

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Statement of Financial Position
As at 30 June 2012

	(Unaudited) As at 30/06/2012 RM'000	(Audited) As at 31/03/2012 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	998,368	1,001,044
Land held for property development	317,724	317,184
Available For Sale financial assets	130	130
Capital Work-In-Progress	3,467	2,413
Deferred Tax Assets	892	892
Goodwill on Consolidation	14,937	14,937
	<u>1,335,518</u>	<u>1,336,600</u>
Current Assets		
Property development costs	11,492	12,936
Inventories	10,746	12,663
Receivables, Deposits and Prepayments	24,637	29,033
Cash, Bank Balances and Deposits	7,234	8,726
	54,109	63,358
Non-current assets held for sales	189,476	189,476
Total Assets	<u><u>1,579,103</u></u>	<u><u>1,589,434</u></u>
Equity and Liabilities		
Share Capital	1,015,030	1,015,030
Reserves	(455,727)	(443,729)
Equity attributable to owners of the parent	559,303	571,301
Non-controlling interests	(15)	(14)
Total Equity	559,288	571,287
Liabilities		
Non-Current Liabilities		
Borrowings	5,540	8,078
Other deferred liabilities	178,461	179,123
	184,001	187,201
Current Liabilities		
Payables, Deposits and Accruals	343,766	326,204
Short Term Borrowings	367,739	380,684
Taxation	124,309	124,058
	835,814	830,946
Total Liabilities	1,019,815	1,018,147
Total Equity and Liabilities	<u><u>1,579,103</u></u>	<u><u>1,589,434</u></u>
Net Assets Per Share (sen)	<u>28</u>	<u>28</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012 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 June 2012
(The figures have not been audited.)

	Current quarter ended <u>30/06/2012</u> RM'000	Preceding year corresponding quarter ended <u>30/06/2011</u> RM'000	Current year-to-date ended <u>30/06/2012</u> RM'000	Preceding year-to-date ended <u>30/06/2011</u> RM'000
Revenue	17,383	50,389	17,383	50,389
Operating expenses	(25,269)	(39,749)	(25,269)	(39,749)
Other income	2,259	283	2,259	283
(Loss) / Profit from operations	(5,627)	10,923	(5,627)	10,923
Finance costs	(6,767)	(8,299)	(6,767)	(8,299)
(Loss) / Profit before tax	(12,394)	2,624	(12,394)	2,624
Income tax expense	399	(1,570)	399	(1,570)
(Loss) / Profit for the period	(11,995)	1,054	(11,995)	1,054
Attributable to :-				
Equity holders of the Company	(11,994)	1,054	(11,994)	1,054
Non-controlling interest	(1)	-	(1)	-
(Loss) / Profit for the period	(11,995)	1,054	(11,995)	1,054
(Loss) / Earnings per share (sen)				
Basic	(0.59)	0.05	(0.59)	0.05
Fully diluted	N/A	0.05	N/A	0.05

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012 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 June 2012
(The figures have not been audited.)

	Current quarter ended <u>30/06/2012</u> RM'000	Preceding year corresponding quarter ended <u>30/06/2011</u> RM'000	Current year-to-date ended <u>30/06/2012</u> RM'000	Preceding year-to-date ended <u>30/06/2011</u> RM'000
(Loss) / Profit for the period	(11,995)	1,054	(11,995)	1,054
Other Comprehensive Income				
Foreign currency translation differences for foreign operations	(4)	219	(4)	219
Other comprehensive income for the period, net of tax	(4)	219	(4)	219
Total comprehensive income for the period	(11,999)	1,273	(11,999)	1,273
Total comprehensive income Attributable to :- Equity holders of the Company	(11,999)	1,273	(11,999)	1,273

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012 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 June 2012
(The figures have not been audited.)

	← Attributable to equity holders of the Company →					Total Equity RM'000	
	Share Capital RM'000	Share Premium RM'000	← Non-distributable →		Non-controlling Interest RM'000		
			Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000		
As at 01/04/2012	1,015,030	111,536	221,226	(776,491)	571,301	(14)	571,287
Total comprehensive income for the period	-	-	(4)	(11,994)	(11,998)	(1)	(11,999)
As at 30/06/2012	1,015,030	111,536	221,222	(788,485)	559,303	(15)	559,288
As at 01/04/2011	1,015,030	111,536	306,107	(733,894)	698,779	-	698,779
Total comprehensive income for the period	-	-	219	1,054	1,273	-	1,273
Transfer from revaluation reserve			(887)	887	-	-	-
As at 30/06/2011	1,015,030	111,536	305,439	(731,953)	700,052	-	700,052

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012 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 June 2012
(The figures have not been audited.)

	Current period-to-date ended 30/06/2012 RM'000	Corresponding period-to-date ended 30/06/2011 RM'000
(Loss) / Profit before tax	(12,394)	2,624
Adjustment for :-		
Non-cash items	10,217	13,119
Operating (Loss) / Profit before working capital changes	<u>(2,177)</u>	<u>15,743</u>
Changes in working capital :-		
Net change in current assets	4,716	(12,332)
Net change in current liabilities	15,099	14,023
Net change in development expenditure	<u>904</u>	<u>(2,959)</u>
Cash flows generated from operations	18,542	14,475
Income tax paid	(19)	(1,003)
Interest paid	(2,341)	(1,994)
Interest received	<u>5</u>	<u>3</u>
Net cash flows generated from operating activities	<u>16,187</u>	<u>11,481</u>
Investing activities		
Purchase of property, plant & equipment	<u>(573)</u>	<u>(291)</u>
Net cash flows used in investing activities	<u>(573)</u>	<u>(291)</u>
Financing activity		
Repayment of borrowings	<u>(17,102)</u>	<u>(17,476)</u>
Net cash flows used in financing activity	<u>(17,102)</u>	<u>(17,476)</u>
Net change in cash & cash equivalents	(1,488)	(6,286)
Cash & cash equivalents at beginning of the period	8,726	71,122
Translation exchange difference	(4)	219
Cash & cash equivalents at end of the period	<u>7,234</u>	<u>65,055</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2012 and the accompanying explanatory notes attached to the interim financial statements.)

Notes In Compliance with MFRS 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.

The quarterly consolidated financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2012. The explanatory notes attached to the quarterly consolidated financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2012.

The significant accounting policies and methods of computation adopted for the quarterly consolidated financial statements are consistent with those adopted for the audited financial statements for the financial year ended 31 March 2012 save for the adoption of the following:

FRS 124 (revised)	Related Party Disclosures
Amendment to FRS 7	Financial Instruments: Disclosures - Transfers of Financial Assets
Amendment to FRS 112	Income Taxes - Deferred Tax : Recovery of Underlying Assets
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments
Amendment to IC Interpretation 14	Prepayments of a Minimum Funding Requirement

The adoption of the above revised FRSs, amendments to FRSs and Interpretations does not have any material impact on the financial statements of the Group.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venture (herein called "Transitioning Entities"). Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the new MFRS Framework by Transitioning Entities will be mandatory for annual period beginning on or after 1 January 2013.

The Group is a transitioning entity, elected to continue preparing its financial statements in accordance with the FRS framework for annual financial periods beginning before 1 January 2013. As such, the Group will prepare its first financial statements using the MFRS framework for the financial year ending 31 March 2014. In presenting its first MFRS financial statements, the Group may be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework.

The Group is currently in the process of determining the financial impact arising from the adoption of the MFRS Framework.

A2. Audit report of previous annual financial report

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2012 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 under review.

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 results.

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 period under review.

A7. Dividend Paid

There were no dividends paid during the current quarter and the financial period under review.

A8. Segmental Information

	Current 3-months ended		Preceding 3-months ended	
	<u>30/06/2012</u>	<u>30/06/2012</u>	<u>30/06/2011</u>	<u>30/06/2011</u>
	<u>Revenue</u>	<u>Operating Loss</u>	<u>Revenue</u>	<u>Operating Profit / (Loss)</u>
	RM'000	RM'000	RM'000	RM'000
Property Development	7,132	(3,623)	36,896	11,134
Leisure & Tourism	10,220	(5,939)	13,480	(5,721)
Investment Holdings and Others	31	(2,832)	13	(2,789)
	<u>17,383</u>	<u>(12,394)</u>	<u>50,389</u>	<u>2,624</u>

A9. Material subsequent events

There were no material subsequent events from 30 June 2012 to 29 August 2012 (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 under review.

A10. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current quarter under review.

A11. 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 June 2012 (31 March 2012 : 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 RM17.4 million for the financial period ended 30 June 2012 as compared to RM50.4 million for the preceding year corresponding period ended 30 June 2011. The variance is mainly attributable to the revenue recognized from the disposal of land in the property development segment during the preceding year corresponding period.

Meanwhile, the pre-tax loss recorded is RM12.4 million (as compared to a pre-tax profit of RM2.6 million in the preceding year corresponding period) after taking into account financing costs of RM6.8 million for the current financial period under review. The variance is mainly attributable to the gain on disposal of land as mentioned above.

The detailed analysis of the business segment as below:

(a) Property Development Segment

For three months ended 30 June 2012, the revenue had decreased to RM7.1 million (30 June 2011: RM36.9 million) and recorded a pre-tax loss of RM3.6 million (30 June 2011 : pre-tax profit of RM11.1 million), the variance was mainly attributable to the sales of its land held for property development in the preceding year corresponding period.

(b) Leisure & Tourism Segment

For three months ended 30 June 2012, the revenue decreased to RM10.2 million (30 June 2011 : RM13.5 million), representing 24.2% drop due mainly to the drop in the hotel. A pre-tax loss of RM5.9 million was registered (30 June 2011: RM5.7 million), mainly attributable to the lower expenses incurred relative to the decline in revenue recorded.

(c) Trading, Investments Holdings and Other Segments

For three months ended 30 June 2012, nominal revenue of RM0.03 million was registered (31 March 2011: RM0.01 million). The pre-tax loss has increased to RM2.9 million as compared to RM2.8 million registered for the preceding year corresponding period.

B1. Review of the Performance of the Company and Its Principal Subsidiaries (Cont'd)

In the opinion of the Directors, the results for the current quarter under review have not been affected by any transaction or event of a material and unusual nature which has arisen between 30 June 2012 and 29 August 2012 (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 RM12.4 million in the current quarter (as compared to RM13.3 million in the immediate preceding quarter). The slight decrease was mainly attributable to the lower expenses incurred relative to the lower revenue registered in the current quarter under review.

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 ended 30 June 2012 is as follows:

	3-months ended	
	30.06.2012	30.06.2011
	RM	RM
Income tax:		
- Current provision	264	1,865
Deferred tax:		
- Relating to origination and reversal of timing differences	(663)	(295)
Income tax expense	<u>(399)</u>	<u>1,570</u>

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period.

The provision of taxation despite of the loss generated by the Group for the current quarter under review was mainly due to certain expenses being disallowed for taxation purpose and insufficient group relief available for losses incurred by certain subsidiaries to be set off against the taxable profits of other subsidiaries.

B6. Status of Corporate Proposals Announced But Not Completed as at 29 August 2012 (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.

B7. Borrowings and Debt Securities

(a) <u>Short Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan I	14,899
Term Loan II	195,781
Promissory Note	155,812
Hire Purchase Creditors	<u>1,247</u>
Total	<u>367,739</u>
(b) <u>Long Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan III	4,759
Hire Purchase Creditors	<u>781</u>
Total	<u>5,540</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.

In relation to the Promissory Notes ("PN") issued by the Company to Abrar Discounts Berhad ("ADB"), a Settlement Agreement was signed between the Company, Bukit Unggul Golf and Country Club Sdn Bhd ("BUGCR") which is a wholly-owned subsidiary of the Company, Tan Sri Dr Chen Lip Keong and ADB on 13th August 2012.

Under the Settlement Agreement, ADB had agreed to accept the payment of RM110 million as the full and final settlement of all amounts owing by the Company to ADB under the Promissory Note.

B8. Material Litigation

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

B9. Dividend

No dividend is recommended for the current quarter under review.

B10. Realised and Unrealised Losses

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

	30.06.2012 RM'000	31.03.2012 RM'000
Total accumulated losses of the Group:-		
Realised	(1,261,327)	(1,238,978)
Unrealised	(9,741)	(10,404)
	<u>(1,271,068)</u>	<u>(1,249,382)</u>
Less : Consolidation adjustments	482,583	472,891
	<u>(788,485)</u>	<u>(776,491)</u>

B11. Outstanding Derivatives

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

B12. Fair Value Changes of Financial Liabilities

As at 30 June 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

B13. Loss per Share

	3-months ended	
	30.06.2012	30.06.2011
	RM	RM
(Loss) / profit after taxation attributable to the owners of the parent	<u>(11,994)</u>	<u>1,054</u>
Weighted average number of ordinary shares in issue	<u>2,030,060</u>	<u>2,030,060</u>
Basic EPS (sen)	<u>(0.59)</u>	<u>0.05</u>

By order of the Board

Lim Tiong Jin

Executive Director – Corporate Affairs

Kota Kinabalu, Sabah

29 August 2012