



KARAMBUNAI CORP BHD (6461-P)

**Condensed Statement of Comprehensive Income
For Financial Period Ended 31 December 2015**
(The figures have not been audited.)

	Current quarter ended <u>31/12/2015</u> RM'000	Preceding year corresponding quarter ended <u>31/12/2014</u> RM'000	Current year-to-date ended <u>31/12/2015</u> RM'000	Preceding year-to-date ended <u>31/12/2014</u> RM'000
Revenue	12,107	13,726	39,749	36,127
Cost of sales	(8,841)	(13,036)	(28,028)	(32,695)
Gross profit	3,266	690	11,721	3,432
Other income	134	1,018	1,696	3,428
Operating expenses	(10,793)	(12,003)	(31,716)	(38,528)
Loss from operations	(7,393)	(10,295)	(18,299)	(31,668)
Finance costs	(31)	(23)	(93)	(131)
Loss before tax	(7,424)	(10,318)	(18,392)	(31,799)
Income tax (expense) / credit	(82)	(325)	(613)	3,328
Loss for the period	(7,506)	(10,643)	(19,005)	(28,471)
Other comprehensive income				
- Foreign currency translation differences	(13)	(1,211)	28	(1,211)
- Acquisition of non-controlling interest	-	-	-	(33)
Total comprehensive income for the period	(7,519)	(11,854)	(18,977)	(29,715)
Loss for the period attributable to :-				
Owners of the parent	(7,506)	(10,643)	(19,005)	(28,471)
Non-controlling interest	-	-	-	-
	(7,506)	(10,643)	(19,005)	(28,471)
Total comprehensive income attributable to :-				
Owners of the parent	(7,519)	(11,854)	(18,977)	(29,715)
Non-controlling interest	-	-	-	-
	(7,519)	(11,854)	(18,977)	(29,715)
Loss per share (sen)				
Basic	(0.13)	(0.18)	(0.33)	(0.49)
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 2015 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 2015

	(Unaudited) As at 31/12/2015 <u>RM'000</u>	(Audited) As at 31/3/2015 <u>RM'000</u>
ASSETS		
Non-Current Assets		
Property, plant and equipment	971,742	982,885
Land held for property development	435,462	435,805
Available-for-sale financial assets	60	60
Deferred tax assets	-	9
Goodwill on consolidation	14,937	14,937
	<u>1,422,201</u>	<u>1,433,696</u>
Current Assets		
Property development costs	5,346	10,764
Inventories	5,953	6,126
Receivables, deposits and prepayments	8,497	10,396
Cash and bank balances	19,118	18,732
	<u>38,914</u>	<u>46,018</u>
TOTAL ASSETS	<u><u>1,461,115</u></u>	<u><u>1,479,714</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	577,659	577,659
Reserves	261,740	280,717
	<u>839,399</u>	<u>858,376</u>
Non-controlling interest	-	-
TOTAL EQUITY	<u>839,399</u>	<u>858,376</u>
Non-Current Liabilities		
Finance lease liabilities	815	815
Bank borrowings	20,767	17,947
Deferred tax liabilities	239,725	239,725
	<u>261,307</u>	<u>258,487</u>
Current Liabilities		
Payables and accruals	312,734	309,498
Finance lease liabilities	422	1,033
Taxation	47,253	52,320
	<u>360,409</u>	<u>362,851</u>
TOTAL LIABILITIES	<u>621,716</u>	<u>621,338</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,461,115</u></u>	<u><u>1,479,714</u></u>
NET ASSETS PER SHARE (SEN)	<u>14.53</u>	<u>14.86</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 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 2015
 (The figures have not been audited.)

	← Attributable to owners of the parent →						Accumulated Losses	Total	Non-controlling Interest	Total Equity
	← Non-distributable →									
	Share Capital	Share Premium	Capital Reserves	Warrant Reserves	Asset Revaluation Reserves	Foreign Currency Translation Reserves				
As at 01/04/2015	577,659	77,959	269,918	69,529	207,629	(2,873)	(341,445)	858,376	-	858,376
Loss for the period	-	-	-	-	-	-	(19,005)	(19,005)	-	(19,005)
Foreign currency translation differences	-	-	-	-	-	28	-	28	-	28
As at 31/12/2015	577,659	77,959	269,918	69,529	207,629	(2,845)	(360,450)	839,399	-	839,399
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	-	-	-	-	-	-	(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	577,659	77,959	269,918	69,529	207,629	(1,661)	(329,869)	871,164	-	871,164

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 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 2015
(The figures have not been audited.)

	Current period-to-date ended 31/12/2015 RM'000	Corresponding period-to-date ended 31/12/2014 RM'000
Loss before tax	(18,392)	(31,799)
Adjustment for non-cash items:-		
Depreciation of property, plant and equipment	11,479	13,282
Gain on disposal of property, plant and equipment	(48)	(49)
Gratitude sum payable to a Director	-	2,132
Impairment loss on receivables	50	94
Interest expenses	93	131
Interest income	(242)	(691)
Reversal of impairment loss on receivables	(94)	-
Unrealised loss on foreign exchange	3,054	1,027
Write-off of bad debts	354	-
Write-off of development expenditure	825	221
Write-off of available-for-sale financial assets	-	70
Operating loss before working capital changes	<u>(2,921)</u>	<u>(15,582)</u>
Changes in working capital :-		
Net change in current assets	1,762	11,920
Net change in current liabilities	(3,608)	(19,778)
Net change in development expenditure	4,937	(823)
Cash generated from / (used in) operations	<u>170</u>	<u>(24,263)</u>
Income tax paid	(5,696)	(5,383)
Interest paid	(93)	(131)
Interest received	242	691
Net cash used in operating activities	<u>(5,377)</u>	<u>(29,086)</u>
Investing activities		
Purchase of property, plant & equipment	(359)	(306)
Proceeds from disposal of property, plant and equipment	69	49
Net cash used in investing activities	<u>(290)</u>	<u>(257)</u>
Financing activities		
Advances from a Director	6,729	28,778
Repayment of finance lease liabilities	(704)	(804)
Net cash generated from financing activities	<u>6,025</u>	<u>27,974</u>
Net change in cash & cash equivalents	358	(1,369)
Cash & cash equivalents at beginning of the period	18,732	39,970
Foreign currency translation differences	28	1,211
Cash & cash equivalents at end of the period	<u>19,118</u>	<u>39,812</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 March 2015 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 should be read in conjunction with the Group's audited financial statements for the financial year ended 31 March 2015. 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 2015.

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").

Adoption of new and amended standards

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to FRS 119 Defined Benefits Plans: Employee Contributions
Annual Improvements to FRSs 2010 – 2012 Cycle
Annual Improvements to FRSs 2011 – 2013 Cycle

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

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
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 101	Disclosure Initiative	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
Annual Improvements to FRSs 2012 – 2014 Cycle		1 January 2016

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

		Effective for financial periods beginning on or after
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 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The adoption of the above applicable standards and amendments to published standards are not expected to have a material impact on the financial statements of the Group except for FRS 9 as explained in the Group's 2015 audited annual financial statements.

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

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 2018.

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 2019. 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 2015 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 B10, 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 2015.

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 2015.

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 2015.

A7. Dividend Paid

No dividend has been paid for the current quarter and nine months ended 31 December 2015.

A8. Segmental Information

	3 months ended			
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	Revenue	Operating	Revenue	Operating
	RM'000	(Loss)/Profit	RM'000	(Loss)/Profit
		RM'000		RM'000
Property development and construction	3,633	(6,148)	3,328	(1,736)
Leisure and tourism	8,451	(1,338)	10,369	(5,759)
Management services, venture capital and investment holdings	23	62	29	(2,823)
	<u>12,107</u>	<u>(7,424)</u>	<u>13,726</u>	<u>(10,318)</u>

	9 months ended			
	31/12/2015	31/12/2015	31/12/2014	31/12/2014
	Revenue	Operating	Revenue	Operating
	RM'000	Profit / (Loss)	RM'000	Profit / (Loss)
		RM'000		RM'000
Property development and construction	14,602	(9,193)	8,413	(6,907)
Leisure and tourism	25,079	(5,154)	27,625	(16,680)
Management services, venture capital and investment holdings	68	(4,045)	89	(8,212)
	<u>39,749</u>	<u>(18,392)</u>	<u>36,127</u>	<u>(31,799)</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 2015.

A10. Material Subsequent Events

There were no material subsequent events occurred between 1 January 2016 and 19 February 2016 (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 2015:

- a) Ikhlas Perdana Sdn Bhd, a wholly-owned dormant subsidiary of the Company, has been struck off from the Registry of Companies Commission of Malaysia on 28 January 2016.

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 2015:

- a) Corporate guarantee given by the Company to financial institutions, contractors and suppliers for banking facilities and credit granted to subsidiaries amounted to RM22.00 million as at 31 December 2015 (31 March 2015: RM19.80 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 RM12.11 million revenue for the three months ended 31 December 2015, as compared to RM13.73 million recorded in the same period last year. The marginal decrease was attributed mainly to the lower revenue recorded in the leisure and tourism segment offset by a slight increase in the property development and construction segment. The loss before tax of the Group for the three months ended 31 December 2015 narrowed to RM7.42 million from RM10.32 million loss a year ago, attributed to the continuous improvement in the leisure and tourism segment and the foreign currency translation gain of a US Dollar denominated bank loan, offset by a higher loss in the property development and construction segment as a result of higher cost incurred during the quarter.

The Group's revenue for the nine months ended 31 December 2015 stands at RM39.75 million, as compared to RM36.13 million revenue recorded in the preceding year corresponding period. The increase came mainly from the property development and construction segment which recorded an increase of RM6.19 million in revenue, attributed to the higher recognition of attributable revenue from the Bandar Sierra project and the disposal of land in Bandar Sierra. Loss before taxation for the nine months ended 31 December 2015 narrowed to RM18.39 million from RM31.80 million loss a year ago, attributed mainly to better performance in the leisure and tourism segment as a result of better management of operating cost, and the foreign currency translation gain of a US Dollar denominated bank loan, offset by the lower than expected performance in the property development and construction segment as a result of higher cost.

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 RM7.42 million, as compared to RM6.58 million loss reported in the preceding quarter, an increase of RM0.84 million loss attributed mainly to the higher loss in the property development and construction segment offset by the foreign currency translation gain of a US Dollar denominated bank loan.

B3. 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. The business outlook for the leisure and tourism remains challenging as the travel sentiment remains negative following the three unfortunate airline tragedies in year 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 2015 are as follows:

	3 months ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	RM'000	RM'000	RM'000	RM'000
Current taxation	(82)	(281)	(711)	(856)
Deferred taxation	-	-	(9)	-
	(82)	(281)	(720)	(856)
(Under)/Overprovision in prior years	-	(44)	107	4,184
	(82)	(325)	(613)	3,328

The effective tax rate of the Group for the current quarter and nine months ended 31 December 2015 was 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.

B6. Status of Corporate Proposals Announced But Not Completed as at 19 February 2016 (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. Bank Borrowings

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

	31/12/2015 RM'000	31/3/2015 RM'000
<u>Long Term</u>		
Secured:		
Syndicated Term Loan	<u>20,767</u>	<u>17,947</u>

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

B8. Material Litigation

As at 19 February 2016 (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 2015.

B9. Dividend

No dividend has been proposed or declared for the current quarter and nine months ended 31 December 2015.

B10. Loss for the year

	3 months ended		9 months ended	
	31/12/2015 RM'000	31/12/2014 RM'000	31/12/2015 RM'000	31/12/2014 RM'000
Loss before taxation is arrived at after charging / (crediting):-				
Depreciation of property, plant and equipment	3,672	4,551	11,479	13,282
Gain on disposal of property, plant and equipment	(30)	(49)	(48)	(49)
Impairment loss on receivables	50	94	50	94
Interest expenses	31	23	93	131
Interest income	(32)	(276)	(242)	(691)
Reversal of impairment loss on receivables	-	-	(94)	-
Unrealised (gain) / loss on foreign exchange	(835)	1,056	3,054	1,027
Write-off of bad debts	60	-	354	-
Write-off of development expenditure	825	45	825	221
Write-off of available-for-sale financial assets	-	-	-	70

B11. Realised and Unrealised Losses

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

	31/12/2015 RM'000	31/03/2015 RM'000
Total accumulated losses of the Group:-		
- Realised	(170,642)	(152,265)
- Unrealised	(65,474)	(64,846)
	<u>(236,116)</u>	<u>(217,111)</u>
Less : Consolidation adjustments	(124,334)	(124,334)
	<u>(360,450)</u>	<u>(341,445)</u>

B12. Outstanding Derivatives

There are no outstanding derivatives (including instruments designated as hedging instruments) as at 31 December 2015.

B13. 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 2015.

B14. Loss per share

	3 months ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
<u>Basic loss per share</u>				
Loss after taxation attributable to owners of parent (RM'000)	(7,506)	(10,643)	(19,005)	(28,471)
Weighted average number of ordinary shares in issue	5,776,587,696	5,776,587,696	5,776,587,696	5,776,587,696
Basic loss per share (sen)	(0.13)	(0.18)	(0.33)	(0.49)

Diluted earnings per share

The Group has no dilution in its earnings per share as there is no dilutive potential on ordinary shares.

By order of the Board

Yew Nyuk Kwei (MACS 01247)
Company Secretary

Kota Kinabalu
25 February 2016