
13.	EVERGREEN 2000 SDN BHD	2,828,000	1.624
14.	LEE KIM SOON	2,708,900	1.556
15.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHU YOKE HUA	2,333,400	1.340
16.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EQUAL ACCORD SDN BHD	2,198,100	1.262
17.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAI KIEW @ TAI CHOON CHYE	2,120,900	1.217
18.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MAN SINGH A/L SHAM SINGH	2,000,000	1.149
19.	CHAO KOON WAN	1,990,000	1.143
20.	GOH KHENG HOCK	1,950,000	1.119
21.	RHB NOMINEES (ASING) SDN BHD EXEMPT AN FOR RHB SECURITIES SINGAPORE PTE LTD (A/C CLIENTS)	1,910,000	1.096
22.	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NUMINA GEM SDN BHD	1,572,200	0.902
23.	CHU YOKE FONG	1,500,000	0.861
24.	LAI THIAM POH	1,145,600	0.657
25.	CHAI WOON YIN	1,121,500	0.644
26.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG CHEE CHOON @ WONG SEE CHOON	973,000	0.558
27.	DELTA CYCLE SDN BHD	894,100	0.513
28.	LIM KWEE SENG	800,000	0.459
29.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHEANG FOOK SAM	784,500	0.450
30.	NOORAZMAN BIN ADNAN	755,000	0.433
	TOTAL	**81,877,000**	**47.020**

PARTICULARS OF
Properties Held

Summary of landed properties owned as at 31 March 2016.

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.16 RM'000	Last Revaluation
Sanbumi Holdings Berhad ("SHB")	Lot 1620 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	a) 4 storey office building	84,419	37	9,165	2016
			b) 1 storey workshop		37	735	2015
SHB	Part of Lot 3423 Mukim 6 Seberang Prai Tengah, Pulau Pinang	Freehold	Storage yard	55,626	N.A.	2,800	2016
SHB	Lot 1590, 1595 & 1598 Mukim 17 Sg. Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	441,263	N.A.	4,200	2016
SHB	Lot 739 Section 16 Georgetown, Daerah Timur-laut Pulau Pinang	Freehold	2 storey shophouse	2,292	>50	2,300	2015
EMC Cranes Sdn Bhd	Lot 451 Mukim 17 Sg Lembu Seberang Prai Tengah, Pulau Pinang	Freehold	Vacant land	795,231	N.A.	3,400	2016
Nouvelle Hotel (Kulai) Sdn Bhd	H.S.(D) 51225-51238 & 51264-51276 Mukim Kulai, Daerah Kulaijaya, Johor	Freehold	14 lots of vacant land and 13 units of 3 storey shop offices	44,784	5	13,790	2016

Owner	Location	Tenure	Existing Use	Land area Sq.ft.	Approx. age of building (Years)	Fair Value as at 31.3.16 RM'000	Last Revaluation
Nouvelle Hotel Sdn Bhd	Lot 6057 to Lot 6080 Mukim Pasir Panjang Port Dickson, Negeri Sembilan	Freehold	Vacant land	51,817	N.A.	3,000	2014
Nouvelle Restaurant Sdn Bhd	H.S.(D) 19190-19192, Lot P.T. 7501-7503 Mukim Durian Tunggal, Daerah Alor Gajah, Melaka	Leasehold (to expire in 2094)	Vacant land	731,133	N.A.	8,800	2016
Sanbumi Sawmill Sdn Bhd	Lot 12089 Mukim 15 Seberang Prai Tengah, Pulau Pinang	Freehold	A partially completed commercial building and land	70,988	N.A.	18,554	2014

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SANBUMI HOLDINGS BERHAD
(Company No. 8386-P)

PROXY Form

#CDS account no. of authorised nominee	

I/We ______________________________ (name of shareholder as per NRIC, in capital letters)

NRIC No. ______________ (new) ______________ (old)/ID No./Company No. ______________ of

____ (full address)

being a member(s) of the abovenamed Company, hereby appoint ______________________________

(name of proxy as per NRIC, in capital letters) NRIC No. ______________ (new) ______________ (old)

or failing him/her ______________________________ (name of proxy as per NRIC, in capital letters)

NRIC No. ______________ (new) ______________ (old) or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf at the Forty-Seventh Annual General Meeting of the Company to be held at the Conference Room, Second Floor, Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang on Thursday, 15 September 2016 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:-

	Resolutions	For	Against
	Re-election of Directors:		
Resolution 1	- Dato' Chua Tiong Moon		
Resolution 2	- Lim Thian Loong		
Resolution 3	- Re-appointment of Messrs Crowe Horwath as Auditors and to authorise the Directors to determine their remuneration		
Resolution 4	- Approval of Directors' fees of RM204,000		
Resolution 5	- Continuing in office for Dato' Ir. Zainurin bin Karman		
Resolution 6	- Continuing in office for Datuk Wira Rahadian Mahmud bin Mohammad Khalil		

(Please indicate with "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Dated this ____________ day of ________________ 2016

For appointment of two proxies, number of shares and percentage of shareholdings to be represented by the proxies:-

	No. of shares	Percentage
Proxy 1		%
Proxy 2		%

____
Signature/Common Seal of Appointor

Contact No. Of Shareholder/Proxy: ______________________

NOTES:

1. A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies (who need not be members of the Company) to attend and vote on his behalf. The provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply to the Company.
2. Where a member appoints two (2) proxies, the appointments shall be invalid unless the percentage of the holding to be represented by each proxy is specified.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at Wisma EMC, 972, Jalan Baru, 13700 Prai, Penang not less than forty-eight (48) hours before the time set for the meeting.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 147 of the Companies Act, 1965.
8. If the space provided in the proxy form is not sufficient, an appendix attached to the proxy form duly signed by the appointor is acceptable.
9. Those proxy forms which are indicated with "√" in the spaces provided to show how the votes are to be cast will also be accepted.
10. Only members registered in the Record of Depositors as at 6 September 2016 shall be eligible to attend the meeting or appoint proxies and vote on their behalf.

\# Applicable to shares held through a nominee account.

AFFIX
STAMP

The Secretary
SANBUMI HOLDINGS BERHAD (8386-P)

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Penang

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