

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Balance Sheets

As at 31 March 2008

(The figures have not been audited.)

	As at 31/03/2008 RM'000	(Audited) As at 31/03/2007 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	299,163	306,795
Land held for property development	755,953	755,454
Interest In Associated Companies	2,679	2,379
Other Investments	522	522
Capital Work-In-Progress	49,774	49,774
Long Term Prepaid Leases	441,232	407,907
Goodwill on Consolidation	18,450	18,450
	<u>1,567,773</u>	<u>1,541,281</u>
Current Assets		
Property development costs	42,212	50,803
Inventories	5,566	5,416
Receivables, Deposits and Prepayments	198,597	251,500
Cash, Bank Balances and Deposits	17,803	10,542
	264,178	318,261
Total Assets	<u><u>1,831,951</u></u>	<u><u>1,859,542</u></u>
Equity and Liabilities		
Equity		
Share Capital	1,015,030	1,015,030
Reserves	(177,266)	(141,818)
Total Equity	837,764	873,212
Liabilities		
Non-Current Liabilities		
Long Term Liabilities		
Borrowings	410,183	418,968
Other deferred liabilities	129,206	125,864
	539,389	544,832
Current Liabilities		
Payables, Deposits and Accruals	204,326	195,176
Short Term Borrowings	88,429	86,254
Taxation	162,043	160,068
	454,798	441,498
Total Liabilities	994,187	986,330
Total Equity and Liabilities	<u><u>1,831,951</u></u>	<u><u>1,859,542</u></u>
Net Assets Per Share (sen)	<u>41</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 Financial Year Ended 31 March 2008
(The figures have not been audited.)

			(Audited)	
	Current quarter ended <u>31/03/2008</u> RM'000	Preceding year corresponding quarter ended <u>31/03/2007</u> RM'000	Current year-to-date ended <u>31/03/2008</u> RM'000	Preceding year-to-date ended <u>31/03/2007</u> RM'000
Revenue	58,578	54,154	168,286	143,623
Operating expenses	(63,352)	(54,584)	(169,504)	(163,111)
Other operating income	1,613	(5,463)	3,183	90,069
(Loss) / profit from operations	(3,161)	(5,893)	1,965	70,581
Finance costs	(8,147)	(1,922)	(32,757)	(21,474)
Share of associated companies results	138	249	300	94
(Loss) / profit before taxation	(11,170)	(7,566)	(30,492)	49,201
Taxation	(3,251)	5,449	(4,947)	5,448
(Loss) / profit after taxation	(14,421)	(2,117)	(35,439)	54,649
Attributable to :-				
Equity holders of the parent	(14,421)	(2,117)	(35,439)	54,649
Minority interest	-	-	-	-
(Loss) / profit after taxation	(14,421)	(2,117)	(35,439)	54,649
(Loss) / Earnings per share (sen)				
Basic	(0.71)	(0.10)	(1.75)	2.69
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 Financial Year Ended 31 March 2008

(The figures have not been audited.)

	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	Accumulated Losses RM'000	Total RM'000	Minority Interest RM'000	Total Equity 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 year	-	-	(9)	(35,439)	(35,448)	-	(35,448)
Balance as at 31/03/2008	1,015,030	111,536	1,022	(289,824)	837,764	-	837,764

(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 Financial Year Ended 31 March 2008
(The figures have not been audited.)

	Current year-to-date ended 31/03/2008 RM'000	(Audited) Corresponding year-to-date ended 31/03/2007 RM'000
(Loss) / Profit before taxation	(30,492)	49,201
Adjustments for :-		
Non-cash items	68,346	(45,723)
Operating Profit / (Loss) before working capital changes	<u>37,854</u>	<u>3,478</u>
Changes in working capital :-		
Net change in current assets	14,904	1,322
Net change in current liabilities	(1,717)	(6,336)
Net change in development expenditure	2,510	12,534
Cash flows generated from operations	<u>53,551</u>	<u>10,998</u>
Income tax paid	(2,629)	-
Interest paid	(23,267)	(10,687)
Interest received	142	207
Net cash flows generated from / (used in) operating activities	<u>27,797</u>	<u>518</u>
Investing activities		
Acquisition of subsidiary company	-	(9)
Purchase of property, plant & equipment	(2,464)	(5,534)
Proceed from disposal of property, plant & equipment	33	187
Proceed from disposal investment in an associated company	-	-
Net cash flows used in investing activities	<u>(2,431)</u>	<u>(5,356)</u>
Financing activities		
Drawdown of borrowings	-	300,000
Repayment of borrowings	(18,021)	(267,203)
Net cash flows (used in) / generated from financing activities	<u>(18,021)</u>	<u>32,797</u>
Net change in cash & cash equivalents	7,345	27,959
Cash & cash equivalents at beginning of the period	10,467	(17,493)
Translation exchange difference	(9)	1
Cash & cash equivalents at end of the year	<u>17,803</u>	<u>10,467</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 current financial year 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 current financial year.

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 current financial year.

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 current financial year.

A7. Dividend Paid

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

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2008****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 ended 31/03/2008**

	<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	66,402	82,962	17,948	974	168,286
Results					
Segment profit / (loss)	10,727	27,119	(525)	(21,596)	15,725
Depreciation/Amortisation	(2,191)	(10,828)	(61)	(680)	(13,760)
Segment result	8,536	16,291	(586)	(22,276)	1,965
Interest expenses					(32,757)
Share of associated companies results					300
Taxation					(4,947)
Loss after taxation					(35,439)

Segment by geographical**Current Financial year ended 31/03/2008**

	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
External sales	150,338	17,948	-	168,286

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2008****A8. Segmental Information****Segment by activity**

<u>Financial year ended</u> <u>31/03/2007</u>	<u>Property</u> <u>Development</u> RM'000	<u>Leisure &</u> <u>Tourism</u> RM'000	<u>Trading</u> RM'000	<u>Investment</u> <u>Holdings</u> <u>and Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue					
External sales	38,868	84,515	18,664	1,576	143,623
Results					
Segment profit / (loss)	(10,787)	27,854	(794)	67,707	83,980
Depreciation/Amortisation	(2,109)	(10,709)	(92)	(489)	(13,399)
Segment result	(12,896)	17,745	(886)	(17,782)	70,581
Interest expenses					(21,474)
Share of associated companies results					94
Taxation					5,448
Loss after taxation					54,649

Segment by geographical

<u>Financial year ended</u> <u>31/03/2007</u>	<u>Malaysia</u> RM'000	<u>Singapore</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
External sales	124,959	18,664	-	143,623

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 March 2008 to 29 May 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 current financial year.

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 the current financial year.

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 March 2008 (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 RM168.3 million for the financial year ended 31 March 2008 (as compared to RM143.6 million for the corresponding period of the preceding financial year ending 31 March 2007). This translates into a commendable 17.2% growth or an increase of RM24.7 million increase in its revenue.

The revenue growth is a reflection of the vibrant economic performance of the Sabah state as well as the strategies employed by the Group to improve the financial performance of the Group. During the period under review, the tourism activities in Sabah reached an unprecedented level where tourist arrivals reached 2.48 million in the year 2007 as compared to 2.09 million in 2006. (Source: Sabah Tourism Board). Sabah also experienced rapid economic developments especially in Kota Kinabalu town as evidenced by the development of several iconic projects including the One Borneo hyper-mall and the shifting of the Federal Administrative Centre of Sabah to the northern side of Kota Kinabalu in the early part of 2007. All of these developments are positive for the Group given that it is involved in the leisure & tourism and property development sectors

The Group's flagship asset, Nexus Resort Karambunai, a 5-star international resort continues to contribute a steady recurring income to the Group. The Group's foray into the development of luxury beachfront villas, the Nexus Residence Karambunai project, is also successful given the high take-up rate in the first precinct (i.e. Dillenia precinct), mainly by foreign buyers under the "Malaysia My Second Home" programme.

During the financial year ended 31 March 2008, the Group achieved an operating profit of RM2.0 million as compared to RM70.6 million in the preceding year. Excluding the one-time profit of RM85 million from the restructuring of the Redeemable Secured Bonds ("Bonds") in financial year ended 31 March 2007, the Group's RM2.0 million operating profit is an improvement over the previous corresponding period as a result of higher revenue and improved profit contributions from its various subsidiaries.

The Group recorded a pre-tax loss of RM30.5 million after taking into account total financing cost of RM32.8 million for the current financial year.

In the opinion of the Directors, the results for the current quarter and the current financial year have not been affected by any transaction or event of a material and unusual nature which have arisen between 31 March 2008 and 29 May 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 RM11.2 million as compared to RM6.6 million in the immediate preceding quarter, representing a decrease of RM4.6 million. This was mainly due to the higher operating costs incurred during the quarter under review.

B3. Next Year Prospects

Recent developments in the global economy including high commodity prices as well as volatility in the global financial markets has resulted in greater inflationary pressure as well as possible tightening of credit markets. As an open economy, Malaysia will also be exposed to any possible adverse economic conditions.

Conversely, the various efforts to develop Sabah by both the private and public sector including the expansion of the Kota Kinabalu International Airport, the implementation of the Sabah Development Corridor and various other initiatives is expected to act as a buffer for any global economic slowdown.

The Group is aware of the macro-economic conditions that it is operating in and has put that into consideration when preparing its strategies and business plans for the coming financial year. The Group intends to leverage on its world-class asset quality and projects in strategic location to cushion any adverse economic conditions. Barring any unforeseen circumstances, the Group is optimistic that it will continue to perform satisfactorily in the next financial year.

B4. Profit Forecast / Profit Guarantee

Not applicable in this Quarterly Report.

B5. Taxation

The breakdown of tax charge for the current quarter and current financial year ended 31 March 2008 are as follows:

Tax Charge	Current Quarter RM'000	Current Year-to-date RM'000
Current quarter / year provision	(248)	(1,840)
Under provision in previous year	-	(104)
Transfer to deferred taxation	(3,003)	(3,003)
Total	<u>(3,251)</u>	<u>(4,947)</u>

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 current financial year.

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2008****B7. Quoted Securities**

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

B8. Status of Corporate Proposals Announced But Not Completed as at 29 May 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.

B9. Borrowings and Debt Securities**(a) Short Term Borrowings**

	<u>RM'000</u>
Secured	
Term Loan I (USD5.42Million)	18,133
Term Loan II	40,115
Term Loan III	15,000
Revolving Credits	12,000
Unsecured	
Hire Purchase Creditors	3,181
Total	<u>88,429</u>

(b) Long Term Borrowings

	<u>RM'000</u>
Secured	
Term Loan III	270,000
Promissory Note	138,174
Unsecured	
Hire Purchase Creditors	2,009
Total	<u>410,183</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 29 May 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.

- (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.

B13. (Loss) / Earnings per Share

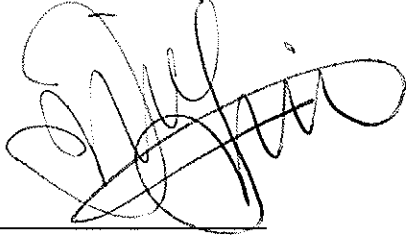
Basic (Loss) / Earnings per share

	Current Quarter Ended <u>31/03/2008</u> RM'000	Comparative Quarter Ended <u>31/03/2007</u> RM'000	Current Financial Year Ended <u>31/03/2008</u> RM'000	Preceding Financial Year Ended <u>31/03/2007</u> RM'000
(Loss) / profit after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	(14,421)	(2,117)	(35,439)	54,649
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 31 March 2008

By order of the Board

A handwritten signature in black ink, appearing to read 'Lim Tiong Jin', written over a horizontal line.

Lim Tiong Jin
Chief Financial Officer
Kota Kinabalu, Sabah
29 May 2008