



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

**Condensed Statement of Profit or Loss and Other Comprehensive Income  
For Financial Period Ended 30 June 2016**

(The figures have not been audited.)

	Current quarter ended <u>30/6/2016</u> RM'000	Preceding year corresponding quarter ended <u>30/6/2015</u> RM'000	Current year-to-date ended <u>30/6/2016</u> RM'000	Preceding year-to-date ended <u>30/6/2015</u> RM'000
Revenue	14,006	12,925	14,006	12,925
Cost of sales	(9,381)	(10,398)	(9,381)	(10,398)
Gross profit	4,625	2,527	4,625	2,527
Other income	614	977	614	977
Operating expenses	(10,231)	(7,859)	(10,231)	(7,859)
Loss from operations	(4,992)	(4,355)	(4,992)	(4,355)
Finance costs	(23)	(31)	(23)	(31)
Loss before tax	(5,015)	(4,386)	(5,015)	(4,386)
Income tax credit / (expense)	123	(224)	123	(224)
Loss for the period	(4,892)	(4,610)	(4,892)	(4,610)
Other comprehensive income				
- Foreign currency translation differences	2	6	2	6
Total comprehensive income for the period	(4,890)	(4,604)	(4,890)	(4,604)
Loss for the period attributable to :-				
Owners of the parent	(4,892)	(4,610)	(4,892)	(4,610)
Non-controlling interest	-	-	-	-
	(4,892)	(4,610)	(4,892)	(4,610)
Total comprehensive income attributable to :-				
Owners of the parent	(4,890)	(4,604)	(4,890)	(4,604)
Non-controlling interest	-	-	-	-
	(4,890)	(4,604)	(4,890)	(4,604)
Loss per share (sen)				
Basic	(0.08)	(0.08)	(0.08)	(0.08)
Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016 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 2016**

	(Unaudited) As at 30/6/2016 RM'000	(Audited) As at 31/3/2016 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	945,405	949,023
Land held for property development	435,237	435,237
Available-for-sale financial assets	60	60
Goodwill on consolidation	14,937	14,937
	<u>1,395,639</u>	<u>1,399,257</u>
<b>Current Assets</b>		
Property development costs	2,158	4,816
Inventories	6,351	6,062
Receivables, deposits and prepayments	5,346	15,273
Cash and bank balances	30,297	18,734
	<u>44,152</u>	<u>44,885</u>
<b>TOTAL ASSETS</b>	<u><u>1,439,791</u></u>	<u><u>1,444,142</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	577,659	577,659
Reserves	243,857	248,747
<b>TOTAL EQUITY</b>	<u>821,516</u>	<u>826,406</u>
<b>Non-Current Liabilities</b>		
Finance lease liabilities	300	300
Bank borrowings	17,840	17,394
Deferred tax liabilities	227,946	227,946
	<u>246,086</u>	<u>245,640</u>
<b>Current Liabilities</b>		
Payables and accruals	323,599	322,724
Finance lease liabilities	341	661
Bank borrowings	1,623	1,583
Taxation	46,626	47,128
	<u>372,189</u>	<u>372,096</u>
<b>TOTAL LIABILITIES</b>	<u>618,275</u>	<u>617,736</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,439,791</u></u>	<u><u>1,444,142</u></u>
<b>NET ASSETS PER SHARE (SEN)</b>	<u>14.22</u>	<u>14.31</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016 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 2016  
 (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 01/04/2016	577,659	77,959	269,918	69,529	199,023	(2,861)	(364,821)	826,406	-	826,406
Loss for the period	-	-	-	-	-	-	(4,892)	(4,892)	-	(4,892)
Foreign currency translation differences	-	-	-	-	-	2	-	2	-	2
As at 30/6/2016	577,659	77,959	269,918	69,529	199,023	(2,859)	(369,713)	821,516	-	821,516
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	-	-	-	-	-	-	(4,610)	(4,610)	-	(4,610)
Foreign currency translation differences	-	-	-	-	-	6	-	6	-	6
As at 30/6/2015	577,659	77,959	269,918	69,529	207,629	(2,867)	(346,055)	853,772	-	853,772

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016 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 2016**  
(The figures have not been audited.)

	Current year-to-date ended 30/6/2016 RM'000	Corresponding year-to-date ended 30/6/2015 RM'000
Loss before tax	(5,015)	(4,386)
Adjustment for non-cash items:-		
Depreciation of property, plant and equipment	3,690	3,510
Gain on disposal of property, plant and equipment	(7)	-
Finance lease interest	23	31
Interest income	(28)	(193)
Reversal of impairment loss on receivables	-	(94)
Unrealised loss on foreign exchange	522	400
Write-off of:		
- bad debts	-	78
- inventories	1	-
- property, plant and equipment	29	-
Others	-	411
Operating loss before working capital changes	(785)	(243)
Changes in working capital :-		
Net change in current assets	9,638	888
Net change in current liabilities	(10,168)	(3,133)
Net change in development expenditure	2,657	2,267
Cash generated from / (used in) operations	1,342	(221)
Income tax paid	(383)	(3,053)
Interest paid	(23)	(31)
Interest received	28	193
<b>Net cash generated from/(used in) operating activities</b>	<b>964</b>	<b>(3,112)</b>
Investing activities		
Purchase of property, plant & equipment	(101)	(6)
Proceeds from disposal of property, plant and equipment	7	7
<b>Net cash (used in)/generated from investing activities</b>	<b>(94)</b>	<b>1</b>
Financing activities		
Advances from a Director, net	11,035	-
Repayment of finance lease liabilities	(344)	(204)
<b>Net cash generated from/(used in) financing activities</b>	<b>10,691</b>	<b>(204)</b>
Net change in cash & cash equivalents	11,561	(3,315)
Cash & cash equivalents at beginning of the period	18,734	18,732
Foreign currency translation differences	2	6
Cash & cash equivalents at end of the period	<u>30,297</u>	<u>15,423</u>

(The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Annual Financial Report for the year ended 31 March 2016 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 2016. 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 2016.

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:

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
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016

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

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

### 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.

		<b>Effective for financial periods beginning on or after</b>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
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 2016 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 2018. 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 2016 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 three months ended 30 June 2016.

**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 2016.

**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 2016.

**A7. Dividend Paid**

No dividend has been paid for the three months ended 30 June 2016.

**A8. Segmental Information**

	3 months ended			
	30/6/2016	30/6/2016	30/6/2015	30/6/2015
	Revenue	Operating	Revenue	Operating
	RM'000	(Loss)/Profit	RM'000	(Loss)/Profit
		RM'000		RM'000
Property development and construction	4,168	(2,156)	6,142	(1,491)
Leisure and tourism	9,815	(1,120)	6,761	(2,968)
Management services	23	(1,739)	22	73
	14,006	(5,015)	12,925	(4,386)

**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 2016.

**A10. Material Subsequent Events**

There were no material subsequent events occurred between 1 July 2016 and 19 August 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**

There were no material changes in the composition of the Group for the three months ended 30 June 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 2016:

	30/6/2016	31/3/2016
	RM'000	RM'000
Unsecured:		
Corporate guarantee given to licensed banks to secure banking facilities granted to subsidiary companies	19,463	18,977



## **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 RM14.01 million in revenue for the three months ended 30 June 2016, from RM12.93 million revenue recorded in the same period last year. The increase was attributed mainly to higher revenue generated by Nexus Resort & Spa Karambunai in the leisure and tourism segment, offset by a lower revenue recognition in the Bandar Sierra project in the property development and construction segment. Loss before taxation for the three months ended 30 June 2016 increased to RM5.02 million from RM4.38 million loss a year ago, attributed largely to lower contribution from Bandar Sierra project and higher cost in the management service segment. The leisure and tourism segment reported an encouraging result, reducing its loss from RM2.97 million a year ago to RM1.12 million in the current three months ended 30 June 2016.

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

The Group's current quarter loss before tax was lower at RM5.02 million from RM5.84 million loss reported in the preceding quarter, a 14.2% improvement due largely to better performance in the property development and construction, and leisure and tourism segments, offset by a higher loss in the management services segment. The management service segment reported a higher loss at RM1.74 million due mainly to the foreign currency translation loss from a USD bank borrowing.

### **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 ended 30 June 2016 are as follows:

	3 months ended	
	30/6/2016	30/6/2015
	RM'000	RM'000
Current taxation	(113)	(322)
Deferred taxation	-	(9)
	<hr/>	<hr/>
Overprovision in prior years	(113)	(331)
	236	107
	<hr/>	<hr/>
	123	(224)

The effective tax rate of the Group for the three months ended 30 June 2016 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. However, the effect was mitigated by the overprovision of taxation in prior years.

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

	30/6/2016	31/3/2016
	RM'000	RM'000
<b><u>Non-current</u></b>		
<b>Secured:</b>		
Syndicated Term Loan	<hr/> 17,840	<hr/> 17,394
<b><u>Current</u></b>		
<b>Secured:</b>		
Syndicated Term Loan	<hr/> 1,623	<hr/> 1,583

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

## B8. Material Litigation

As at 19 August 2016 (being the latest practicable date which is not more than 7 days from the date of this Quarterly Report), save as disclosed below, there are no significant developments and changes in material litigations:

- i) As disclosed in the last audited financial statements for the financial year ended 31 March 2016, a group of 122 purchasers and owners of units ("Claimants") of a development known as Precinct Dillenia has on 10 December 2012 initiated an arbitration claim against Clear Sky Development Sdn Bhd (the "Respondent"), an indirect wholly-owned subsidiary of the Company, for an alleged outstanding lease rental of RM18,550,801 and overdue interest of RM8,571,605 pursuant to the hotel sub-lease agreements entered into between the respective Claimants and the Respondent. The arbitration hearings were held on 9 March 2015, 10 March 2015 and 25 May 2015. During the proceedings, the Respondent raised the preliminary issue of the remaining Claimants' locus standi in initiating this action, as the Claimants (8 out of the remaining 10 units) have assigned their rights absolutely to the banks or financial institutions. On 5 April 2016, the Learned Arbitrator dismissed the Respondent's preliminary issue on locus standi. The Respondents thereafter made reference of this Ruling to the High Court at Kuala Lumpur and the present arbitration proceedings is being stayed pending the decision of the Respondent's reference of the Arbitrator's Ruling at the Kuala Lumpur High Court which is fixed for Case Management on 8 Nov 2016. As at 30 June 2016, there were 10 units owners left in the arbitration proceedings with a total outstanding lease rental claim and overdue interest of approximately RM4,957,000.

## B9. Dividend

No dividend has been proposed or declared for the current quarter ended 30 June 2016.

## B10. Loss for the period

	3 months ended	
	30/6/2016	30/6/2015
	RM'000	RM'000
Loss before taxation is arrived at after charging / (crediting):-		
Depreciation of property, plant and equipment	3,690	3,510
Gain on disposal of property, plant and equipment	(7)	-
Finance lease interest	23	31
Interest income	(28)	(193)
Reversal of impairment loss on receivables	-	(94)
Unrealised loss on foreign exchange	522	400
Write-off of:		
- bad debts	-	78
- inventories	1	-
- property, plant and equipment	29	-

### 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:

	30/6/2016 RM'000	31/03/2016 RM'000
Total accumulated losses of the Group:-		
- Realised	(182,505)	(176,768)
- Unrealised	(64,389)	(65,234)
	<u>(246,894)</u>	<u>(242,002)</u>
Less : Consolidation adjustments	(122,819)	(122,819)
	<u>(369,713)</u>	<u>(364,821)</u>

### B12. Outstanding Derivatives

There are no outstanding derivatives (including instruments designated as hedging instruments) as at 30 June 2016.

### 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 30 June 2016.

### B14. Loss per share

	3 months ended	
	30/6/2016	30/6/2015
<u>Basic loss per share</u>		
Loss after taxation attributable to owners of parent (RM'000)	(4,892)	(4,610)
Weighted average number of ordinary shares in issue	5,776,587,696	5,776,587,696
Basic loss per share (sen)	(0.08)	(0.08)

#### Diluted loss per share

The Group has no dilution in its loss 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 August 2016