

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

**Condensed Consolidated Balance Sheets**  
**As at 31 March 2009**

	(Unaudited) As at 31/03/2009 RM'000	(Audited) As at 31/03/2008 RM'000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	287,643	298,402
Land held for property development	808,515	755,928
Interest In Associated Companies	125	2,679
Other Investments	522	522
Capital Work-In-Progress	42,154	54,668
Long Term Prepaid Leases	434,490	441,017
Goodwill on Consolidation	19,059	18,459
	<u>1,592,508</u>	<u>1,571,675</u>
<b>Current Assets</b>		
Property development costs	41,180	44,325
Inventories	4,488	6,339
Receivables, Deposits and Prepayments	127,454	183,624
Cash, Bank Balances and Deposits	15,029	18,161
	<u>188,151</u>	<u>252,449</u>
<b>Total Assets</b>	<u><u>1,780,659</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	(211,072)	(173,910)
<b>Total Equity</b>	<u>803,958</u>	<u>841,120</u>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Long Term Liabilities		
Borrowings	254,834	410,597
Other deferred liabilities	125,201	123,162
	<u>380,035</u>	<u>533,759</u>
<b>Current Liabilities</b>		
Payables, Deposits and Accruals	230,446	221,729
Short Term Borrowings	231,849	88,340
Taxation	134,371	139,176
	<u>596,666</u>	<u>449,245</u>
<b>Total Liabilities</b>	<u>976,701</u>	<u>983,004</u>
<b>Total Equity and Liabilities</b>	<u><u>1,780,659</u></u>	<u><u>1,824,124</u></u>
Net Assets Per Share (sen)	<u>40</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 Year Ended 31 March 2009**  
(The figures have not been audited.)

	(Audited)			
	Current quarter ended <u>31/03/2009</u> RM'000	Preceding year corresponding quarter ended <u>31/03/2008</u> RM'000	Current financial year ended <u>31/03/2009</u> RM'000	Preceding financial year ended <u>31/03/2008</u> RM'000
Revenue	26,021	62,766	195,389	172,474
Operating expenses	(69,214)	(69,515)	(216,440)	(175,667)
Other operating income	7,541	1,657	19,532	3,227
(Loss) / Profit from operations	(35,652)	(5,092)	(1,519)	34
Finance costs	(9,472)	(17,176)	(35,167)	(41,786)
Share of associated companies results	-	137	(841)	299
Loss before taxation	(45,124)	(22,131)	(37,527)	(41,453)
Taxation	3,937	11,066	1,045	9,370
Loss after taxation	(41,187)	(11,065)	(36,482)	(32,083)
Attributable to :-				
Equity holders of the parent	(41,187)	(11,065)	(36,482)	(32,083)
Minority interest	-	-	-	-
Loss after taxation	(41,187)	(11,065)	(36,482)	(32,083)
Loss per share (sen)				
Basic	(2.03)	(0.55)	(1.80)	(1.58)
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 Year Ended 31 March 2009**

(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	-	-	(380)	(36,482)	(36,862)	-	(36,862)
Balance as at 31/03/2009	1,015,030	111,536	642	(323,250)	803,958	-	803,958

(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 Year Ended 31 March 2009**  
(The figures have not been audited.)

	Current financial year ended 31/03/2009 RM'000	(Audited) Corresponding financial year ended 31/03/2008 RM'000
Loss before taxation	(37,527)	(41,453)
Adjustments for :-		
Non-cash items	58,577	63,758
Operating Profit before working capital changes	<u>21,050</u>	<u>22,305</u>
Changes in working capital :-		
Net change in current assets	64,419	64,322
Net change in current liabilities	(64,101)	8,159
Net change in development expenditure	2,606	(4,834)
Cash flows generated from operations	<u>23,974</u>	<u>89,952</u>
Income tax paid	(2,831)	(14,290)
Interest paid	(14,157)	(16,343)
Interest received	313	305
Net cash flows generated from operating activities	<u>7,299</u>	<u>59,624</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	(306)	(1,953)
Purchase of leasehold land	-	(35,000)
Proceed from disposal of leasehold lands and property, plant & equipment	13,162	86
Advances to associated companies	-	(4)
Net cash flows generated from / (used in) investing activities	<u>9,988</u>	<u>(36,871)</u>
Financing activities		
Drawdown of borrowings	48,345	-
Repayment of borrowings	(68,384)	(15,050)
Net cash flows used in financing activities	<u>(20,039)</u>	<u>(15,050)</u>
Net change in cash & cash equivalents	(2,752)	7,703
Cash & cash equivalents at beginning of the period	18,161	10,467
Translation exchange difference	(380)	(9)
Cash & cash equivalents at end of the period	<u>15,029</u>	<u>18,161</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 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 <sub>2004</sub> 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 current financial year.

**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 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 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.

**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 2009****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**  
**31/03/2009**

	<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	112,104	71,482	11,475	328	195,389
<b>Results</b>					
Segment profit / (loss)	5,684	5,223	(968)	1,101	11,040
Depreciation/Amortisation	(2,229)	(9,336)	(21)	(973)	(12,559)
Segment result	3,455	(4,113)	(989)	128	(1,519)
Interest expenses					(35,167)
Share of associated companies results					(841)
Taxation					1,045
Loss after taxation					(36,482)

**Preceding Financial year**  
**31/03/2008**

	<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	67,098	84,983	17,948	2,445	172,474
<b>Results</b>					
Segment profit / (loss)	329	26,975	(557)	(15,858)	10,889
Depreciation/Amortisation	(750)	(9,548)	(57)	(500)	(10,855)
Segment result	(421)	17,427	(614)	(16,358)	34
Interest expenses					(41,786)
Share of associated companies results					299
Taxation					9,370
Loss after taxation					(32,083)

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

**Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2009**

**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 2009 to 29 May 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 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 current financial year except for the followings:

- a) On 7 October 2008, Karambunai Corp Bhd (“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 company 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 company of the Company; and
- c) On 4 November 2008, the Company via its subsidiary company, 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 company 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 Financial Year RM’000
Revenue	887
Operating expenses	(635)
	-----
Profit from operations	252
Finance cost	(14)
	-----
Profit before taxation	238
Taxation	(14)
Profit after taxation	----- 224 =====



**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
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**A12. Changes in contingent liabilities or contingent assets**

Other than corporate guarantees extended by the Company in support of banking facilities of its subsidiary companies, there were no contingent liabilities or contingent assets as at 31 March 2009 (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 RM195.4 million for the financial year ended 31 March 2009 (as compared to RM172.5 million for the corresponding period of the preceding financial year ended 31 March 2008).

The Group's property development segment recorded revenue of RM112.1 million in the current financial year (as compared to RM67.1 million in the previous corresponding year) as a result of higher revenue recognition from its existing property development projects. The Group's property projects are the Nexus Residence Karambunai, a high-end beachfront villa project in Karambunai peninsular and the Bandar Sierra township, a mixed development project, where both are located in Kota Kinabalu, Sabah.

The global financial crisis took its toll on the tourism industry as Sabah experienced a drop in tourist arrivals to 2.3 million arrivals in 2008 (vs. 2.48 million in 2007), a decline of 7.3% on a year-on-year basis (Source: Sabah Tourism Board). This led to a decline in the revenue of the Group's leisure & tourism segment whereby it recorded RM71.5 million in the current financial year (as compared to RM84.9 million in the previous corresponding period).

The Group recorded a pre-tax loss of RM37.5 million after taking into account financing costs of RM35.2 million for the current financial year (as compared to a pre-tax loss of RM41.5 million in the previous corresponding period).

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 has arisen between 31 March 2009 and 29 May 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**

The Group recorded a loss after taxation of RM41.2 million in the current quarter (as compared to RM1.4 million profit after tax in the immediate preceding quarter). This was mainly attributed to lower revenue, impairment and allowance for doubtful debts during the quarter under review.

**B3. Next Year Prospects**

The current global financial crisis has resulted in a very challenging environment for many businesses. Amidst the tough operating conditions, the Group is cautiously managing its business operations with focus on revenue sustainability and cashflow management. Barring any unforeseen circumstances, the Group expects to cushion the adverse economic conditions by leveraging on its world-class asset quality and projects in strategic location.

**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 2009 are as follows:

Tax Charge	Current Quarter RM'000	Current Financial Year RM'000
Current quarter / year provision	(723)	(3,615)
Overprovision of prior year's taxation	6,707	6,707
Transfer to deferred taxation	(2,047)	(2,047)
	-----	-----
	3,937	1,045
	=====	=====

**B6. Profit 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 other than the following:

	Current Year-to-date RM'000
Gain on disposal of property and long term prepaid land lease	7,146
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**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 current quarter.

**B8. Status of Corporate Proposals Announced But Not Completed as at 29 May 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 March 2009****B9. Borrowings and Debt Securities****(a) Short Term Borrowings**

	<u>RM'000</u>
<b>Secured</b>	
Term Loan I (USD5.42Million)	18,133
Term Loan II	651
Term Loan III	16,500
Term Loan IV	47,284
Promissory Note	144,674
<b>Unsecured</b>	
Hire Purchase Creditors	4,607
<b>Total</b>	<u>231,849</u>

**(b) Long Term Borrowings**

	<u>RM'000</u>
<b>Secured</b>	
Term Loan III	253,500
<b>Unsecured</b>	
Hire Purchase Creditors	1,334
<b>Total</b>	<u>254,834</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 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 March 2009****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.

**B13. Loss per Share**

	Current Quarter Ended <u>31/03/2009</u> RM'000	Comparative Quarter Ended <u>31/03/2008</u> RM'000	Current Financial Year Ended <u>31/03/2009</u> RM'000	Preceding Financial Year Ended <u>31/03/2008</u> RM'000
Loss after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	(41,187)	(11,065)	(36,482)	(32,083)
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  
29 May 2009