

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Balance Sheets

As at 30 September 2007

(The figures have not been audited.)

	As at 30/09/2007 RM'000	(Audited) As at 31/03/2007 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	303,105	306,795
Land held for property development	755,718	755,454
Interest In Associated Companies	2,464	2,379
Other Investments	522	522
Capital Work-In-Progress	49,774	49,774
Long Term Prepaid Leases	407,137	407,907
Goodwill on Consolidation	18,450	18,450
	<u>1,537,170</u>	<u>1,541,281</u>
Current Assets		
Property development costs	50,546	50,803
Inventories	4,452	5,416
Receivables, Deposits and Prepayments	243,152	251,500
Cash, Bank Balances and Deposits	16,701	10,542
	<u>314,851</u>	<u>318,261</u>
Total Assets	<u><u>1,852,021</u></u>	<u><u>1,859,542</u></u>
Equity and Liabilities		
Equity		
Share Capital	1,015,030	1,015,030
Reserves	(154,173)	(141,818)
Total Equity	<u>860,857</u>	<u>873,212</u>
Liabilities		
Non-Current Liabilities		
Long Term Liabilities		
Borrowings	414,953	418,968
Other deferred liabilities	125,864	125,864
	<u>540,817</u>	<u>544,832</u>
Current Liabilities		
Payables, Deposits and Accruals	201,880	195,176
Short Term Borrowings	89,053	86,254
Taxation	159,414	160,068
	<u>450,347</u>	<u>441,498</u>
Total Liabilities	<u>991,164</u>	<u>986,330</u>
Total Equity and Liabilities	<u><u>1,852,021</u></u>	<u><u>1,859,542</u></u>
Net Assets Per Share (sen)	<u>42</u>	<u>43</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Income Statements
For Second Quarter Ended 30 September 2007
(The figures have not been audited.)

	Current quarter ended <u>30/09/2007</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2006</u> RM'000	Current year-to-date ended <u>30/09/2007</u> RM'000	Preceding year-to-date ended <u>30/09/2006</u> RM'000
Revenue	41,414	33,245	71,595	62,670
Operating expenses	(37,752)	(29,621)	(68,745)	(60,300)
Other operating income	641	359	808	878
Profit from operations	4,303	3,983	3,658	3,248
Finance costs	(8,205)	(6,498)	(16,473)	(12,842)
Share of associated companies results	213	(239)	85	(137)
Loss before taxation	(3,689)	(2,754)	(12,730)	(9,731)
Taxation	-	(43)	-	(239)
Loss after taxation	(3,689)	(2,797)	(12,730)	(9,970)
Attributable to :-				
Equity holders of the parent	(3,689)	(2,797)	(12,730)	(9,970)
Minority interest	-	-	-	-
Loss after taxation	(3,689)	(2,797)	(12,730)	(9,970)
Loss per share (sen)				
Basic	(0.18)	(0.14)	(0.63)	(0.49)
Fully diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Statement of Changes in Equity
For Second Quarter Ended 30 September 2007

(The figures have not been audited.)

	Share Capital	Share Premium	Other Reserves	Accumulated Losses	Total	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 01/04/2006	1,015,030	111,536	4,660	(312,765)	818,461	-	818,461
Adjustment made for effect of adopting FRS 3							
Negative Goodwill transfer to Accumulated Losses	-	-	(3,630)	3,731	101	-	101
Movement during the year	-	-	1	54,649	54,650	-	54,650
Balance as at 31/03/2007	1,015,030	111,536	1,031	(254,385)	873,212	-	873,212
Balance as at 01/04/2007	1,015,030	111,536	1,031	(254,385)	873,212	-	873,212
Movement during the period	-	-	375	(12,730)	(12,355)	-	(12,355)
Balance as at 30/09/2007	1,015,030	111,536	1,406	(267,115)	860,857	-	860,857

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Cash Flow Statements
For Second Quarter Ended 30 September 2007
(The figures have not been audited.)

	Current year-to-date ended 30/09/2007 RM'000	Corresponding year-to-date ended 30/09/2006 RM'000
Loss before taxation	(12,730)	(9,731)
Adjustments for :-		
Non-cash items	23,689	19,753
Operating Profit before working capital changes	<u>10,959</u>	<u>10,022</u>
Changes in working capital :-		
Net change in current assets	10,440	5,949
Net change in current liabilities	6,056	(1,033)
Net change in development expenditure	(727)	(1,624)
Cash flows generated from operations	<u>26,728</u>	<u>13,314</u>
Income tax paid	-	-
Interest paid	(12,388)	(1,852)
Interest received	77	91
Net cash flows generated from operating activities	<u>14,417</u>	<u>11,553</u>
Investing activities		
Acquisition of subsidiary company	-	-
Purchase of property, plant & equipment	(2,088)	(5,870)
Proceed from disposal of property, plant & equipment	-	3
Proceed from disposal investment in an associated company	-	-
Net cash flows used in investing activities	<u>(2,088)</u>	<u>(5,867)</u>
Financing activities		
Drawdown of borrowings	-	-
Repayment of borrowings	(6,470)	(2,452)
Net cash flows used in financing activities	<u>(6,470)</u>	<u>(2,452)</u>
Net change in cash & cash equivalents	5,859	3,234
Cash & cash equivalents at beginning of the period	10,467	(17,493)
Translation exchange difference	375	462
Cash & cash equivalents at end of the period	<u>16,701</u>	<u>(13,797)</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2007 and the accompanying explanatory notes attached to the interim financial statements.)

Notes In Compliance with FRS 134 2004

A1. Accounting Policies

The quarterly financial statements have been prepared in accordance with FRS 134²⁰⁰⁴ - Interim Financial Reporting and Paragraph 9.22 of the Bursa Malaysia Listing Requirements.

The same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the annual financial statements for the year ended 31 March 2007.

A2. Audit report of previous annual financial report

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2007 was not qualified.

A3. Seasonal or Cyclical Factors

The Group's operations for the current quarter and the financial year-to-date 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 financial year-to-date.

A5. Nature and Amount of Changes in Estimates

There were no changes in the estimates of amounts reported in previous period of the current financial year or estimates of amounts reported in the 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 quarter and the financial year-to-date.

A7. Dividend Paid

There were no dividends paid during the current quarter and the financial year-to-date.

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2007****A8. Segmental Information**

Segmental information is presented in respect of the Group's business and geographical segments.

Segment revenue and results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The main business segments of the Group comprise the following:

- | | |
|-------------------------|--|
| a) Property development | - Property development and construction of properties. |
| b) Leisure & tourism | - Resorts, golf club and travel agency services. |
| c) Trading | - Trading of wood products. |
| d) Investment holdings | - Investment holding, venture capital and management services. |
| e) Others | - Not of a sufficient size to be disclosed separately. |

Segment by activity**Current Financial year-
to-date 30/09/2007**

	<u>Property Development</u> RM'000	<u>Leisure & Tourism</u> RM'000	<u>Trading</u> RM'000	<u>Investment Holdings and Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue					
External sales	20,022	40,699	10,338	536	71,595
Results					
Segment profit / (loss)	152	12,003	29	(1,614)	10,570
Depreciation/Amortisation	(1,071)	(5,537)	(43)	(261)	(6,912)
Segment result	(919)	6,466	(14)	(1,875)	3,658
Interest expenses					(16,473)
Share of associated companies results					85
Taxation					-
Loss after taxation					(12,730)

Segment by geographical**Current Financial year-
to-date 30/09/2007**

	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
External sales	61,257	10,338	-	71,595

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2007****A8. Segmental Information****Segment by activity**

<u>Current Financial year- to-date 30/09/2006</u>	<u>Property Development</u> RM'000	<u>Leisure & Tourism</u> RM'000	<u>Trading</u> RM'000	<u>Investment Holdings and Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue					
External sales	11,621	40,037	10,546	466	62,670
Results					
Segment profit / (loss)	1,790	10,621	(232)	(2,277)	9,902
Depreciation/Amortisation	(1,121)	(5,306)	(47)	(180)	(6,654)
Segment result	669	5,315	(279)	(2,457)	3,248
Interest expenses					(12,842)
Share of associated companies results					(137)
Taxation					(239)
Loss after taxation					(9,970)

Segment by geographical

<u>Current Financial year- to-date 30/09/2006</u>	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
External sales	52,124	10,546	-	62,670

A9. Valuations of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Material subsequent events

There were no material subsequent events from 30 September 2007 to 30 November 2007 (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 the financial year-to-date.

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current quarter and the financial year-to-date except on 14 September 2007, the Company has acquired 100% of the issued and paid-up share capital which represent 2 ordinary shares of HK\$1.00 each of Nexus Hotels And Resorts Limited (formerly known as Karambunai Resorts Limited), a dormant company incorporated in Hong Kong for a total consideration of HK\$2.00.

The acquisition has no material effect on the financial position and results of the Group for the current quarter and financial year-to-date.

A12. Changes in contingent liabilities or contingent assets

Other than corporate guarantees extended by the Company in support of banking facilities of its subsidiaries, there were no contingent liabilities or contingent assets as at 30 September 2007 (31 March 2007 : nil).

Notes in compliance with BMSB Listing Requirements

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

The Group registered revenue of RM 41.4 million for the financial quarter ended 30 September 2007 as compared to RM 33.2 million for the preceding year corresponding quarter ended 30 September 2006, representing an increase of 24.7%.

For the current financial quarter ended 30 September 2007, the Group registered a pre-tax loss of RM 3.7 million as compared to RM 2.8 million in the same quarter of last financial year. The increase in pre-tax loss was mainly due to higher finance charges for the current quarter in the absence of concessions given during the restructuring period of the Company's previous Bond in the previous year's corresponding quarter.

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 2007 and 30 November 2007 (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

For the current financial quarter, the Group registered a pre-tax loss of RM 3.7 million as compared to RM 9.0 million in the immediate preceding quarter. The improved result was due to better performance in the Group's leisure & tourism segment.

B3. Current Year Prospects

For the remaining period of the current financial year, the Group will continue to focus in its leisure & tourism and property development segments. The Group is optimistic that barring any unforeseen circumstances, the Group would continue to benefit from the performance of these two segments.

B4. Profit Forecast / Profit Guarantee

Not applicable in this Quarterly Report.

B5. Taxation

There is no tax charge for the current quarter and the financial year-to-date as the Group is in a loss position.

B6. Profit/ (Loss) on Sale of Unquoted Investments and/or Properties

There was no sale of unquoted investments and properties for the current quarter and the financial year-to-date.

B7. Quoted Securities

There were no purchases or sales of quoted securities for the current quarter and the financial year-to-date and there were no investments in quoted securities at the end of the current quarter.

B8. Status of Corporate Proposals Announced But Not Completed as at 30 November 2007 (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.

B9. Borrowings and Debt Securities

(a) **Short Term Borrowings**

	<u>RM'000</u>
Secured	
Term Loan I (USD5.42Million)	18,133
Term Loan II	40,924
Term Loan III	15,000
Revolving Credits	12,000
Unsecured	
Hire Purchase Creditors	2,996
Total	<u>89,053</u>

(b) **Long Term Borrowings**

	<u>RM'000</u>
Secured	
Term Loan III	277,500
Promissory Note	134,915
Unsecured	
Hire Purchase Creditors	2,538
Total	<u>414,953</u>

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

B10. Off Balance Sheet Financial Instruments

As at 30 November 2007 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report), the Group did not enter into any contract involving financial instruments with off balance sheet risk.

B11. Material Litigation

The Group is engaged in the following material litigations as at the date of this report.

- (a) A minority shareholder of a subsidiary company, First Travel and Tours (M) Sdn. Bhd. ("FTT"), has presented a legal petition against FTT, the Company and a director of the Company to wind-up FTT pursuant to Section 181 of the Act on allegation that the affairs of FTT were being conducted in a manner oppressive to him and in disregard of this interest as shareholder.

No provision has been made for possible losses arising from the above legal proceedings as the legal proceedings are still pending and has no material impact to the Group.

- (b) The PT Bank Mandiri. (Persero) Tbk, Singapore branch ("the Petitioner"), has presented a winding-up petition against the Company as a corporate guarantor in respect of the alleged sum of USD5,357,151/- owing by Sunnyland Industries Ltd., a wholly-owned subsidiary company of the Company to the Petitioner. High Court of Sabah and Sarawak at Kota Kinabalu had on 20 June 2007 dismissed the Winding-up Petition with costs and further ordered that the said Petitioner pay damages to be assessed to the Company. The Petitioner has filed an appeal with the Court of Appeal. No provision has been made for possible losses arising from the above legal proceedings as a matter of prudence the alleged sum has been fully accounted for in the Group's financial statements.

B12. Dividend

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

B13. Loss per Share

Basic Loss per share

	Current Quarter Ended <u>30/09/2007</u> RM'000	Comparative Quarter Ended <u>30/09/2006</u> RM'000	Current Financial Year-to-date Ended <u>30/09/2007</u> RM'000	Preceding Financial Year-to-date Ended <u>30/09/2006</u> RM'000
Loss after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	(3,689)	(2,797)	(12,730)	(9,970)
Weighted average number of shares used as denominator in the calculation of basic EPS ('000)	2,030,060	2,030,060	2,030,060	2,030,060

KARAMBUNAI CORP BHD (6461-P)

Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2007

By order of the Board

Lim Tiong Jin

Chief Financial Officer

Kota Kinabalu, Sabah

30 November 2007