

KARAMBUNAI CORP BHD (6461-P)
Condensed Statement of Comprehensive Income
For Financial Period Ended 30 September 2012
(The figures have not been audited.)

	Current quarter ended <u>30/09/2012</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2011</u> RM'000	Current year-to-date ended <u>30/09/2012</u> RM'000	Preceding year-to-date ended <u>30/09/2011</u> RM'000
Revenue	24,170	21,731	41,553	72,120
Operating expenses	(29,009)	(27,498)	(54,278)	(67,247)
Other income	57,854	992	60,113	1,275
Profit / (Loss) from operations	53,015	(4,775)	47,388	6,148
Finance costs	(5,945)	(9,176)	(12,712)	(17,475)
Profit / (Loss) before tax	47,070	(13,951)	34,676	(11,327)
Income tax expense	(441)	(2,488)	(42)	(4,058)
Profit / (Loss) for the period	<u>46,629</u>	<u>(16,439)</u>	<u>34,634</u>	<u>(15,385)</u>
Attributable to :-				
Equity holders of the Company	46,629	(16,438)	34,635	(15,384)
Non-controlling interest	-	(1)	(1)	(1)
Profit / (Loss) for the period	<u>46,629</u>	<u>(16,439)</u>	<u>34,634</u>	<u>(15,385)</u>
Earnings / (Loss) per share (sen)				
Basic	2.30	(0.81)	1.71	(0.76)
Fully diluted	2.30	N/A	1.71	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 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 September 2012
(The figures have not been audited.)

	Current quarter ended <u>30/09/2012</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2011</u> RM'000	Current year-to-date ended <u>30/09/2012</u> RM'000	Preceding year-to-date ended <u>30/09/2011</u> RM'000
Profit / (Loss) for the period	46,629	(16,439)	34,634	(15,385)
Other Comprehensive Income				
Foreign currency translation differences for foreign operations	58	(68)	54	151
Other comprehensive income for the period, net of tax	58	(68)	54	151
Total comprehensive income for the period	46,687	(16,507)	34,688	(15,234)
Total comprehensive income Attributable to :- Equity holders of the Company	46,687	(16,507)	34,688	(15,234)

(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)
QUARTERLY REPORT

Condensed Consolidated Statement of Financial Position
As at 30 September 2012

	(Unaudited) As at 30/09/2012 RM'000	(Audited) As at 31/03/2012 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	995,058	1,001,044
Land held for property development	317,729	317,184
Available For Sale financial assets	130	130
Capital Work-In-Progress	3,952	2,413
Deferred Tax Assets	892	892
Goodwill on Consolidation	14,937	14,937
	<u>1,332,698</u>	<u>1,336,600</u>
Current Assets		
Property development costs	3,633	12,936
Inventories	8,635	12,663
Receivables, Deposits and Prepayments	35,373	29,033
Cash, Bank Balances and Deposits	5,769	8,726
	<u>53,410</u>	<u>63,358</u>
Non-current assets held for sales	189,476	189,476
Total Assets	<u><u>1,575,584</u></u>	<u><u>1,589,434</u></u>
Equity and Liabilities		
Share Capital	1,015,030	1,015,030
Reserves	(409,040)	(443,729)
Equity attributable to owners of the parent	<u>605,990</u>	<u>571,301</u>
Non-controlling interests	(15)	(14)
Total Equity	<u>605,975</u>	<u>571,287</u>
Liabilities		
Non-Current Liabilities		
Borrowings	4,136	8,078
Other deferred liabilities	178,461	179,123
	<u>182,597</u>	<u>187,201</u>
Current Liabilities		
Payables, Deposits and Accruals	450,872	326,204
Short Term Borrowings	211,600	380,684
Taxation	124,540	124,058
	<u>787,012</u>	<u>830,946</u>
Total Liabilities	<u>969,609</u>	<u>1,018,147</u>
Total Equity and Liabilities	<u><u>1,575,584</u></u>	<u><u>1,589,434</u></u>
Net Assets Per Share (sen)	<u>30</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 Consolidated Statement of Changes in Equity
For Financial Period Ended 30 September 2012
(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 01/04/2012	1,015,030	111,536	221,226	(776,491)	571,301	(14)	571,287	
Total comprehensive income for the period	-	-	54	34,635	34,689	(1)	34,688	
As at 30/09/2012	<u>1,015,030</u>	<u>111,536</u>	<u>221,280</u>	<u>(741,856)</u>	<u>605,990</u>	<u>(15)</u>	<u>605,975</u>	
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)	(1)	(15,234)	
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>(1)</u>	<u>683,545</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 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 September 2012
(The figures have not been audited.)

	Current period-to-date ended 30/09/2012 RM'000	Corresponding period-to-date ended 30/09/2011 RM'000
Profit / (Loss) before tax	34,676	(11,327)
Adjustment for :-		
Non-cash items	(40,174)	24,898
Operating (Loss) / Profit before working capital changes	<u>(5,498)</u>	<u>13,571</u>
Changes in working capital :-		
Net change in current assets	(4,393)	6,952
Net change in current liabilities	2,520	14,023
Net change in development expenditure	8,758	(5,335)
Cash flows generated from operations	<u>1,387</u>	<u>29,211</u>
Income tax paid	(229)	(1,130)
Interest paid	(4,416)	(5,973)
Interest received	5	22
Net cash flows (used in) / generated from operating activities	<u>(3,253)</u>	<u>22,130</u>
Investing activities		
Purchase of property, plant & equipment	(611)	(724)
Net cash flows used in investing activities	<u>(611)</u>	<u>(724)</u>
Financing activities		
Advances from a director	119,685	13,126
Repayment of borrowings	(118,832)	(39,434)
Net cash flows generated from / (used in) financing activity	<u>853</u>	<u>(26,308)</u>
Net change in cash & cash equivalents	(3,011)	(4,902)
Cash & cash equivalents at beginning of the period	8,726	71,122
Translation exchange difference	54	151
Cash & cash equivalents at end of the period	<u><u>5,769</u></u>	<u><u>66,371</u></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 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
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.

On 30 June 2012, MASB announced that the Transitioning Entities are allowed to extend their deferment on the adoption of MFRS Framework for another year. As such, the MFRS Framework will be mandatory for all companies for annual period beginning on or after 1 January 2014.

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 2014. As such, the Group will prepare its first financial statements using the MFRS framework for the financial year ending 31 March 2015. 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 and the 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 current financial year-to-date.

A8. Segmental Information

	Current 6 months ended		Preceding 6 months ended	
	<u>30/09/2012</u>	<u>30/09/2012</u> <u>Profit / (Loss)</u>	<u>30/09/2011</u>	<u>30/09/2011</u> <u>Profit / (Loss)</u>
	<u>Revenue</u> RM'000	<u>Before Tax</u> RM'000	<u>Revenue</u> RM'000	<u>Before Tax</u> RM'000
Property Development	17,919	(8,370)	41,246	4,540
Leisure & Tourism	23,603	(9,860)	30,832	(8,288)
Trading	-	26	-	-
Investment Holdings and Others	31	52,880	42	(7,579)
	<u>41,553</u>	<u>34,676</u>	<u>72,120</u>	<u>(11,327)</u>

A8. Segmental Information

	Quarter ended		Quarter ended	
	<u>30/09/2012</u>	<u>30/09/2012</u>	<u>30/09/2011</u>	<u>30/09/2011</u>
		<u>Profit / (Loss)</u>		<u>Profit / (Loss)</u>
	<u>Revenue</u>	<u>Before Tax</u>	<u>Revenue</u>	<u>Before Tax</u>
	RM'000	RM'000	RM'000	RM'000
Property Development	10,787	(4,747)	4,350	(6,831)
Leisure & Tourism	13,383	(3,921)	17,352	(2,567)
Trading	-	26	-	-
Investment Holdings and Others	-	55,712	29	(4,553)
	<u>24,170</u>	<u>47,070</u>	<u>21,731</u>	<u>(13,951)</u>

A9. Material subsequent events

There were no material subsequent events from 30 September 2012 to 29 November 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 and current financial year-to-date.

A10. 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.

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 September 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 RM41.6 million for the financial period ended 30 September 2012, a decrease of RM30.5 million from the RM72.1 million recorded in preceding year corresponding period. The decrease was mainly attributed to the absence of land sales during the financial period under review. There were land sales amounted to RM34.6 million in the preceding year corresponding period.

The pre-tax profit recorded for the financial period ended 30 September 2012 was RM34.7 million, an increase of RM46.0 million from the preceding year corresponding period. The improvement was due mainly to the waiver of a portion of the Promissory Note (the "Note") by the Noteholder upon a negotiated full and final settlement of the Note.

For the three months ended 30 September 2012, the Group recorded revenue of RM24.2 million, an increase of RM2.5 million from the RM21.7 million recorded in the preceding year corresponding period. The pre-tax profit was at RM47.1 million (as compared to pre-tax loss of RM13.9 million in the preceding year corresponding period). The improvement was due mainly to the waiver of a portion of the Note by the Noteholder upon a negotiated full and final settlement of the Note during the current quarter under review.

The detailed analysis of the business segments are as follows:

(a) Property Development Segment

For the six months ended 30 September 2012, the revenue decreased by 57% to RM17.9 million with a pre-tax loss of RM8.4 million (30 September 2011 : pre-tax profit of RM4.5 million). This was mainly attributed to the sales of land held for property development in the preceding year corresponding period.

For the three months ended 30 September 2012, the revenue increased to RM10.8 million (30 September 2011: RM4.3 million) and recorded a pre-tax loss of RM4.7 million (30 September 2011 : pre-tax loss of RM6.8 million). The improvement was due mainly to the higher sales recorded from its development activities.

(b) Leisure & Tourism Segment

For the six months ended 30 September 2012, the revenue decreased to RM23.6 million (30 September 2011 : RM30.8 million), representing a 23.4% decrease following a drop in the hotel business. In line with the lower revenue, a pre-tax loss of RM9.9 million was registered (30 September 2011 : pre-tax loss of RM8.3 million).

For the three months ended 30 September 2012, the revenue decreased to RM13.4 million (30 September 2011 : RM17.4 million), representing a 22.8% decrease due mainly to the drop in the hotel business. A pre-tax loss of RM3.9 million was registered (30 September 2011: pre-tax loss of RM2.6 million), mainly attributed to the decline in revenue.

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

(c) Trading, Investments Holdings and Other Segments

The contribution from this segment is negligible. However, this segment recorded a pre-tax profit of RM52.9 million for the six months ended 30 September 2012, attributed mainly to the waiver of a portion of the Note by the Noteholder upon a negotiated full and final settlement of the Note during the current quarter under review.

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 2012 and 29 November 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 profit of RM47.1 million in the current quarter (as compared to the pre-tax loss of RM12.4 million in the immediate preceding quarter). The improvement is mainly attribute to the waiver of a portion of the Note by the Noteholder upon a negotiated full and final settlement of the Note during 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 and current financial year-to-date ended 30 September 2012 are as follows:

	3-months ended		6-months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
	RM'000	RM'000	RM'000	RM'000
Income tax:				
- Current provision	441	2,193	705	3,467
Deferred tax:				
- Relating to origination and reversal of timing differences	-	295	(663)	591
Total income tax expense	441	2,488	42	4,058

The effective tax rate of the Group is lower than the statutory tax rate for the current quarter and current financial year-to-date mainly due to the certain income is not subject to tax.

B6. Status of Corporate Proposals Announced But Not Completed as at 29 November 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

	30/09/2012 RM'000	31/03/2012 RM'000
(a) <u>Short Term Borrowings</u>		
Secured		
Term Loan I	14,899	14,899
Term Loan II	195,781	210,031
Promissory Note	-	154,192
Hire Purchase Creditors	920	1,562
Total	211,600	380,684
(b) <u>Long Term Borrowings</u>		
Secured		
Term Loan III	3,355	7,297
Hire Purchase Creditors	781	781
Total	4,136	8,078

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

B8. Material Litigation

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

B9. Dividend

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

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:

	30/09/2012 RM'000	31/03/2012 RM'000
Total accumulated losses of the Group:-		
Realised	(1,214,556)	(1,238,978)
Unrealised	(9,741)	(10,404)
	<u>(1,224,297)</u>	<u>(1,249,382)</u>
Less : Consolidation adjustments	482,441	472,891
	<u>(741,856)</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 September 2012, the Group does not have any financial liabilities measured at fair value through profit or loss.

B13. Earnings / (Loss) per Share

	3 months ended		6 months ended	
	30/09/2012	30/09/2011	30/09/2012	30/09/2011
Profit / (Loss) after taxation attributable to the owners of the parent (RM'000)	<u>46,629</u>	<u>(16,438)</u>	<u>34,635</u>	<u>(15,384)</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>
Basic EPS (sen)	<u>2.30</u>	<u>(0.81)</u>	<u>1.71</u>	<u>(0.76)</u>

By order of the Board

**Lim Tiong Jin
Chang Yuet Mei
Company Secretaries**

Kota Kinabalu
29 November 2012