

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

**Condensed Consolidated Balance Sheets**

**As at 31 December 2007**

(The figures have not been audited.)

|                                       | As at<br>31/12/2007 | (Audited)<br>As at<br>31/03/2007 |
|---------------------------------------|---------------------|----------------------------------|
|                                       | RM'000              | RM'000                           |
| <b>Assets</b>                         |                     |                                  |
| <b>Non-Current Assets</b>             |                     |                                  |
| Property, Plant and Equipment         | 300,561             | 306,795                          |
| Land held for property development    | 755,709             | 755,454                          |
| Interest In Associated Companies      | 2,541               | 2,379                            |
| Other Investments                     | 522                 | 522                              |
| Capital Work-In-Progress              | 49,774              | 49,774                           |
| Long Term Prepaid Leases              | 406,753             | 407,907                          |
| Goodwill on Consolidation             | 18,450              | 18,450                           |
|                                       | 1,534,310           | 1,541,281                        |
| <b>Current Assets</b>                 |                     |                                  |
| Property development costs            | 44,473              | 50,803                           |
| Inventories                           | 5,090               | 5,416                            |
| Receivables, Deposits and Prepayments | 260,416             | 251,500                          |
| Cash, Bank Balances and Deposits      | 16,690              | 10,542                           |
|                                       | 326,669             | 318,261                          |
| <b>Total Assets</b>                   | 1,860,979           | 1,859,542                        |
| <b>Equity and Liabilities</b>         |                     |                                  |
| <b>Equity</b>                         |                     |                                  |
| Share Capital                         | 1,015,030           | 1,015,030                        |
| Reserves                              | (162,424)           | (141,818)                        |
| <b>Total Equity</b>                   | 852,606             | 873,212                          |
| <b>Liabilities</b>                    |                     |                                  |
| <b>Non-Current Liabilities</b>        |                     |                                  |
| Long Term Liabilities                 |                     |                                  |
| Borrowings                            | 416,172             | 418,968                          |
| Other deferred liabilities            | 125,864             | 125,864                          |
|                                       | 542,036             | 544,832                          |
| <b>Current Liabilities</b>            |                     |                                  |
| Payables, Deposits and Accruals       | 224,923             | 195,176                          |
| Short Term Borrowings                 | 80,846              | 86,254                           |
| Taxation                              | 160,568             | 160,068                          |
|                                       | 466,337             | 441,498                          |
| <b>Total Liabilities</b>              | 1,008,373           | 986,330                          |
| <b>Total Equity and Liabilities</b>   | 1,860,979           | 1,859,542                        |
| Net Assets Per Share (sen)            | 42                  | 43                               |

(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 Third Quarter Ended 31 December 2007**  
(The figures have not been audited.)

|                                       | Current<br>quarter<br>ended<br><u>31/12/2007</u><br>RM'000 | Preceding year<br>corresponding<br>quarter ended<br><u>31/12/2006</u><br>RM'000 | Current<br>year-to-date<br>ended<br><u>31/12/2007</u><br>RM'000 | Preceding<br>year-to-date<br>ended<br><u>31/12/2006</u><br>RM'000 |
|---------------------------------------|--|---|---|---|
| Revenue                               | 38,113   | 26,799  | 109,708   | 89,469  |
| Operating expenses                    | (37,407)   | (48,227)  | (106,152)   | (108,527)   |
| Other operating income                | 762  | 94,654  | 1,570   | 95,532  |
| Profit from operations                | 1,468  | 73,226  | 5,126   | 76,474  |
| Finance costs                         | (8,137)  | (6,710)   | (24,610)  | (19,552)  |
| Share of associated companies results | 77   | (18)  | 162   | (155)   |
| (Loss) / Profit before taxation       | (6,592)  | 66,498  | (19,322)  | 56,767  |
| Taxation                              | (1,696)  | 238   | (1,696)   | (1)   |
| (Loss) / Profit after taxation        | (8,288)  | 66,736  | (21,018)  | 56,766  |
| Attributable to :-                    |  |   |   |   |
| Equity holders of the parent          | (8,288)  | 66,736  | (21,018)  | 56,766  |
| Minority interest                     | -  | -   | -   | -   |
| (Loss) / Profit after taxation        | (8,288)  | 66,736  | (21,018)  | 56,766  |
| (Loss) / Earnings per share (sen)     |  |   |   |   |
| Basic                                 | (0.41)   | 3.29  | (1.04)  | 2.80  |
| 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 Third Quarter Ended 31 December 2007**

(The figures have not been audited.)

|  | Share<br>Capital<br>RM'000 | Share<br>Premium<br>RM'000 | Other<br>Reserves<br>RM'000 | Accumulated<br>Losses<br>RM'000 | Total<br>RM'000 | Minority<br>Interest<br>RM'000 | Total<br>Equity<br>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                         | <u>1,015,030</u>           | <u>111,536</u>             | <u>1,031</u>                | <u>(254,385)</u>                | <u>873,212</u>  | <u>-</u>                       | <u>873,212</u>            |
| Balance as at 01/04/2007                         | 1,015,030                  | 111,536                    | 1,031                       | (254,385)                       | 873,212         | -                              | 873,212                   |
| Movement during the period                       | -                          | -                          | 412                         | (21,018)                        | (20,606)        | -                              | (20,606)                  |
| Balance as at 31/12/2007                         | <u>1,015,030</u>           | <u>111,536</u>             | <u>1,443</u>                | <u>(275,403)</u>                | <u>852,606</u>  | <u>-</u>                       | <u>852,606</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 2007 and the accompanying explanatory notes attached to the interim financial statements.)

**KARAMBUNAI CORP BHD (6461-P)**  
**Condensed Consolidated Cash Flow Statements**  
**For Third Quarter Ended 31 December 2007**  
(The figures have not been audited.)

|  | Current<br>year-to-date<br>ended<br>31/12/2007<br><u>RM'000</u> | Corresponding<br>year-to-date<br>ended<br>31/12/2006<br><u>RM'000</u> |
|--|---|---|
| (Loss) / Profit before taxation                                | (19,322)  | 56,767  |
| Adjustments for :-   |   |   |
| Non-cash items   | 34,528  | (56,812)  |
| Operating Profit / (Loss) before working capital changes       | <u>15,206</u>   | <u>(45)</u>   |
| Changes in working capital :-                                  |   |   |
| Net change in current assets                                   | (5,712)   | 26,864  |
| Net change in current liabilities                              | 29,315  | (22,007)  |
| Net change in development expenditure                          | 4,045   | 7,441   |
| Cash flows generated from operations                           | <u>42,854</u>   | <u>12,253</u>   |
| Income tax paid  | (1,197)   | -   |
| Interest paid  | (17,399)  | (23,494)  |
| Interest received  | 77  | 97  |
| Net cash flows generated from / (used in) operating activities | <u>24,335</u>   | <u>(11,144)</u>   |
| Investing activities   |   |   |
| Acquisition of subsidiary company                              | -   | -   |
| Purchase of property, plant & equipment                        | (2,730)   | (7,640)   |
| Proceed from disposal of property, plant & equipment           | 33  | 3   |
| Proceed from disposal investment in an associated company      | -   | -   |
| Net cash flows used in investing activities                    | <u>(2,697)</u>  | <u>(7,637)</u>  |
| Financing activities   |   |   |
| Drawdown of borrowings   | -   | 300,000   |
| Repayment of borrowings  | (15,827)  | (254,024)   |
| Net cash flows (used in) / generated from financing activities | <u>(15,827)</u>   | <u>45,976</u>   |
| Net change in cash & cash equivalents                          | 5,811   | 27,195  |
| Cash & cash equivalents at beginning of the period             | 10,467  | (17,493)  |
| Translation exchange difference                                | 412   | 411   |
| Cash & cash equivalents at end of the period                   | <u>16,690</u>   | <u>10,113</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 134<sup>2004</sup> - 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 periods 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 31 December 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 31/12/2007**

|                                       | <u>Property<br/>Development</u><br>RM'000 | <u>Leisure &amp;<br/>Tourism</u><br>RM'000 | <u>Trading</u><br>RM'000 | <u>Investment<br/>Holdings<br/>and Others</u><br>RM'000 | <u>Consolidated</u><br>RM'000 |
|---------------------------------------|---|--|--------------------------|---|-------------------------------|
| <b>Revenue</b>                        |   |  |                          |   |                               |
| External sales                        | 35,415                                    | 59,606                                     | 13,849                   | 838   | 109,708                       |
| <b>Results</b>                        |   |  |                          |   |                               |
| Segment profit / (loss)               | 1,159                                     | 17,601                                     | (317)                    | (2,721)   | 15,722                        |
| Depreciation/Amortisation             | (1,568)                                   | (8,575)                                    | (64)                     | (389)   | (10,596)                      |
| Segment result                        | (409)                                     | 9,026                                      | (381)                    | (3,110)   | 5,126                         |
| Interest expenses                     |   |  |                          |   | (24,610)                      |
| Share of associated companies results |   |  |                          |   | 162                           |
| Taxation                              |   |  |                          |   | (1,696)                       |
| Loss after taxation                   |   |  |                          |   | (21,018)                      |

**Segment by geographical****Current Financial year-  
to-date 31/12/2007**

|                | <u>Malaysia</u><br>RM'000 | <u>Singapore</u><br>RM'000 | <u>Others</u><br>RM'000 | <u>Consolidated</u><br>RM'000 |
|----------------|---------------------------|----------------------------|-------------------------|-------------------------------|
| <b>Revenue</b> |                           |                            |                         |                               |
| External sales | 95,859                    | 13,849                     | -                       | 109,708                       |

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2007****A8. Segmental Information****Segment by activity**

| <b><u>Current Financial year-<br/>to-date 31/12/2006</u></b> | <b><u>Property<br/>Development</u></b><br>RM'000 | <b><u>Leisure &amp;<br/>Tourism</u></b><br>RM'000 | <b><u>Trading</u></b><br>RM'000 | <b><u>Investment<br/>Holdings<br/>and Others</u></b><br>RM'000 | <b><u>Consolidated</u></b><br>RM'000 |
|--|--|---|---------------------------------|--|--------------------------------------|
| <b>Revenue</b>   |  |   |                                 |  |                                      |
| External sales   | 15,874   | 59,007  | 13,873                          | 715  | 89,469                               |
| <b>Results</b>   |  |   |                                 |  |                                      |
| Segment profit / (loss)                                      | (2,781)  | 14,994  | (623)                           | 74,951   | 86,541                               |
| Depreciation/Amortisation                                    | (1,682)  | (8,066)   | (70)                            | (249)  | (10,067)                             |
| Segment result   | (4,463)  | 6,928   | (693)                           | 74,702   | 76,474                               |
| Interest expenses  |  |   |                                 |  | (19,552)                             |
| Share of associated companies results                        |  |   |                                 |  | (155)                                |
| Taxation   |  |   |                                 |  | (1)                                  |
| Loss after taxation  |  |   |                                 |  | 56,766                               |

**Segment by geographical**

| <b><u>Current Financial year-<br/>to-date 31/12/2006</u></b> | <b><u>Malaysia</u></b><br>RM'000 | <b><u>Singapore</u></b><br>RM'000 | <b><u>Others</u></b><br>RM'000 | <b><u>Consolidated</u></b><br>RM'000 |
|--|----------------------------------|-----------------------------------|--------------------------------|--------------------------------------|
| <b>Revenue</b>   |                                  |                                   |                                |                                      |
| External sales   | 75,596                           | 13,873                            | -                              | 89,469                               |

**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 31 December 2007 to 25 February 2008 (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 31 December 2007 (31 March 2007 : nil).

**Notes in compliance with BMSB Listing Requirements**

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

For the financial year-to-date 31 December 2007, the Group achieved higher revenue of RM109.7 million compared to RM89.5 million in the preceding financial year-to-date 31 December 2006, a commendable 22.6% growth.

The revenue growth reflects the Group's efforts to continuously maximize current revenues and to launch more income generating projects through its Karambunai and Bandar Sierra developments.

During the period, the Group enjoyed favorable operating environment due to the tourism boom in Sabah and rapid development within Kota Kinabalu also provided a catalyst for property development in Kota Kinabalu.

Nexus Resort Karambunai, the Group's 5-star resort in Sabah continues to deliver steady revenues to the Group whilst the Group's latest luxury beachfront villas development called Nexus Residence Karambunai, enjoyed a good take-up rate from foreign buyers under the Malaysia My Second Home program, as Karambunai has firmly established itself as a popular international resort destination.

For the period, the Group achieved an operating profit of RM5.1 million. However, as a result of financing cost, the Group's pre-tax loss for the period amounted to RM19.3 million. Nevertheless the Group is confident that its efforts to develop and unlock the value of its quality assets coupled with favorable operating environment will produce better performance in the near future.

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 31 December 2007 and 25 February 2008 (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 6.6 million as compared to RM 3.7 million in the immediate preceding quarter, representing a reduction of RM2.9 million. The decrease was mainly due to the normal seasonal pattern of the leisure & tourism segment during the current quarter.

**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**

The breakdown of tax charge for the current quarter and financial year-to-date ended 31 December 2007 are as follows:

| Tax Charge                       | Current Quarter<br>RM'000 | Current Year-to-date<br>RM'000 |
|----------------------------------|---------------------------|--------------------------------|
| Current quarter / year provision | (1,592)                   | (1,592)                        |
| Under provision in previous year | (104)                     | (104)                          |
| Transfer from deferred taxation  | -                         | -                              |
| Total                            | -----<br>(1,696)<br>===== | -----<br>(1,696)<br>=====      |

The provision of taxation despite of the loss generated by the Group for the current financial year was mainly due to certain expenses being disallowed for taxation purpose and insufficient group relief available for losses incurred by certain subsidiaries to be set off against the taxable profits of other subsidiaries.

**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 25 February 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

On 7 December 2007, the Board of the Company announced the Proposed Disposal to PTB Horticulture Farm Sdn Bhd, a wholly-owned subsidiary company of Petaling Tin Berhad, of approximately 8,201.86 square metres of leasehold land in Petaling Jaya together with a four storey office building with an annexed single storey warehouse and ancillary building for a cash consideration of RM12.0 million.

The Company is expected to gain RM7,090,579 from the Proposed Disposal. The cash proceeds from the transaction will be utilized to reduce its borrowings and / or to fund the Group's working capital requirements.

The Proposed Disposal will not have any effect on the share capital and substantial shareholders' shareholding in the Company.

The announcement to Bursa Malaysia for the same was made on the even date.

**KARAMBUNAI CORP BHD (6461-P)**  
**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2007**

**B9. Borrowings and Debt Securities**

|   |                      |
|---|----------------------|
| (a) <b><u>Short Term Borrowings</u></b> | <b><u>RM'000</u></b> |
| <b>Secured</b>                          |                      |
| Term Loan I (USD5.42Million)            | 18,133               |
| Term Loan II                            | 39,813               |
| Term Loan III                           | 7,500                |
| Revolving Credits                       | 12,000               |
| <b>Unsecured</b>                        |                      |
| Hire Purchase Creditors                 | 3,400                |
| <b>Total</b>                            | <u>80,846</u>        |
| <br>                                    |                      |
| (b) <b><u>Long Term Borrowings</u></b>  | <b><u>RM'000</u></b> |
| <b>Secured</b>                          |                      |
| Term Loan III                           | 277,500              |
| Promissory Note                         | 136,553              |
| <b>Unsecured</b>                        |                      |
| Hire Purchase Creditors                 | 2,119                |
| <b>Total</b>                            | <u>416,172</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 25 February 2008 (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.

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2007**

**B11. (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) / Earnings per Share****Basic (Loss) / Earnings per share**

|   | Current<br>Quarter<br>Ended<br><u>31/12/2007</u><br>RM’000 | Comparative<br>Quarter<br>Ended<br><u>31/12/2006</u><br>RM’000 | Current<br>Financial<br>Year-to-date<br>Ended<br><u>31/12/2007</u><br>RM’000 | Preceding<br>Financial<br>Year-to-date<br>Ended<br><u>31/12/2006</u><br>RM’000 |
|---|--|--|--|--|
| (Loss) / profit after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS | (8,288)  | 66,736   | (21,018)   | 56,766   |
| 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  |

**By order of the Board**

\_\_\_\_\_  
**Lim Tiong Jin**

Chief Financial Officer  
Kota Kinabalu, Sabah  
25 February 2008