

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Balance Sheets
As at 31 December 2008

	(Unaudited) As at 31/12/2008 RM'000	(Audited) As at 31/03/2008 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	289,614	298,402
Land held for property development	803,542	755,928
Interest In Associated Companies	125	2,679
Other Investments	522	522
Capital Work-In-Progress	54,668	54,668
Long Term Prepaid Leases	435,367	441,017
Goodwill on Consolidation	19,511	18,459
	<u>1,603,349</u>	<u>1,571,675</u>
Current Assets		
Property development costs	42,023	44,325
Inventories	4,701	6,339
Receivables, Deposits and Prepayments	155,646	183,624
Cash, Bank Balances and Deposits	16,547	18,161
	<u>218,917</u>	<u>252,449</u>
Total Assets	<u><u>1,822,266</u></u>	<u><u>1,824,124</u></u>
Equity and Liabilities		
Equity		
Share Capital	1,015,030	1,015,030
Reserves	(169,903)	(173,910)
Total Equity	<u>845,127</u>	<u>841,120</u>
Liabilities		
Non-Current Liabilities		
Long Term Liabilities		
Borrowings	264,312	410,597
Other deferred liabilities	123,153	123,162
	<u>387,465</u>	<u>533,759</u>
Current Liabilities		
Payables, Deposits and Accruals	224,307	221,729
Short Term Borrowings	223,968	88,340
Taxation	141,399	139,176
	<u>589,674</u>	<u>449,245</u>
Total Liabilities	<u>977,139</u>	<u>983,004</u>
Total Equity and Liabilities	<u><u>1,822,266</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 Period Ended 31 December 2008
(The figures have not been audited.)

	Current quarter ended <u>31/12/2008</u> RM'000	Preceding year corresponding quarter ended <u>31/12/2007</u> RM'000	Current year-to-date ended <u>31/12/2008</u> RM'000	Preceding year-to-date ended <u>31/12/2007</u> RM'000
Revenue	57,736	38,113	169,368	109,708
Operating expenses	(46,876)	(37,407)	(147,226)	(106,152)
Other operating income	1,225	762	11,991	1,570
Profit from operations	12,085	1,468	34,133	5,126
Finance costs	(8,865)	(8,137)	(25,695)	(24,610)
Share of associated companies results	(1,036)	77	(841)	162
Profit / (Loss) before taxation	2,184	(6,592)	7,597	(19,322)
Taxation	(788)	(1,696)	(2,892)	(1,696)
Profit / (Loss) after taxation	1,396	(8,288)	4,705	(21,018)
Attributable to :-				
Equity holders of the parent	1,396	(8,288)	4,705	(21,018)
Minority interest	-	-	-	-
Profit / (Loss) after taxation	1,396	(8,288)	4,705	(21,018)
Earnings / (Loss) per share (sen)				
Basic	0.07	(0.41)	0.23	(1.04)
Fully diluted	0.07	N/A	0.23	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 Period Ended 31 December 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 01/04/2007	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
Arising from additional investment in subsidiary company	-	-	-	(300)	(300)	-	(300)
Movement during the period	-	-	(398)	4,705	4,307	-	4,307
Balance as at 31/12/2008	1,015,030	111,536	624	(282,063)	845,127	-	845,127

(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 Period Ended 31 December 2008
(The figures have not been audited.)

	Current year-to-date ended 31/12/2008 RM'000	Corresponding year-to-date ended 31/12/2007 RM'000
Profit / (Loss) before taxation	7,597	(19,322)
Adjustments for :-		
Non-cash items	23,560	34,528
Operating Profit before working capital changes	<u>31,157</u>	<u>15,206</u>
Changes in working capital :-		
Net change in current assets	43,311	(5,712)
Net change in current liabilities	(69,322)	29,315
Net change in development expenditure	12,591	4,045
Cash flows generated from operations	<u>17,737</u>	<u>42,854</u>
Income tax paid	(1,941)	(1,197)
Interest paid	(11,685)	(17,399)
Interest received	244	77
Net cash flows generated from operating activities	<u>4,355</u>	<u>24,335</u>
Investing activities		
Acquisition of subsidiary companies, net of cash acquired	(2,568)	-
Acquisition of additional interest in subsidiary company	(300)	-
Purchase of property, plant & equipment	(522)	(2,730)
Proceed from disposal of property, plant & equipment	13,265	33
Proceed from disposal investment in an associated company	-	-
Net cash flows used in investing activities	<u>9,875</u>	<u>(2,697)</u>
Financing activities		
Drawdown of borrowings	45,000	-
Repayment of borrowings	(60,446)	(15,827)
Net cash flows used in financing activities	<u>(15,446)</u>	<u>(15,827)</u>
Net change in cash & cash equivalents	(1,216)	5,811
Cash & cash equivalents at beginning of the period	18,161	10,467
Translation exchange difference	(398)	412
Cash & cash equivalents at end of the period	<u>16,547</u>	<u>16,690</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 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 / revised Financial Reporting Standards ("FRS") and Issues Committee Interpretations ("ICI") effective for the financial year ending 31 March 2009:-

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 Benefits Plans
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
ICI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
ICI 2	Members' Shares in Co-operative Entities and Similar Instruments
ICI 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
ICI 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
ICI 7	Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies
ICI 8	Scope of FRS 2

The adoption of the above new / revised FRSs and ICIs do not have any significant impact on the results of the Group for the current quarter and the financial year-to-date.

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 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 31/12/2008**

	<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	106,491	54,307	8,319	251	169,368
Results					
Segment profit / (loss)	29,775	11,888	(765)	3,276	44,174
Depreciation/Amortisation	(1,727)	(7,555)	(16)	(743)	(10,041)
Segment result	28,048	4,333	(781)	2,533	34,133
Interest expenses					(25,695)
Share of associated companies results					(841)
Taxation					(2,892)
Profit after taxation					4,705

**Preceding Financial year-
to-date 31/12/2007**

	<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	35,415	59,606	13,849	838	109,708
Results					
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)

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 2008 to 24 February 2009 (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 the followings:

- a) On 7 October 2008, the Company has acquired 600,000 ordinary shares of RM1.00 each, representing 60% equity interest of Beribu Ukiran Sdn Bhd (“BUSB”) for a cash consideration of RM3,160,934. Following the acquisition, BUSB is now a wholly-owned subsidiary of the Company;
- b) On 4 November 2008, the Company has acquired 450,000 ordinary shares of RM1.00 each, representing 60% equity interest of CTRM-FACB Consortium Sdn Bhd (“CTRM-FACB Consortium”) for a cash consideration of RM450,000. Following the acquisition, CTRM-FACB Consortium is now a wholly-owned subsidiary of the Company;
- c) On 4 November 2008, the Company via its subsidiary, Ikhlas Perdana Sdn Bhd (“IPSB”), acquired 300,000 ordinary shares of RM1.00 each, representing 30% equity interest of Composites Technology Development Corporation Sdn Bhd (“CTDC”) for a cash consideration of RM300,000.

After the aforesaid acquisition, CTDC becomes the wholly-owned subsidiary of the Company, held through IPSB.

The financial effects of the subsidiary companies acquired on the Group’s financial statements are as follows:

i) Effect on Consolidated Income Statements:

The effects on the consolidated results of the Group from the effective date of acquisition are as follows:

	Current Quarter and Year-to-date RM’000
Revenue	887
Operating expenses	(635)

Profit from operations	252
Finance cost	(14)

Profit before taxation	238
Taxation	(14)
Profit after taxation	----- 224 =====

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2008****A11. Changes in the Composition of the Group**

ii) Effect On Consolidated Financial Position:

The fair values of the assets acquired and the liabilities assumed at the effective date of acquisition are as follows:

	RM'000
Land held for property development	54,898
Property development costs	10,355
Trade and other receivables	12,454
Deferred tax assets	10
Cash and bank balances	1,052
Trade and other payables	(73,657)
Provision for taxation	(831)

Total net assets	4,281
Goodwill	1,052
Interest in associated companies	(1,713)

Total purchase consideration	3,620
Less: Cash and cash equivalents of subsidiary companies acquired	(1,052)

Effect of acquisition of subsidiary companies, net of cash acquired	2,568
	=====

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 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 RM57.7 million for the financial quarter ended 31 December 2008 as compared to RM38.1 million for the preceding year corresponding quarter ended 31 December 2007. This translates into a 51.4% quarter-on-quarter growth or an increase of RM19.6 million in its revenue.

The double-digit revenue growth is mainly due to increased revenue contribution from its property development segment, i.e. the Nexus Residence Karambunai project and the Bandar Sierra project, both of which are located in Kota Kinabalu, Sabah.

In the current financial quarter, the Group achieved an operating profit of RM12.1 million as compared to RM1.5 million in the preceding year corresponding quarter ended 31 December 2007. In terms of pre-tax profit, the Group recorded RM2.2 million as compared to a pre-tax loss of RM6.6 million in the preceding year corresponding quarter. The Group attributes the improved performance mainly 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 31 December 2008 and 24 February 2009 (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 RM2.2 million as compared to RM7.5 million pre-tax profit in the immediate preceding quarter. The higher pre-tax profit in the immediate preceding quarter was due to a one-time gain on disposal of property amounting to RM7.15 million located in Petaling Jaya.

B3. Current Year Prospects

The recent adverse development in the global economy with a consequential slow down in demand has resulted in a challenging environment for many businesses. 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 endeavor to perform satisfactorily in the remaining quarter of the current 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 December 2008 are as follows:

Tax Charge	Current Quarter RM'000	Current Year-to-date RM'000
Current tax	(788) =====	(2,892) =====

The higher effective tax rate applicable to the Group for the current quarter and financial year-to-date was mainly due to certain expenses being disallowed for tax purposes and non-availability of Group tax relieve in respect of losses incurred by certain subsidiary companies.

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 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 24 February 2009 (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.

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2008****B9. Borrowings and Debt Securities**

(a) Short Term Borrowings	RM'000
Secured	
Term Loan I (USD5.42Million)	18,133
Term Loan II	711
Term Loan III	15,000
Term Loan IV	44,074
Promissory Note	143,071
Unsecured	
Hire Purchase Creditors	2,979
Total	223,968

(b) Long Term Borrowings	RM'000
Secured	
Term Loan III	262,500
Unsecured	
Hire Purchase Creditors	1,812
Total	264,312

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 24 February 2009 (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.

KARAMBUNAI CORP BHD (6461-P)**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 December 2008****B11. Material Litigation**

There is no material litigation at the date of this announcement.

B12. Dividend

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

B13. Earnings / (Loss) per Share

	Current Quarter Ended <u>31/12/2008</u> RM'000	Comparative Quarter Ended <u>31/12/2007</u> RM'000	Current Financial Year-to-date Ended <u>31/12/2008</u> RM'000	Preceding Financial Year-to-date Ended <u>31/12/2007</u> RM'000
Profit / (Loss) after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic / diluted EPS	1,396	(8,288)	4,705	(21,018)
Weighted average number of shares used as denominator in the calculation of basic / diluted EPS ('000)	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>	<u>2,030,060</u>

By order of the Board

Lim Tiong Jin
Chief Financial Officer
Kota Kinabalu, Sabah
24 February 2009