

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Balance Sheets

As at 30 June 2008

(The figures have not been audited.)

	(Unaudited) As at 30/06/2008 RM'000	(Audited) As at 31/03/2008 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	296,635	298,402
Land held for property development	753,310	755,928
Interest In Associated Companies	2,810	2,679
Other Investments	522	522
Capital Work-In-Progress	54,668	54,668
Long Term Prepaid Leases	440,495	441,017
Goodwill on Consolidation	18,459	18,459
	<u>1,566,899</u>	<u>1,571,675</u>
Current Assets		
Property development costs	39,360	44,325
Inventories	5,187	6,339
Receivables, Deposits and Prepayments	194,008	183,624
Cash, Bank Balances and Deposits	8,835	18,161
	<u>247,390</u>	<u>252,449</u>
Total Assets	<u><u>1,814,289</u></u>	<u><u>1,824,124</u></u>
Equity and Liabilities		
Equity		
Share Capital	1,015,030	1,015,030
Reserves	(176,854)	(173,910)
Total Equity	<u>838,176</u>	<u>841,120</u>
Liabilities		
Non-Current Liabilities		
Long Term Liabilities		
Borrowings	403,938	410,597
Other deferred liabilities	123,162	123,162
	<u>527,100</u>	<u>533,759</u>
Current Liabilities		
Payables, Deposits and Accruals	222,969	221,729
Short Term Borrowings	87,172	88,340
Taxation	138,872	139,176
	<u>449,013</u>	<u>449,245</u>
Total Liabilities	<u>976,113</u>	<u>983,004</u>
Total Equity and Liabilities	<u><u>1,814,289</u></u>	<u><u>1,824,124</u></u>
Net Assets Per Share (sen)	<u>41</u>	<u>41</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Income Statements
For Financial Period Ended 30 June 2008
(The figures have not been audited.)

	Current quarter ended <u>30/06/2008</u> RM'000	Preceding year corresponding quarter ended <u>30/06/2007</u> RM'000	Current year-to-date ended <u>30/06/2008</u> RM'000	Preceding year-to-date ended <u>30/06/2007</u> RM'000
Revenue	44,481	30,181	44,481	30,181
Operating expenses	(40,441)	(30,993)	(40,441)	(30,993)
Other operating income	2,951	167	2,951	167
Profit / (Loss) from operations	6,991	(645)	6,991	(645)
Finance costs	(9,162)	(8,268)	(9,162)	(8,268)
Share of associated companies results	131	(128)	131	(128)
Loss before taxation	(2,040)	(9,041)	(2,040)	(9,041)
Taxation	(469)	-	(469)	-
Loss after taxation	(2,509)	(9,041)	(2,509)	(9,041)
Attributable to :-				
Equity holders of the parent	(2,509)	(9,041)	(2,509)	(9,041)
Minority interest	-	-	-	-
Loss after taxation	(2,509)	(9,041)	(2,509)	(9,041)
Loss per share (sen)				
Basic	(0.12)	(0.45)	(0.12)	(0.45)
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 2008 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 2008
(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 01/04/2007	1,015,030	111,536	1,031	(254,385)	873,212	-	873,212
Movement during the year	-	-	(9)	(32,083)	(32,092)	-	(32,092)
Balance as at 31/03/2008	1,015,030	111,536	1,022	(286,468)	841,120	-	841,120
Balance as at 01/04/2008	1,015,030	111,536	1,022	(286,468)	841,120	-	841,120
Movement during the period	-	-	(435)	(2,509)	(2,944)	-	(2,944)
Balance as at 30/06/2008	1,015,030	111,536	587	(288,977)	838,176	-	838,176

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Cash Flow Statements
For Financial Period Ended 30 June 2008
(The figures have not been audited.)

	Current period-to-date ended 30-06-2008 RM'000	Corresponding period-to-date ended 30-06-2007 RM'000
Loss before taxation	(2,040)	(9,041)
Adjustments for :-		
Non-cash items	9,581	13,460
Operating Profit before working capital changes	<u>7,541</u>	<u>4,419</u>
Changes in working capital :-		
Net change in current assets	(2,121)	16,733
Net change in current liabilities	7,063	(6,085)
Net change in development expenditure	<u>(7,346)</u>	<u>(3,039)</u>
Cash flows generated from operations	5,137	12,028
Income tax paid	(400)	-
Interest paid	(3,418)	(4,083)
Interest received	145	36
Net cash flows generated from operating activities	<u>1,464</u>	<u>7,981</u>
Investing activities		
Acquisition of subsidiary company	-	-
Purchase of property, plant & equipment	(732)	(290)
Proceed from disposal of property, plant & equipment	-	-
Proceed from disposal investment in an associated company	-	-
Net cash flows used in investing activities	<u>(732)</u>	<u>(290)</u>
Financing activities		
Drawdown of borrowings	-	-
Repayment of borrowings	<u>(9,623)</u>	<u>(7,325)</u>
Net cash flows used in financing activities	<u>(9,623)</u>	<u>(7,325)</u>
Net change in cash & cash equivalents	(8,891)	366
Cash & cash equivalents at beginning of the period	18,161	10,467
Translation exchange difference	(435)	333
Cash & cash equivalents at end of the period	<u>8,835</u>	<u>11,166</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2008 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 Appendix 9B part A 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 2008.

A2. Audit report of previous annual financial report

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2008 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 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.

A8. Segmental Information

The primary segment of the Group is in respect of business activities.

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 activities

<u>Current Quarter/ Financial year- to date 30/06/2008</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	25,524	16,123	2,690	144	44,481
Results					
Segment profit / (loss)	9,355	2,217	(206)	(998)	10,368
Depreciation/Amortisation	(559)	(2,541)	(5)	(272)	(3,377)
Segment result	8,796	(324)	(211)	(1,270)	6,991
Interest expenses					(9,162)
Share of associated companies results					131
Taxation					(469)
Loss after taxation					(2,509)

<u>Current Quarter/ Financial year- to date 30/06/2007</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	8,104	17,909	4,102	66	30,181
Results					
Segment profit / (loss)	664	2,724	112	(620)	2,880
Depreciation/Amortisation	(506)	(2,862)	(23)	(134)	(3,525)
Segment result	158	(138)	89	(754)	(645)
Interest expenses					(8,268)
Share of associated companies results					(128)
Taxation					-
Loss after taxation					(9,041)

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 June 2008 to 25 August 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.

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 June 2008 (31 March 2008 : 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 44.5 million for the financial year-to-date ended 30 June 2008 as compared to RM 30.2 million for the preceding year corresponding period ended 30 June 2007, representing an increase of 47.4%.

For the current financial year-to-date ended 30 June 2008, the Group registered a pre-tax loss of RM 2 million as compared to RM 9.0 million in the same period of last financial year. The improved result is attributed to higher stage of completion achieved by the property development activities for phase 1 of Nexus Residence.

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 June 2008 and 25 August 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 2 million as compared to RM 22.1 million in the immediate preceding quarter. The improved result was mainly due to the higher stage of completion and hence higher profit recognized by the property development segment during the current quarter in particular for phase 1 of Nexus Residence.

B3. Current Year Prospects

The recent developments in the global economy has resulted in a challenging environment for many businesses with rising costs and slowing demand. Against such an economic backdrop, the Group is cautiously managing its business operations with focus on revenue sustainability and cost management.

The Group will continue to leverage on its world-class asset quality and projects in strategic location to cushion the adverse economic conditions. Barring any unforeseen circumstances, the Group will continue to pursue its business objectives and improve its financial performance.

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 30 June 2008 are as follows:

Tax Charge	Current Quarter RM'000	Current Year-to-date RM'000
Current tax	(469)	(469)
	=====	=====

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

- a) On 7 December 2007, the Board of the Company announced the proposed disposal 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 to PTB Horticulture Farm Sdn Bhd, a wholly-owned subsidiary company of Petaling Tin Berhad,. The transaction was completed on 11 August 2008.
- b) On 4 July 2008, a wholly-owned subsidiary company of the Company, Karambunai Resorts Sdn Bhd ("KRSB"), signed a Memorandum of Understanding ("MOU") with Landlovers Korea Co. Ltd to form the basis of setting up a joint venture company ("JV Co"). The JV Co will develop parcels of land situated at Karambunai peninsular in the district of Kota Kinabalu, Sabah. The identified parcels of land for the JV Co is Lot 17, 18 and 19 measuring approximately 66.32 acres where KRSB is the registered proprietor. The JV Co will purchase the Project Land at the agreed consideration sum of RM30 per sq. ft. or approximately RM86,666,976/-, subject to any revision by the relevant authorities and the terms of the purchase. The MOU was valid for 1 month from the date of signing and has been extended to 3 September 2008 for the execution of a formal agreement.

B8. Status of Corporate Proposals Announced But Not Completed as at 25 August 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)

- c) On 7 August 2008, the Company announced that it had entered into the following proposals:
- Proposed acquisition of 600,000 ordinary shares of RM1.00 each representing 60% equity interest in Beribu Ukiran Sdn Bhd (“BUSB”), from FACB Industries Incorporated Berhad (“FACBII”) for a total cash consideration of RM3,160,934 (“Proposed Acquisition”);
 - Proposed novation to Dapan Holdings Sdn Bhd (“DHSB”), a wholly-owned subsidiary of KCB, of RM33,373,382, being the amount due and owing by BUSB to FACBII and to be paid by DHSB to FACBII and the repayment thereto to be guaranteed by KCB (“Proposed Novation”); and
 - Proposed termination of the Shareholders Agreement dated 31 March 1997 made between KCB and FACBII in relation to BUSB (“Proposed Termination”)

(collectively known as the “Proposals”)

The Company expects the Proposals to be completed within the fourth quarter of the calendar year 2008.

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

	<u>RM'000</u>
Secured	
Term Loan I (USD5.42Million)	18,133
Term Loan II	38,833
Term Loan III	15,000
Revolving Credits	12,000
Unsecured	
Hire Purchase Creditors	3,206
Total	<u>87,172</u>

(b) Long Term Borrowings

	<u>RM'000</u>
Secured	
Term Loan III	262,500
Promissory Note	139,260
Unsecured	
Hire Purchase Creditors	2,178
Total	<u>403,938</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 August 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. The high court has fixed the hearing date on 27 August 2008.

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. 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>30/06/2008</u> RM'000	Comparative Quarter Ended <u>30/06/2007</u> RM'000	Current Financial Year-to-date Ended <u>30/06/2008</u> RM'000	Preceding Financial Year-to-date Ended <u>30/06/2007</u> RM'000
Loss after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	(2,509)	(9,041)	(2,509)	(9,041)
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 June 2008

By order of the Board

Lim Tiong Jin
Chief Financial Officer
Kota Kinabalu, Sabah
25 August 2008