

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Statement of Financial Position
As at 30 September 2011

	(Unaudited) As at 30/09/2011 RM'000	(Audited) As at 31/03/2011 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	1,112,698	1,119,015
Land held for property development	395,129	391,537
Available For Sale financial assets	200	200
Deferred Tax Assets	9	9
Goodwill on Consolidation	14,937	14,937
	<u>1,522,973</u>	<u>1,525,698</u>
Current Assets		
Property development costs	27,725	24,006
Inventories	10,202	10,017
Receivables, Deposits and Prepayments	92,748	83,609
Cash, Bank Balances and Deposits	66,371	71,122
	<u>197,046</u>	<u>188,754</u>
Non-current assets held for sales	110,000	121,937
Total Assets	<u><u>1,830,019</u></u>	<u><u>1,836,389</u></u>
Equity and Liabilities		
Equity attributable to equity holders of the Company		
Share Capital	1,015,030	1,015,030
Reserves	(331,484)	(316,251)
Total Equity	<u>683,546</u>	<u>698,779</u>
Liabilities		
Non-Current Liabilities		
Borrowings	221,326	245,745
Other deferred liabilities	225,850	225,762
	<u>447,176</u>	<u>471,507</u>
Current Liabilities		
Payables, Deposits and Accruals	327,459	289,373
Short Term Borrowings	246,385	254,090
Taxation	125,453	122,640
	<u>699,297</u>	<u>666,103</u>
Total Liabilities	<u>1,146,473</u>	<u>1,137,610</u>
Total Equity and Liabilities	<u><u>1,830,019</u></u>	<u><u>1,836,389</u></u>
Net Assets Per Share (sen)	<u>34</u>	<u>34</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Statement of Comprehensive Income
For Financial Period Ended 30 September 2011
(The figures have not been audited.)

	Current quarter ended <u>30/09/2011</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2010</u> RM'000	Current year-to-date ended <u>30/09/2011</u> RM'000	Preceding year-to-date ended <u>30/09/2010</u> RM'000
Revenue	21,731	30,949	72,120	54,981
Operating expenses	(27,498)	(34,323)	(67,247)	(63,689)
Other income	992	528	1,275	930
(Loss) / Profit from operations	(4,775)	(2,846)	6,148	(7,778)
Finance costs	(9,176)	(8,222)	(17,475)	(17,107)
Loss before tax	(13,951)	(11,068)	(11,327)	(24,885)
Income tax expense	(2,488)	(711)	(4,058)	(1,280)
Loss after tax before non-controlling interest	(16,439)	(11,779)	(15,385)	(26,165)
Non-controlling interest	1	-	1	-
Loss for the period	(16,438)	(11,779)	(15,384)	(26,165)
Attributable to :-				
Owners of the parent	(16,439)	(11,779)	(15,385)	(26,165)
Non-controlling interest	1	-	1	-
Loss for the period	(16,438)	(11,779)	(15,384)	(26,165)
Loss per share (sen)				
Basic	(0.81)	(0.58)	(0.76)	(1.29)
Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Statement of Comprehensive Income (Cont'd)
For Financial Period Ended 30 September 2011
(The figures have not been audited.)

	Current quarter ended <u>30/09/2011</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2010</u> RM'000	Current year-to-date ended <u>30/09/2011</u> RM'000	Preceding year-to-date ended <u>30/09/2010</u> RM'000
Loss for the period	(16,438)	(11,779)	(15,384)	(26,165)
Other Comprehensive Income				
Foreign currency translation differences for foreign operations	(68)	653	151	473
Other comprehensive income for the period, net of tax	(68)	653	151	473
Total comprehensive income for the period	(16,506)	(11,126)	(15,233)	(25,692)
Total comprehensive income Attributable to :-				
Owners of the parent	(16,507)	(11,126)	(15,233)	(25,692)
Non-controlling interest	1	-	1	-
	(16,506)	(11,126)	(15,232)	(25,692)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Statement of Changes in Equity
For Financial Period Ended 30 September 2011
(The figures have not been audited.)

	← Attributable to equity holders of the Company →						Non-controlling Interest	Total Equity
	← Non-distributable →				Total	RM'000		
	Share Capital	Share Premium	Other Reserves	Accumulated Losses				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 01/04/2011	1,015,030	111,536	306,107	(733,894)	698,779	-	698,779	
Total comprehensive income for the period	-	-	151	(15,384)	(15,233)	-	(15,233)	
Transfer from revaluation reserve	-	-	(1,774)	1,774	-	-	-	
As at 30/09/2011	<u>1,015,030</u>	<u>111,536</u>	<u>304,484</u>	<u>(747,504)</u>	<u>683,546</u>	-	<u>683,546</u>	
As at 01/04/2010	1,015,030	111,536	668	(357,622)	769,612	-	769,612	
Total comprehensive income for the period	-	-	473	(26,165)	(25,692)	-	(25,692)	
As at 30/09/2010	<u>1,015,030</u>	<u>111,536</u>	<u>1,141</u>	<u>(383,787)</u>	<u>743,920</u>	-	<u>743,920</u>	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Statement of Cash Flows
For Financial Period Ended 30 September 2011
(The figures have not been audited.)

	Current period-to-date ended 30/09/2011 RM'000	Corresponding period-to-date ended 30/09/2010 RM'000
Loss before tax	(11,327)	(24,885)
Adjustment for :-		
Non-cash items	24,898	23,903
Operating Profit / (Loss) before working capital changes	<u>13,571</u>	<u>(982)</u>
Changes in working capital :-		
Net change in current assets	6,952	1,027
Net change in current liabilities	27,149	2,952
Net change in development expenditure	(5,335)	7,971
Cash flows generated from operations	<u>42,337</u>	<u>10,968</u>
Income tax paid	(1,130)	(34)
Interest paid	(5,973)	(5,411)
Interest received	22	21
Net cash flows generated from operating activities	<u>35,256</u>	<u>5,544</u>
Investing activities		
Purchase of property, plant & equipment	(724)	(609)
Net cash flows used in investing activities	<u>(724)</u>	<u>(609)</u>
Financing activity		
Repayment of borrowings	(39,434)	(7,265)
Net cash flows used in financing activity	<u>(39,434)</u>	<u>(7,265)</u>
Net change in cash & cash equivalents	(4,902)	(2,330)
Cash & cash equivalents at beginning of the period	7,895	7,061
Translation exchange difference	151	473
Cash & cash equivalents at end of the period	<u>3,144</u>	<u>5,204</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2011 and the accompanying explanatory notes attached to the interim financial statements.)

Notes In Compliance with FRS 134

A1. Accounting Policies

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Appendix 9B part A of the Listing Requirements of Bursa Malaysia Securities Berhad, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs Issue Committee (“IC”) Interpretations and Technical Release (“TR”) as disclosed below:

FRS 1 First-time Adoption of Financial Reporting Standards
FRS 3 Business Combinations (Revised)
FRS 127 Consolidated and Separate Financial Statements (Revised)
 Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
 (Amendment to FRS 1)
Additional Exemptions for First-time Adopters (Amendments to FRS 1)
Improving Disclosures about Financial Instruments (Amendments to FRS 7)
Amendments to FRS 2 Share-based Payment
Group Cash-settled Share-based Payment Transactions (Amendments to FRS 2)
Amendments to FRS 5 Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 138 Intangible Assets
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2010)”
IC Interpretation 4 Determining whether an Arrangement contains a Lease
IC Interpretation 12 Service Concession Arrangements
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17 Distributions of Non-cash Assets to Owners
IC Interpretation 18 Transfers of Assets from Customers
Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
TR i-4 Shariah Compliant Sale Contracts

The adoption of the above new and revised FRSs, IC Interpretations and TR do not have significant impact on the results of the Group for the current quarter and the current financial year, except as described below:

FRS 3 Business Combinations (Revised) and FRS 127 Consolidated and Separate Financial Statements (Revised)

The revised FRS 3 introduces a number of significant changes to the accounting for business combinations with greater use of fair value. These changes include recognising all acquisition-related costs as expense, measuring any pre-existing interest at fair value and allowing measurement of non-controlling interest (previously known as minority interest) at either fair value or at its proportionate share of the acquiree’s net identifiable assets. The revised FRS 127 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The revised standard also requires all losses attributable to the minority shareholders to be absorbed by minority shareholders instead of by the parent. The Group applied the changes of revised FRS 3 and FRS 127 prospectively and therefore there will not have any financial impact on the financial statements of the Group for financial period prior to 1 April 2011. The changes will affect future transactions with non-controlling interest.

A1. Accounting Policies

The Group has not early adopted the following revised FRS, Amendments to FRS and IC Interpretations that have been issued by the MASB but are not yet effective for the current financial year:

FRSs/IC Interpretations/TRs	Effective date
FRS 124 Related Party Disclosures (Revised)	1 January 2012
IC Interpretation 15 Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 14 Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011

The adoption of the above FRS, Amendments to FRS and IC Interpretations is not expected to have any significant impact on the results and financial position of the Group except for:

IC Interpretations 15 Agreements for the Construction of Real Estate

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenue at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

The interim financial report should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2011 and the accompanying explanatory notes attached to this interim financial report.

A2. Audit report of previous annual financial report

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2011 was not qualified.

A3. Seasonal or Cyclical Factors

The Group's operations for the current period under review were not affected significantly by any seasonal or cyclical factors.

A4. Unusual items

There were no items affecting assets, liabilities, equities, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter and current financial year-to-date.

A5. Nature and Amount of Changes in Estimates

There were no changes in the estimates of amounts reported in previous financial years which have a material effect in the current quarter and the financial year-to-date.

A6. Issuance and Repayment of Debt and Equity Securities

There is no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year-to-date.

A7. Dividend Paid

There were no dividends paid during the current quarter and the financial year-to-date.

A8. Segmental Information

Segmental information for the 6 months ended 30 September 2011:

	Property Development RM'000	Leisure & Tourism RM'000	Trading RM'000	Investment Holdings and Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External revenue	43,884	32,282	-	785	(4,831)	72,120
Inter-segment revenue	(2,638)	(1,450)	-	(743)	4,831	-
Total Revenue	41,246	30,832	-	42	-	72,120
Results						
Segment results	9,562	432	-	(2,059)	-	7,935
Unallocated						
corporate expenses						(1,787)
Profit from operations						6,148
Finance costs						(17,475)
Loss before tax						(11,327)
Income tax expense						(4,058)
Loss after tax before						
non-controlling interest						(15,385)
Non-controlling interest						1
Loss for the period						(15,384)

A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Material subsequent events

There were no material subsequent events from 30 September 2011 to 23 November 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report) that have not been reflected in the financial statements for the current quarter and current financial year-to-date.

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current quarter and the current financial year-to-date.

A12. Changes in contingent liabilities or contingent assets

Other than corporate guarantees extended by the Company in support of banking facilities of its subsidiary companies, there were no contingent liabilities or contingent assets as at 30 September 2011 (31 March 2011 : nil).

Notes in compliance with BMSB Main Market Listing Requirements

B1. Review of the Performance of the Company and Its Principal Subsidiaries

The Group registered revenue of RM72.1 million for six months ended 30 September 2011 as compared to RM54.9 million for the preceding year corresponding period ended 30 September 2010. The increase in revenue was mainly due to higher revenue recognised by its property development segment arising from the disposal of development land during the period under review.

The Group recorded a pre-tax loss of RM11.3 million (as compared to a pre-tax loss of RM24.9 million in the preceding year corresponding period) after taking into account financing costs of RM17.5 million for the current financial year-to-date.

In the opinion of the Directors, the results for the current quarter and financial year-to-date have not been affected by any transaction or event of a material and unusual nature which has arisen between 30 September 2011 and 23 November 2011 (the latest practicable date which is not more than 7 days from the date of this Quarterly Report).

B2. Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

The Group recorded a pre-tax loss of RM13.9 million in the current quarter (as compared to RM2.6 million profit before tax in the immediate preceding quarter). The variance was mainly attributable to the profit arising from the disposal of lands by its property development segment in the immediate preceding quarter.

B3. Current Year Prospects

Under the Economic Transformation Program (“ETP”) led by PEMANDU, the Karambunai peninsular (“Karambunai”) has been identified as one of the Entry Point Project (“EPP”) under the Tourism National Key Economic Area (“NKEA”) whereby Karambunai is to be developed into an eco-integrated resort. The Group is optimistic that the new development will bring positive prospects to the Company as the project is located on the Group’s landbank in Karambunai.

B4. Profit Forecast / Profit Guarantee

Not applicable in this Quarterly Report.

B5. Income Tax Expense

The breakdown of tax charge for the current quarter and current financial year-to-date ended 30 September 2011 are as follows:

	Current Year Quarter RM'000	Preceding Year Corresponding Quarter RM'000	Current Financial Year-to-date RM'000	Preceding Corresponding Year-to-date RM'000
Current tax	2,193	711	3,467	1,280
Deferred tax	295	-	591	-
Tax expenses	<u>2,488</u>	<u>711</u>	<u>4,058</u>	<u>1,280</u>

B6. Profit/ (Loss) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and properties for the current quarter under review.

B7. Quoted Securities

There were no purchases or sales of quoted securities for the current financial period under review and there were no investments in quoted securities at the end of the current quarter.

B8. Status of Corporate Proposals Announced But Not Completed as at 23 November 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

There were no corporate proposals announced but not completed as at the date of this announcement.

B9. Borrowings and Debt Securities

(a) <u>Short Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan I	14,452
Term Loan II	14,220
Term Loan IV	60,626
Promissory Note	155,933
Unsecured	
Hire Purchase Creditors	<u>1,154</u>
Total	<u>246,385</u>
(b) <u>Long Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan II	210,000
Term Loan III	9,347
Unsecured	
Hire Purchase Creditors	<u>1,979</u>
Total	<u>221,326</u>

Save for Term Loan I and IV which are denominated in United States Dollars, the borrowings of the Group are denominated in Ringgit Malaysia.

We refer to the Promissory Notes ("PN") issued by the Company to Abrar Discounts Berhad ("ADB"). The Company is now in an advanced stage of negotiation with ADB for the settlement of the PN and will make the necessary announcements in due course.

B10. Off Balance Sheet Financial Instruments

As at 23 November 2011 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group did not enter into any contract involving financial instruments with off balance sheet risk.

B11. Material Litigation

There is no material litigation at the date of this announcement.

B12. Dividend

No dividend is recommended for the current quarter and current financial-year-to-date.

B13. Realised and Unrealised Losses

The breakdown of accumulated losses of the Group at the reporting date, into realised and unrealised losses is as follows:

	30/09/2011 RM'000	31/03/2011 RM'000
Total accumulated losses of the Group:-		
Realised	(633,459)	(619,258)
Unrealised	(13,410)	(14,001)
	<u>(646,869)</u>	<u>(633,259)</u>
Less : Consolidation adjustments	(100,635)	(100,635)
	<u>(747,504)</u>	<u>(733,894)</u>

B14. Outstanding Derivatives

There were no outstanding derivatives (including instruments designated as hedging instruments) in the financial quarter under review.

B15. Fair Value Changes of Financial Liabilities

As at 30 September 2011, the Group does not have any financial liabilities measured at fair value through profit or loss.

B16. Loss per Share

	Current Quarter Ended <u>30/09/2011</u> RM'000	Comparative Quarter Ended <u>30/09/2010</u> RM'000	Current Financial Year-to-date <u>30/09/2011</u> RM'000	Preceding Financial Year-to-date <u>30/09/2010</u> RM'000
Loss after taxation attributable to the owners of the parent used as numerator in the calculation of basic EPS	(16,439)	(11,779)	(15,385)	(26,165)
Weighted average number of shares used as denominator in the calculation of basic EPS ('000)	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>

KARAMBUNAI CORP BHD (6461-P)

Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2011

By order of the Board

Lim Tiong Jin

Executive Director – Corporate Affairs

Kota Kinabalu, Sabah

23 November 2011