



KARAMBUNAI CORP BHD (6461-P)

**Condensed Statement of Comprehensive Income
For Financial Period Ended 31 December 2014**

(The figures have not been audited.)

	Current quarter ended 31/12/2014 RM'000	Preceding year corresponding quarter ended 31/12/2013 RM'000	Current year-to-date ended 31/12/2014 RM'000	Preceding year-to-date ended 31/12/2013 RM'000
Revenue	13,726	48,305	36,127	136,018
Cost of sales	(13,036)	(40,541)	(32,695)	(117,297)
Gross profit	690	7,764	3,432	18,721
Other income	1,018	930	3,428	3,576
Operating expenses	(12,003)	(22,230)	(38,528)	(45,486)
Loss from operations	(10,295)	(13,536)	(31,668)	(23,189)
Finance costs	(23)	(732)	(131)	(1,909)
Loss before tax	(10,318)	(14,268)	(31,799)	(25,098)
Income tax	(325)	(3,224)	3,328	(9,117)
Loss for the period	(10,643)	(17,492)	(28,471)	(34,215)
Other comprehensive income				
- Acquisition of non-controlling interest	-	-	(33)	-
- Foreign currency translation differences	(1,211)	(177)	(1,211)	(181)
Total comprehensive income for the period	(11,854)	(17,669)	(29,715)	(34,396)
Loss for the period attributable to :-				
Owners of the parent	(10,643)	(17,493)	(28,471)	(34,215)
Non-controlling interest	-	1	-	-
	(10,643)	(17,492)	(28,471)	(34,215)
Total comprehensive income attributable to :-				
Owners of the parent	(11,854)	(17,670)	(29,715)	(34,396)
Non-controlling interest	-	1	-	-
	(11,854)	(17,669)	(29,715)	(34,396)
Loss per share (sen)				
Basic	(0.18)	(0.35)	(0.49)	(1.14)
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 31 December 2014

	(Unaudited) As at 31/12/2014 RM'000	(Audited) As at 31/3/2014 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	986,957	998,908
Land held for property development	435,705	435,614
Available-for-sale financial assets	60	130
Deferred tax assets	9	9
Goodwill on consolidation	14,937	14,937
	<u>1,437,668</u>	<u>1,449,598</u>
Current Assets		
Property development costs	10,780	9,961
Inventories	5,934	6,481
Receivables, deposits and prepayments	18,204	29,470
Cash and bank balances	39,812	39,970
	<u>74,730</u>	<u>85,882</u>
TOTAL ASSETS	<u><u>1,512,398</u></u>	<u><u>1,535,480</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	577,659	577,659
Reserves	293,505	322,009
	<u>871,164</u>	<u>899,668</u>
Non-controlling interest	-	(33)
TOTAL EQUITY	<u>871,164</u>	<u>899,635</u>
Non-Current Liabilities		
Bank borrowings	18,146	16,905
Deferred taxation	238,927	238,927
	<u>257,073</u>	<u>255,832</u>
Current Liabilities		
Payables and accruals	327,755	307,226
Bank borrowings	832	647
Taxation	55,574	72,140
	<u>384,161</u>	<u>380,013</u>
TOTAL LIABILITIES	<u>641,234</u>	<u>635,845</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,512,398</u></u>	<u><u>1,535,480</u></u>
NET ASSETS PER SHARE (SEN)	<u>15.08</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 31 December 2014
(The figures have not been audited.)

	← Attributable to owners of the parent →							← Non-distributable →	Non-controlling Interest	Total Equity
	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	69,530	207,628	(2,872)	(300,154)	899,668	(33)	899,635
Loss for the period	-	-	-	-	-	-	(28,471)	(28,471)	-	(28,471)
Foreign currency translation differences	-	-	-	-	-	1,211	(1,211)	-	-	-
Acquisition of non-controlling interest							(33)	(33)	33	-
As at 31/12/2014	<u>577,659</u>	<u>77,959</u>	<u>269,918</u>	<u>69,530</u>	<u>207,628</u>	<u>(1,661)</u>	<u>(329,869)</u>	<u>871,164</u>	<u>-</u>	<u>871,164</u>
As at 01/04/2013	1,015,030	111,536	-	-	207,628	(149)	(786,374)	547,671	(18)	547,653
Loss for the period	-	-	-	-	-	-	(34,215)	(34,215)	-	(34,215)
Foreign currency translation differences	-	-	-	-	-	(181)	-	(181)	-	(181)
Share capital reduction via the cancellation of RM0.40 of the par value of every existing ordinary share of RM0.50 each	(812,024)		269,918				542,106	-		-
Issuance of ordinary shares pursuant to Rights Issue with warrants	50,751	(69,530)	-	69,530	-	-	-	50,751		50,751
Issuance of ordinary shares pursuant to capitalisation of amounts owing to a director	289,983	32,188	-	-	-	-	-	322,171		322,171
Issuance of ordinary shares pursuant to capitalisation of amounts owing to FACB Industries Incorporated Berhad	33,919	3,765	-	-	-	-	-	37,684		37,684
As at 31/12/2013	<u>577,659</u>	<u>77,959</u>	<u>269,918</u>	<u>69,530</u>	<u>207,628</u>	<u>(330)</u>	<u>(278,483)</u>	<u>923,881</u>	<u>(18)</u>	<u>923,863</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 31 December 2014
(The figures have not been audited.)

	Current period-to-date ended 31/12/2014 RM'000	Corresponding period-to-date ended 31/12/2013 RM'000
Loss before tax	(31,799)	(25,098)
Adjustment for non-cash items:-		
Depreciation of property, plant and equipment	13,282	11,394
Gratitude sum payable to a Director	2,132	-
Interest expenses	131	1,909
Impairment loss on receivables	94	-
Write-off of available-for-sale financial assets	70	-
Write-off of property development expenditure	221	4,740
Interest income	(691)	(312)
Gain on disposal of property, plant and equipment	(49)	-
Unrealised loss on foreign exchange	1,027	1,070
Others	309	-
Operating loss before working capital changes	<u>(15,273)</u>	<u>(6,297)</u>
Changes in working capital :-		
Net change in current assets	11,920	41,228
Net change in current liabilities	(19,778)	(18,875)
Net change in development expenditure	(1,132)	(6,779)
Cash (used in) / generated from operations	<u>(24,263)</u>	<u>9,277</u>
Income tax paid	(5,383)	(12,914)
Interest paid	(131)	(24)
Interest received	691	312
Net cash used in operating activities	<u>(29,086)</u>	<u>(3,349)</u>
Investing activities		
Purchase of property, plant & equipment	(306)	(2,673)
Proceed from disposal of property, plant & equipment	49	-
Net cash used in investing activities	<u>(257)</u>	<u>(2,673)</u>
Financing activities		
Proceeds from Rights Issue	-	50,751
Advances from a director	28,778	1,053
Repayment of bank borrowings	(804)	(718)
Net cash generated from financing activities	<u>27,974</u>	<u>51,086</u>
Net change in cash & cash equivalents	(1,369)	45,064
Cash & cash equivalents at beginning of the period	39,970	15,266
Foreign currency translation differences	1,211	181
Cash & cash equivalents at end of the period	<u><u>39,812</u></u>	<u><u>60,511</u></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 the Construction of Real Estate, including its parent, significant investor and venturer (herein called “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing Financial Reporting Standards (“FRS Framework”). The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

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 2017. As such, the Group will prepare its first financial statements using the MFRS Framework for the financial year ending 31 March 2018. 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 to FRS 119	Defined Benefits Plans: Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010 – 2012 Cycle		1 July 2014
Annual Improvements to FRSs 2011 – 2013 Cycle		1 July 2014
FRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012–2014 Cycle		1 January 2016
Amendments to FRS 101	Disclosure Initiative	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

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

Save as disclosed in note B11, 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 current quarter and nine months ended 31 December 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 current quarter and nine months ended 31 December 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 current quarter and nine months ended 31 December 2014.

A7. Dividend Paid

No dividend has been paid for the current quarter and nine months ended 31 December 2014.

A8. Segmental Information

	3 months ended			
	31/12/2014	31/12/2014	31/12/2013	31/12/2013
	Revenue	Operating Profit / (Loss)	Revenue	Operating Profit / (Loss)
	RM'000	RM'000	RM'000	RM'000
Property development and construction	3,328	(1,736)	28,080	(13,195)
Leisure and tourism	10,369	(5,759)	20,196	693
Management services, venture capital and investment holdings	29	(2,823)	29	(1,766)
	<u>13,726</u>	<u>(10,318)</u>	<u>48,305</u>	<u>(14,268)</u>

	9 months ended			
	31/12/2014	31/12/2014	31/12/2013	31/12/2013
	Revenue	Operating Profit / (Loss)	Revenue	Operating Profit / (Loss)
	RM'000	RM'000	RM'000	RM'000
Property development and construction	8,413	(6,907)	83,648	(20,479)
Leisure and tourism	27,625	(16,680)	52,307	115
Management services, venture capital and investment holdings	89	(8,212)	63	(4,734)
	<u>36,127</u>	<u>(31,799)</u>	<u>136,018</u>	<u>(25,098)</u>

A9. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment brought forward from the last audited financial statements for the financial year ended 31 March 2014.

A10. Material Subsequent Events

There were no material subsequent events occurred between 1 January 2015 and 3 February 2015 (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.

A11. Changes in the Composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the nine months ended 31 December 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.;
 - 2) Nexus Hotels and Resorts Limited.; and
 - 3) Norasia Investments Limited

- b) 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.

A12. 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 RM18.98 million as at 31 December 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 registered revenue of RM13.73 million for the three months ended 31 December 2014, as compared to RM48.31 million recorded in the same period last year. The decrease was attributed mainly to the absence of land sales in the current quarter under review and lower revenue generated by the leisure and tourism segment. The Group, however, narrowed its loss before tax for the three months ended 31 December 2014 to RM10.32 million from RM14.29 million loss a year ago. The improvement was attributed mainly to the gradual reduction in leaseback rental expense in line with the expiry of the sales and leaseback arrangement. The last year's result was also affected by the one-off non-recurring write-off of property development expenditure amounted to RM4.74 million. The negative travel sentiment brought by the tragic disappearance of flight MH370 and the kidnapping tourist incidents in Sabah continued to affect the performance of the Group's leisure and tourism segment.

For the nine months ended 31 December 2014, the Group registered revenue of RM36.13 million, as compared to RM136.02 million recorded in the preceding year corresponding period. The property development and construction segment recorded a drop of RM75.24 million in revenue attributed largely to the absence of land sales while the leisure and tourism segment showed a drop of RM24.68 million in revenue caused mainly by the drop in its resort occupancy. Loss before taxation for the nine months ended 31 December 2014 was at RM31.80 million as against RM25.10 million loss a year ago, on lower than expected room revenue. The Group's leisure and tourism segment saw significant drop in tourist arrivals from China and Taiwan following the negative travel sentiment mentioned above.

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 RM10.32 million, as compared to RM9.96 million loss reported in the preceding quarter, a slight increase in loss of 3.6% attributed to the lower than expected performance in the property development and construction segment.

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 and the nine months ended 31 December 2014 are as follows:

	3 months ended		9 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Current taxation charge:				
- Malaysian income tax	(281)	(3,224)	(856)	(9,117)
- (Under) / Overprovision in prior years	(44)	-	4,184	-
Income tax (expense)/credit	(325)	(3,224)	3,328	(9,117)

The effective tax rate of the Group for the current quarter and nine months ended 31 December 2014 were higher than the statutory tax rate mainly due to the taxable profits in certain subsidiaries cannot be set-off against the tax losses incurred by the Company and other subsidiaries. However, the effect for the nine months ended 31 December 2014 was mitigated by the overprovision of taxation in prior years.

B6. Status of Corporate Proposals Announced But Not Completed as at 3 February 2015 (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 31 December 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	50,751	50,751	-	-	

B8. Bank Borrowings

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

	31/12/2014 RM'000	31/3/2014 RM'000
<u>Short Term</u>		
Secured:		
Hire Purchase Creditors	832	647
	<u>832</u>	<u>647</u>
<u>Long Term</u>		
Secured:		
Syndicated Term Loan	16,925	15,864
Hire Purchase Creditors	1,221	1,041
	<u>18,146</u>	<u>16,905</u>
Total	<u>18,978</u>	<u>17,552</u>

The Syndicated Term Loan is a US Dollar loan with an outstanding sum of USD4,838,631.

B9. Material Litigation

As at 3 February 2015 (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 financial year ended 31 March 2014.

B10. Dividend

No dividend has been proposed or declared for the current quarter and nine months ended 31 December 2014.

B11. Loss for the period

	3 months ended		9 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	RM'000	RM'000	RM'000	RM'000
Loss before taxation is arrived at after charging / (crediting):-				
Depreciation of property, plant and equipment	4,551	3,847	13,282	11,394
Gratitute sum payable to a Director	-	-	2,132	-
Interest expenses	23	744	131	1,909
Impairment loss on receivables	94	-	94	-
Unrealised loss on foreign exchange	1,056	1,039	1,027	1,070
Write-off of property development expenditure	45	4,740	221	4,740
Write-off of available-for-sale financial assets	-	-	70	-
Gain on disposal of property, plant and equipment	(49)	-	(49)	-
Interest income	(276)	(249)	(691)	(312)

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:

	31/12/2014 RM'000	31/03/2014 RM'000
Total accumulated losses of the Group:-		
- Realised	(140,689)	(110,808)
- Unrealised	<u>(64,846)</u>	<u>(65,012)</u>
	(205,535)	(175,820)
Less : Consolidation adjustments	<u>(124,334)</u>	<u>(124,334)</u>
	<u>(329,869)</u>	<u>(300,154)</u>

B13. Outstanding Derivatives

There are no outstanding derivatives (including instruments designated as hedging instruments) as at 31 December 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 31 December 2014.

B15. Loss per share ("LPS")

	3 months ended		9 months ended	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
Loss after taxation attributable to owners of parent (RM'000)	(10,643)	(17,493)	(28,471)	(34,215)
Weighted average number of ordinary shares in issue	5,776,587,690	4,962,125,079	5,776,587,690	3,010,968,832
Loss per share (sen)	(0.18)	(0.35)	(0.49)	(1.14)

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
10 February 2015