

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

**Condensed Consolidated Balance Sheets**  
**As at 30 September 2008**

	(Unaudited) As at 30/09/2008 RM'000	(Audited) As at 31/03/2008 RM'000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	291,757	298,402
Land held for property development	748,717	755,928
Interest In Associated Companies	2,874	2,679
Other Investments	522	522
Capital Work-In-Progress	54,668	54,668
Long Term Prepaid Leases	436,303	441,017
Goodwill on Consolidation	18,459	18,459
	<u>1,553,300</u>	<u>1,571,675</u>
<b>Current Assets</b>		
Property development costs	35,012	44,325
Inventories	4,920	6,339
Receivables, Deposits and Prepayments	191,941	183,624
Cash, Bank Balances and Deposits	15,349	18,161
	<u>247,222</u>	<u>252,449</u>
<b>Total Assets</b>	<u><u>1,800,522</u></u>	<u><u>1,824,124</u></u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share Capital	1,015,030	1,015,030
Reserves	(170,900)	(173,910)
<b>Total Equity</b>	844,130	841,120
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Borrowings	404,922	410,597
Other deferred liabilities	123,162	123,162
	<u>528,084</u>	<u>533,759</u>
<b>Current Liabilities</b>		
Payables, Deposits and Accruals	216,562	221,729
Short Term Borrowings	71,478	88,340
Taxation	140,268	139,176
	<u>428,308</u>	<u>449,245</u>
<b>Total Liabilities</b>	956,392	983,004
<b>Total Equity and Liabilities</b>	<u><u>1,800,522</u></u>	<u><u>1,824,124</u></u>
Net Assets Per Share (sen)	<u>42</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 September 2008**

	Current quarter ended <u>30/09/2008</u> RM'000	Preceding year corresponding quarter ended <u>30/09/2007</u> RM'000	Current year-to-date ended <u>30/09/2008</u> RM'000	Preceding year-to-date ended <u>30/09/2007</u> RM'000
Revenue	67,151	41,414	111,632	71,595
Operating expenses	(59,909)	(37,752)	(100,350)	(68,745)
Other operating income	7,815	641	10,766	808
Profit from operations	15,057	4,303	22,048	3,658
Finance costs	(7,668)	(8,205)	(16,830)	(16,473)
Share of associated companies results	64	213	195	85
Profit / (Loss) before taxation	7,453	(3,689)	5,413	(12,730)
Taxation	(1,635)	-	(2,104)	-
Profit / (Loss) after taxation	5,818	(3,689)	3,309	(12,730)
Attributable to :-				
Equity holders of the parent	5,818	(3,689)	3,309	(12,730)
Minority interest	-	-	-	-
Profit / (Loss) after taxation	5,818	(3,689)	3,309	(12,730)
Earnings / (Loss) per share (sen)				
Basic	0.29	(0.18)	0.16	(0.63)
Fully diluted	0.29	N/A	0.16	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 September 2008**

	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 01/04/2007	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	-	-	(299)	3,309	3,010	-	3,010
Balance as at 30/09/2008	1,015,030	111,536	723	(283,159)	844,130	-	844,130

(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 September 2008**

	Current year-to-date ended 30-09-2008 <u>RM'000</u>	Corresponding year-to-date ended 30-09-2007 <u>RM'000</u>
Cash Flows From Operating Activities		
Profit / (Loss) before taxation	5,413	(12,730)
Adjustments for :-		
Non-cash items	15,479	23,689
Operating Profit before working capital changes	<u>20,892</u>	<u>10,959</u>
Changes in working capital :-		
Net change in current assets	(3,311)	10,440
Net change in current liabilities	1,235	6,056
Net change in development expenditure	<u>3,897</u>	<u>(727)</u>
Cash flows generated from operations	22,713	26,728
Income tax paid	(1,219)	-
Interest paid	(10,058)	(12,388)
Interest received	194	77
Net cash generated from operating activities	<u>11,630</u>	<u>14,417</u>
Cash Flows From Investing Activities		
Acquisition of subsidiary company	-	-
Purchase of property, plant & equipment	(1,269)	(2,088)
Proceed from disposal of property, plant & equipment	13,000	-
Proceed from disposal investment in an associated company	-	-
Net cash generated from / (used in) investing activities	<u>11,731</u>	<u>(2,088)</u>
Cash Flows From Financing activities		
Drawdown of borrowings	33,348	-
Repayment of borrowings	(59,222)	(6,470)
Net cash flows used in financing activities	<u>(25,874)</u>	<u>(6,470)</u>
Net change in cash & cash equivalents	(2,513)	5,859
Cash & cash equivalents at beginning of the period	18,161	10,467
Translation exchange difference	(299)	375
Cash & cash equivalents at end of the period	<u><u>15,349</u></u>	<u><u>16,701</u></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**

**A1. Accounting Policies**

The quarterly financial statements have been prepared in accordance with Financial Reporting Standard (“FRS”) 134 - 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 except for the adoption of the following new and revised FRSs and Issues Committee (“IC”) Interpretations issued by the Malaysian Accounting Standards Board (“MASB”) effective for accounting period commencing from 1 July 2007:-

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 119	Employee Benefits
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates – Net Investment in Foreign Operation
FRS 126	Accounting and Reporting by Retirement Benefit Plans
FRS 129	Financial Reporting in Hyperinflationary Economies
FRS 134	Interim Financial Reporting
FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members’ Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sub>2004</sub> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of FRS 107, 111, 112, 118, 119, 134, 137 and amendment to FRS 121 has no material financial impact on the results and financial position of the Group.

IC Interpretation 1, 2, 5, 6, 7, 8 and FRS 120, 126 and 129 are not relevant to the Group’s operations.

**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 period of the current financial year or changes in the 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.

**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**

**Current Financial year-  
to-date 30/09/2008**

	<u>Property Development</u> RM'000	<u>Leisure &amp; Tourism</u> RM'000	<u>Trading</u> RM'000	<u>Investment Holdings and Others</u> RM'000	<u>Consolidated</u> RM'000
<b>Revenue</b>					
External sales	70,123	36,133	5,183	193	111,632
<b>Results</b>					
Segment profit / (loss)	17,019	8,049	(400)	4,778	29,446
Depreciation/Amortisation	(1,850)	(4,999)	(35)	(514)	(7,398)
Segment result	15,169	3,050	(435)	4,264	22,048
Interest expenses					(16,830)
Share of associated companies results					195
Taxation					(2,104)
Profit after taxation					3,309

**Preceding Financial year-  
to-date 30/09/2007**

	<u>Property Development</u> RM'000	<u>Leisure &amp; Tourism</u> RM'000	<u>Trading</u> RM'000	<u>Investment Holdings and Others</u> RM'000	<u>Consolidated</u> RM'000
<b>Revenue</b>					
External sales	20,022	40,699	10,338	536	71,595
<b>Results</b>					
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)

**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 2008 to 21 November 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 September 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 a revenue of RM67.2 million for the financial quarter ended 30 September 2008 as compared to RM41.4 million for the preceding year corresponding quarter ended 30 September 2007. This translates into a 62.3% quarter-on-quarter growth or an increase of RM25.8 million in its revenue.

The double-digit revenue growth is due to increased revenue contribution from its property development segment, i.e. the Nexus Residence Karambunai project which is located in Kota Kinabalu, Sabah. The Group also benefited from the recognition of a one-time gain of RM7.15 million from the 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.

In the current financial quarter, the Group achieved an operating profit of RM15.1 million as compared to RM4.3 million in the preceding year corresponding quarter ended 30 September 2007. In terms of pre-tax profit, the Group recorded RM7.5 million as compared to a pre-tax loss of RM3.7 million in the preceding year corresponding quarter. The Group attributes the improved performance to increased profit contribution from its property development segment, which is due to higher stage of completion and hence, higher profit recognized in the current quarter 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 September 2008 and 21 November 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 profit of RM7.5 million as compared to a pre-tax loss RM2.0 million in the immediate preceding quarter. The improved result was due to increased profit contribution from its property development segment and the recognition of a one-time gain on disposal of property as enumerated in Section B.1 above.

**B3. Current Year Prospects**

The recent development 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 is optimistic that it will continue to perform satisfactorily in the remaining quarters of the current financial year.

**B4. Profit Forecast / Profit Guarantee**

Not applicable in this Quarterly Report.

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2008****B5. Taxation**

The breakdown of tax charge for the current quarter and current financial year ended 30 September 2008 are as follows:

Tax Charge	Current Quarter RM'000	Current Year-to-date RM'000
Current tax	(1,635)	(2,104)

**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 other than the following:

	Current Quarter and Year-to-date RM'000
Gain on disposal of property and long term prepaid lease	7,146

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

- a) On 4<sup>th</sup> 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 01<sup>st</sup> January 2009 for the execution of a formal agreement.

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2008****B8. Status of Corporate Proposals Announced But Not Completed as at 21 November 2008 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

- b) 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 Proposals has since been completed on 8 October 2008.

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

	<b><u>RM'000</u></b>
<b>Secured</b>	
Term Loan I (USD5.42Million)	18,133
Term Loan II	893
Term Loan III	15,000
Term Loan IV	33,348
Revolving Credits	-
<b>Unsecured</b>	
Hire Purchase Creditors	4,104
<b>Total</b>	<u>71,478</u>

**(b) Long Term Borrowings**

	<b><u>RM'000</u></b>
<b>Secured</b>	
Term Loan III	262,500
Promissory Note	141,433
<b>Unsecured</b>	
Hire Purchase Creditors	989
<b>Total</b>	<u>404,922</u>

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

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 30 September 2008****B10. Off Balance Sheet Financial Instruments**

As at 21 November 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**

As at the date of this report, the Group is engaged in a legal dispute involving a minority shareholder of a subsidiary company, First Travel and Tours (M) Sdn. Bhd. ("FTT") who is seeking to wind-up FTT pursuant to Section 181 of the Act. The litigation is on-going.

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.

**B12. Dividend**

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

**B13. Earnings / (Loss) per Share****Basic Earnings / (Loss) per share**

	Current Quarter Ended <u>30/09/2008</u> RM'000	Comparative Quarter Ended <u>30/09/2007</u> RM'000	Current Financial Year-to-date Ended <u>30/09/2008</u> RM'000	Preceding Financial Year-to-date Ended <u>30/09/2007</u> RM'000
Loss after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	5,818	(3,689)	3,309	(12,730)
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**

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**Lim Tiong Jin**  
Chief Financial Officer  
Kota Kinabalu, Sabah  
21 November 2008