



**KARAMBUNAI CORP BHD (6461-P)**

**Condensed Statement of Comprehensive Income  
For Financial Period Ended 30 June 2014**

(The figures have not been audited.)

	Current quarter ended <u>30/6/2014</u> RM'000	Preceding year corresponding quarter ended <u>30/6/2013</u> RM'000	Current year-to-date ended <u>30/6/2014</u> RM'000	Preceding year-to-date ended <u>30/6/2013</u> RM'000
Revenue	11,199	14,764	11,199	14,764
Cost of sales	(10,623)	(10,417)	(10,623)	(10,417)
Gross profit	576	4,347	576	4,347
Other income	578	1,743	578	1,743
Operating expenses	(12,620)	(14,570)	(12,620)	(14,570)
Loss from operations	(11,466)	(8,480)	(11,466)	(8,480)
Finance costs	(57)	(675)	(57)	(675)
Loss before tax	(11,523)	(9,155)	(11,523)	(9,155)
Income tax expense	(6)	(136)	(6)	(136)
Loss for the period	(11,529)	(9,291)	(11,529)	(9,291)
Other comprehensive income				
- Foreign currency translation differences	-	37	-	37
Total comprehensive income for the period	(11,529)	(9,254)	(11,529)	(9,254)
Loss for the period attributable to :-				
Owners of the parent	(11,529)	(9,291)	(11,529)	(9,291)
Non-controlling interest	-	-	-	-
	(11,529)	(9,291)	(11,529)	(9,291)
Total comprehensive income attributable to :-				
Owners of the parent	(11,529)	(9,254)	(11,529)	(9,254)
Non-controlling interest	-	-	-	-
	(11,529)	(9,254)	(11,529)	(9,254)
Loss per share (sen)				
Basic	(0.20)	(0.46)	(0.20)	(0.46)
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 2014 and the accompanying explanatory notes attached to the interim financial statements.)

**KARAMBUNAI CORP BHD (6461-P)**  
**Condensed Consolidated Statement of Financial Position**  
**As at 30 June 2014**

	(Unaudited) As at 30/6/2014 <u>RM'000</u>	(Audited) As at 31/3/2014 <u>RM'000</u>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	994,643	998,908
Land held for property development	435,614	435,614
Available-for-sale financial assets	130	130
Deferred tax assets	9	9
Goodwill on consolidation	14,937	14,937
	<u>1,445,333</u>	<u>1,449,598</u>
<b>Current Assets</b>		
Property development costs	9,273	9,961
Inventories	6,203	6,481
Receivables, deposits and prepayments	20,421	29,470
Cash and bank balances	31,726	39,970
	<u>67,623</u>	<u>85,882</u>
<b>TOTAL ASSETS</b>	<u><u>1,512,956</u></u>	<u><u>1,535,480</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	577,659	577,659
Reserves	310,480	322,009
	<u>888,139</u>	<u>899,668</u>
<b>Non-controlling interest</b>	<u>(33)</u>	<u>(33)</u>
<b>TOTAL EQUITY</b>	<u><u>888,106</u></u>	<u><u>899,635</u></u>
<b>Non-Current Liabilities</b>		
Bank borrowings	17,071	16,905
Other deferred liabilities	238,927	238,927
	<u>255,998</u>	<u>255,832</u>
<b>Current Liabilities</b>		
Payables and accruals	297,615	307,226
Bank borrowings	659	647
Taxation	70,578	72,140
	<u>368,852</u>	<u>380,013</u>
<b>TOTAL LIABILITIES</b>	<u><u>624,850</u></u>	<u><u>635,845</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,512,956</u></u>	<u><u>1,535,480</u></u>
<b>NET ASSETS PER SHARE (SEN)</b>	<u>15.37</u>	<u>15.57</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 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 2014**  
(The figures have not been audited.)

	← Attributable to owners of the parent →							Total	Non-controlling Interest	Total Equity
	← Non-distributable →									
	Share Capital	Share Premium	Capital Reserves	Warrant Reserves	Asset Revaluation Reserves	Foreign Currency Translation Reserves	Accumulated Losses			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 01/04/2014	577,659	77,959	269,918	69,529	207,629	(2,872)	(300,154)	899,668	(33)	899,635
Loss for the period	-	-	-	-	-	-	(11,529)	(11,529)	-	(11,529)
As at 30/6/2014	<u>577,659</u>	<u>77,959</u>	<u>269,918</u>	<u>69,529</u>	<u>207,629</u>	<u>(2,872)</u>	<u>(311,683)</u>	<u>888,139</u>	<u>(33)</u>	<u>888,106</u>
As at 01/04/2013	1,015,030	111,536	-	-	207,629	(150)	(786,374)	547,671	(18)	547,653
Foreign currency translation differences	-	-	-	-	-	37	-	37	-	37
Loss for the period	-	-	-	-	-	-	(9,291)	(9,291)	-	(9,291)
As at 30/6/2013	<u>1,015,030</u>	<u>111,536</u>	<u>-</u>	<u>-</u>	<u>207,629</u>	<u>(113)</u>	<u>(795,665)</u>	<u>538,417</u>	<u>(18)</u>	<u>538,399</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 2014 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 2014**  
(The figures have not been audited.)

	Current period-to-date ended 30/6/2014 RM'000	Corresponding period-to-date ended 30/6/2013 RM'000
Loss before tax	(11,523)	(9,155)
Adjustment for non-cash items:-		
Depreciation of property, plant and equipment	4,753	3,644
Interest expenses	57	675
Interest income	(244)	(10)
Unrealised gain on foreign exchange	(36)	-
Operating loss before working capital changes	<u>(6,993)</u>	<u>(4,846)</u>
Changes in working capital :-		
Net change in current assets	9,326	(4,382)
Net change in current liabilities	(8,511)	12,646
Net change in development expenditure	687	(1,650)
Cash (used in) / generated from operations	<u>(5,491)</u>	<u>1,768</u>
Income tax paid	(1,565)	-
Interest paid	(57)	(4)
Interest received	244	10
<b>Net cash (used in) / generated from operating activities</b>	<u>(6,869)</u>	<u>1,774</u>
Investing activities		
Purchase of property, plant & equipment	<u>(84)</u>	<u>(35)</u>
<b>Net cash used in investing activities</b>	<u>(84)</u>	<u>(35)</u>
Financing activities		
(Repayment to) / Advances from a director	(1,066)	1,004
Repayment of bank borrowings	(225)	(216)
<b>Net cash (used in) / generated from financing activities</b>	<u>(1,291)</u>	<u>788</u>
Net change in cash & cash equivalents	(8,244)	2,527
Cash & cash equivalents at beginning of the period	39,970	15,266
Foreign currency translation differences	-	37
Cash & cash equivalents at end of the period	<u>31,726</u>	<u>17,830</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 March 2014 and the accompanying explanatory notes attached to the interim financial statements.)

**Part A - Notes In Compliance with FRS 134**

**A1. Basis of Preparation and 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 Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The quarterly consolidated financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2014. 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 2014.

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”).

Based on the MASB announcement on 30 June 2012, Transitioning Entities are allowed to defer the adoption of the new MFRS Framework from the previous adoption date of 1 January 2013 to 1 January 2014.

On 7 August 2013, MASB announced that the Transitioning Entities will be allowed to defer the adoption of the new MFRS Framework from the previous adoption date of 1 January 2014 to 1 January 2015. Consequently, the adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

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 2015. As such, the Group will prepare its first financial statements using the MFRS framework for the financial year ending 31 March 2016. 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.

## **A1. Basis of Preparation and Accounting Policies (Cont'd)**

Financial reporting standards under the existing FRS Framework that have yet to be adopted in presenting this quarterly consolidated financial statements are disclosed below. These adoptions will not result in any significant changes to the Group's accounting policies, results and financial position.

**Effective for financial periods  
beginning on or after**

### **Amendments/Improvements to FRSs**

FRS 2	Share-based Payment	1 July 2014
FRS 3	Business Combinations	1 July 2014
FRS 8	Operating Segments	1 July 2014
FRS 13	Fair Value Measurement	1 July 2014
FRS 116	Property, Plant and Equipment	1 July 2014
FRS 119	Employee Benefits	1 July 2014
FRS 124	Related Party Disclosures	1 July 2014
FRS 138	Intangible Assets	1 July 2014
FRS 140	Investment Property	1 July 2014

## **A2. Audit Report of Previous Annual Financial Report**

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2014 was not qualified.

## **A3. Seasonal or Cyclical Factors**

The Group's leisure and tourism business segment are subject to seasonal fluctuations, generally performs better with higher sales during festive seasons and holidays.

## **A4. Unusual Items**

There were no items affecting assets, liabilities, equities, net income or cash flows that were unusual because of their nature, size or incidence for the three months ended 30 June 2014.

## **A5. Nature and Amount of Changes in Estimates**

There were no material changes in estimates of amounts reported in previous financial years which have a material effect for the three months ended 30 June 2014.

## **A6. Issuance and Repayment of Debt and Equity Securities**

There were 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 three months ended 30 June 2014.

## **A7. Dividend Paid**

No dividend has been paid for the three months ended 30 June 2014.

## A8. Segmental Information

	3 months ended			
	30/6/2014	30/6/2014	30/6/2013	30/6/2013
	Revenue	Operating Profit / (Loss)	Revenue	Operating Profit / (Loss)
	RM'000	RM'000	RM'000	RM'000
Property development and construction	2,674	(4,280)	2,067	(5,738)
Leisure and tourism	8,502	(5,373)	12,680	(1,923)
Management services, venture capital and investment holdings	23	(1,870)	17	(1,494)
	11,199	(11,523)	14,764	(9,155)

## A9. Material Subsequent Events

Save as disclosed below, there were no material subsequent events occurred between 30 June 2014 and 19 August 2014 (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 this interim financial report.

- a) On 4 July 2014, the Company entered into a Share Sale Agreement with Ho See Sin and Ho Kooi Lan for the purchase of 90,000 ordinary shares of RM1.00 each, representing approximately 4.31% of the issued and paid up share capital of First Travel and Tours (M) Sdn. Bhd. ("FTT") for a total cash consideration of RM1.00. Upon completion of the acquisition, FTT becomes a wholly-owned subsidiary of the Company.

## A10. Changes in the Composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the three months ended 30 June 2014:

- a) The following wholly-owned subsidiaries, all of which are dormant, have been struck off from the respective jurisdiction's registrar of companies:
  - 1) Nexus Naga S.A.; and
  - 2) Nexus Hotels and Resorts Limited.

## A11. Changes in Contingent Liabilities or Contingent Assets

Save as disclosed below, there were no material changes in contingent liabilities or contingent assets since the financial year ended 31 March 2014:

- a) Corporate guarantee given by the Company to financial institutions, contractors and suppliers for banking facilities and credit granted to subsidiaries amounted to RM17.18 million as at 30 June 2014 (31 March 2014: RM15.86 million).

## **Part B - Notes in compliance with BMSB Main Market Listing Requirements**

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

The Group's revenue declined 24.1% to RM11.20 million in the three months ended 30 June 2014 from RM14.76 million a year earlier. Loss for the three months was at RM11.53 million, an increase of RM2.24 million loss when compared to same period last year. The financial performance for the three months was affected by the negative sentiment brought by the tragic disappearance of flight MH370 on 8 March 2014 and the kidnapping tourist incidents in Sabah. The Group's leisure and tourism segment saw a significant drop in tourist arrivals from China and Taiwan. Its revenue plunged 32.9% to RM8.50 million from RM12.68 million a year ago. The leisure and tourism segment recorded a loss of RM5.37 million for the three months ended 30 June 2014 from a RM1.9 million loss in same period last year. On the other hand, the property development and construction segment narrowed its loss for the three months ended 30 June 2014 to RM4.28 million against RM5.74 million loss a year earlier, on lower leaseback rental expense and higher revenue. Revenue rose 29.4% to RM2.67 million, attributed largely to the revenue recognition from its Bandar Sierra property development.

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

The Group's current quarter loss before tax was at RM11.52 million, an improvement of RM11.03 million from the RM22.55 million loss reported in the preceding quarter. Higher loss in the preceding quarter was due largely to the one-off expense amounted to RM17.71 million write off from the carrying amount in land held for property development.

### **B3. Current Year Prospects**

The Group will continue to maintain its competitive position as the leading tourism player in Sabah Malaysia with its world-class resorts known as Nexus Resort & Spa Karambunai. Currently, the Group is refurbishing its resort and hotel in stages. The refurbishment exercise will enable the Group to enhance the quality and appeal of Nexus Resort & Spa Karambunai to a broader range of international leisure travellers. The Group will focus on yield and cost management so as to improve its financial performance and to stay competitive. We expect the remaining periods of the financial year to be challenging following the tragic disappearance of flight MH370 on 8 March 2014 and the kidnapping tourist incidents in Sabah. The future performance of the Group's hotel and resort hinges on its ability to attract more visitors.

On Karambunai Peninsula, the Group plans for the development of an eco-nature integrated resort. Karambunai Peninsula lies within 3,835 acres of eco-sanctuary, nestled by South China Sea on one end, rolling hills in the center and a natural cove on the other end. It is a natural perfection of the white sandy beach, wetland, crystal blue cove, flatland, highland, rainforest and river. This development will continue to strengthen the competitive advantage of the Group as a leading tourism player in Sabah as well as contributing to tourist arrivals and receipts.

### **B4. Profit Forecast / Profit Guarantee**

The Group did not issue any profit forecast or profit guarantee.



## B5. Taxation

The taxation charges for the current quarter ended 30 June 2014 are as follows:

	3 months ended	
	30/6/2014	30/6/2013
	RM'000	RM'000
Current taxation charge:		
- Malaysian income tax	(164)	(136)
- Overprovision in prior year	158	-
Income tax expense	<u>(6)</u>	<u>(136)</u>

The effective tax rate of the Group for the three months ended 30 June 2014 is higher than the statutory tax rate because taxable profits in certain subsidiaries cannot be set-off against the tax losses incurred by the Company and other subsidiaries.

## B6. Status of Corporate Proposals Announced But Not Completed as at 19 August 2014 (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.

## B7. Utilisation of Rights Issue Proceeds

The utilisation of the Rights Issue proceeds up to 30 June 2014 is as follows:-

	Proposed utilisation	Actual utilisation	Reallocation	Balance unutilised	Deviation
	RM'000	RM'000	RM'000	RM'000	
Refurbishment and modernisation of hotel	13,000	12,798	202	-	1.6%
Payment to trade creditors and suppliers	26,600	26,528	72	-	0.3%
General working capital	9,151	8,973	178	-	1.9%
Corporate exercise expenses	2,000	2,452	(452)	-	(22.6%)
Total	<u>50,751</u>	<u>50,751</u>	-	-	

## B8. Bank Borrowings

The details of the Group's bank borrowings are as set out below:

	30/6/2014 RM'000	31/3/2014 RM'000
<b><u>Short Term</u></b>		
<b>Secured:</b>		
Hire Purchase Creditors	659	647
<b><u>Long Term</u></b>		
<b>Secured:</b>		
Syndicated Term Loan	15,864	15,864
Hire Purchase Creditors	1,207	1,041
<b>Total</b>	<u>17,071</u>	<u>16,905</u>

The Syndicated Term Loan is a US Dollar loan amounting to USD4,838,631.

## B9. Material Litigation

As at 19 August 2014 (being the latest practicable date which is not more than 7 days from the date of this Quarterly Report), there are no significant developments and changes in material litigations since the last audited financial statements for the year ended 31 March 2014.

## B10. Dividend

No dividend has been proposed or declared for the current quarter ended 30 June 2014.

## B11. Loss for the period

	3 months ended	
	30/6/2014 RM'000	30/6/2013 RM'000
(Loss) / profit before tax is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	4,753	3,644
Interest expenses	57	675
Interest income	(244)	(10)
Unrealised (gain) / loss on foreign exchange	(36)	-

## B12. Realised and Unrealised Losses

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

	30/6/2014 RM'000	31/03/2014 RM'000
Total accumulated losses of the Group:-		
- Realised	(122,503)	(110,808)
- Unrealised	(64,846)	(65,012)
	<u>(187,349)</u>	<u>(175,820)</u>
Less : Consolidation adjustments	(124,334)	(124,334)
	<u>(311,683)</u>	<u>(300,154)</u>

## B13. Outstanding Derivatives

There are no outstanding derivatives (including instruments designated as hedging instruments) as at 30 June 2014.

## B14. Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities measured at fair value through profit or loss as at 30 June 2014.

## B15. Loss per share ("LPS")

	3 months ended	
	30/6/2014	30/6/2013
Net loss for the period attributed to the owners of the parent (RM'000)	<u>(11,529)</u>	<u>(9,291)</u>
Weighted average number of ordinary shares in issue ('000)	5,776,588	2,030,060
Basic LPS (sen)	<u>(0.20)</u>	<u>(0.46)</u>

The fully diluted LPS is not disclosed as the effect on the assumed exercise of the Warrants is anti-dilutive.

By order of the Board

Yew Nyuk Kwei (MACS 01247)  
Company Secretary

Kota Kinabalu  
26 August 2014