

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

**Condensed Consolidated Balance Sheets**  
**As at 31 March 2010**

	(Unaudited) As at 31/03/2010 RM'000	(Audited) As at 31/03/2009 RM'000
<b>Assets</b>		
<b>Non-Current Assets</b>		
Property, Plant and Equipment	287,345	287,298
Land held for property development	803,758	803,622
Interest In Associated Companies	-	125
Other Investments	350	520
Capital Work-In-Progress	46,056	46,056
Long Term Prepaid Leases	432,620	434,490
Deferred Tax Assets	9	9
Goodwill on Consolidation	16,953	19,059
	<u>1,587,091</u>	<u>1,591,179</u>
<b>Current Assets</b>		
Property development costs	48,134	54,658
Inventories	4,228	4,462
Receivables, Deposits and Prepayments	110,265	124,603
Cash, Bank Balances and Deposits	7,715	14,642
	<u>170,342</u>	<u>198,365</u>
<b>Total Assets</b>	<u><u>1,757,433</u></u>	<u><u>1,789,544</u></u>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share Capital	1,015,030	1,015,030
Reserves	(242,760)	(209,371)
<b>Total Equity</b>	<u>772,270</u>	<u>805,659</u>
<b>Liabilities</b>		
<b>Non-Current Liabilities</b>		
Long Term Liabilities		
Borrowings	271,882	290,577
Other deferred liabilities	127,063	125,953
	<u>398,945</u>	<u>416,530</u>
<b>Current Liabilities</b>		
Payables, Deposits and Accruals	258,192	232,136
Short Term Borrowings	203,307	194,702
Taxation	124,719	140,517
	<u>586,218</u>	<u>567,355</u>
<b>Total Liabilities</b>	<u>985,163</u>	<u>983,885</u>
<b>Total Equity and Liabilities</b>	<u><u>1,757,433</u></u>	<u><u>1,789,544</u></u>
Net Assets Per Share (sen)	<u>38</u>	<u>40</u>

(The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009 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 2010**  
(The figures have not been audited.)

	(Audited)			
	Current quarter ended	Preceding year corresponding quarter ended	Current year-to-date ended	Preceding year-to-date ended
	<u>31/03/2010</u> RM'000	<u>31/03/2009</u> RM'000	<u>31/03/2010</u> RM'000	<u>31/03/2009</u> RM'000
Revenue	45,241	29,023	143,900	198,390
Operating expenses	(50,569)	(66,650)	(150,538)	(213,874)
Other operating income	235	4,280	2,902	16,271
(Loss) / Profit from operations	(5,093)	(33,347)	(3,736)	787
Finance costs	(8,352)	(10,203)	(37,128)	(35,898)
Share of associated companies results	-	-	-	(841)
Loss before taxation	(13,445)	(43,550)	(40,864)	(35,952)
Taxation	472	3,448	7,665	555
Loss after taxation	(12,973)	(40,102)	(33,199)	(35,397)
Attributable to :-				
Equity holders of the parent	(12,973)	(40,102)	(33,199)	(35,397)
Minority interest	-	-	-	-
Loss after taxation	(12,973)	(40,102)	(33,199)	(35,397)
Loss per share (sen)				
Basic	(0.64)	(1.98)	(1.64)	(1.74)
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 2009 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 2010**

(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 01/04/2008	1,015,030	111,536	1,022	(286,468)	841,120	-	841,120
Movement during the year	-	-	(64)	(35,397)	(35,461)	-	(35,461)
Balance as at 31/03/2009	1,015,030	111,536	958	(321,865)	805,659	-	805,659
Balance as at 01/04/2009	1,015,030	111,536	958	(321,865)	805,659	-	805,659
Movement during the year	-	-	(190)	(33,199)	(33,389)	-	(33,389)
Balance as at 31/03/2010	1,015,030	111,536	768	(355,064)	772,270	-	772,270

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009 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 2010**  
(The figures have not been audited.)

	Current year-to-date ended 31-03-2010 RM'000	(Audited) Corresponding year-to-date ended 31-03-2009 RM'000
Loss before taxation	(40,864)	(35,952)
Adjustments for :-		
Non-cash items	53,782	66,437
Operating Profit before working capital changes	<u>12,918</u>	<u>30,485</u>
Changes in working capital :-		
Net change in current assets	1,088	25,412
Net change in current liabilities	4,024	(36,295)
Net change in development expenditure	10,321	1,402
Cash flows generated from operations	<u>28,351</u>	<u>21,004</u>
Income tax paid	(470)	(2,860)
Interest paid	(11,793)	(14,946)
Interest received	193	322
Net cash flows generated from operating activities	<u>16,281</u>	<u>3,520</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	(3,479)	(1,481)
Proceed from disposal of prepaid land lease, leasehold land and land held for property development	-	12,899
Proceed from disposal of property, plant & equipment	164	6,007
Net cash flows (used in)/generated from investing activities	<u>(3,315)</u>	<u>14,557</u>
Financing activities		
Drawdown of borrowings	-	-
Repayment of borrowings	(19,703)	(21,532)
Net cash flows used in financing activities	<u>(19,703)</u>	<u>(21,532)</u>
Net change in cash & cash equivalents	(6,737)	(3,455)
Cash & cash equivalents at beginning of the period	14,642	18,161
Translation exchange difference	(190)	(64)
Cash & cash equivalents at end of the year	<u>7,715</u>	<u>14,642</u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2009 and the accompanying explanatory notes attached to the interim financial statements.)

**Notes In Compliance with FRS 134**

**A1. Accounting Policies**

The MASB has issued the following new and revised FRSs, Amendments to FRSs and Interpretations that are not yet effective and have not been early adopted in preparing these financial statements:-

		<b>For financial periods beginning on or after</b>
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations	1 July 2010
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments : Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 101	Presentation of Financial Statements	1 January 2010
FRS 123	Borrowing Costs	1 January 2010
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters (Amendment to FRS 1)		1 January 2011
Improving Disclosures about Financial Instruments (Amendments to FRS 7)		1 January 2011
Amendments to FRS 1 First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate		1 January 2010
Amendments to FRS 2 Share-based Payment: Vesting Conditions and Cancellations		1 January 2010
Amendments to FRS 2 Share-based Payment		1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations		1 July 2010
Amendments to FRS 132 Financial Instruments: Presentation		1 January 2010
Amendments to FRS 138 Intangible Assets		1 July 2010
Amendments to FRS 139 Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives		1 January 2010
Amendments to FRSs contained in the document entitled "Improvements to FRSs (2009)"		1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010
IC Interpretation 15	Arrangements for the Construction of Real Estate	1 July 2010
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives		1 July 2010
Presentation of Financial Statements of Islamic Financial Institutions		

**A1. Accounting Policies**

By virtue of the exemption in FRS 4,7 and 139, the impact of applying the respective FRSs on these financial statements upon their first adoption as required by paragraph 30(b) of FRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors* is not disclosed.

The adoption of the other FRSs, Amendments to FRSs, IC Interpretations and TR are not expected to have any significant impact on the financial statements of the Company upon their initial application, except for FRS 101 as indicated below.

***FRS 101 Presentation of Financial Statements***

The revised FRS 101 requires owner and non-owner changes in equity to be presented separately. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line item. In addition, the revised standard introduces the statement of comprehensive income: It presents all items of income and expense recognised in income statements, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company is currently evaluating the format to adopt. New terminologies will replace 'balance sheet' with 'statement of financial position' and 'cash flow statement' with 'statement of cash flows'.

**A2. Audit report of previous annual financial report**

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2009 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 unusual or material items affecting the Group during the financial year except as disclosed below:

	Current Quarter RM'000	Current Financial Year RM'000
Impairment of goodwill on consolidation in subsidiary companies	(2,106)	(2,106)

**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.

**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.

**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**  
**31/03/2010**

	<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	65,338	69,673	8,135	754	143,900
<b>Results</b>					
Segment profit / (loss)	2,636	15,899	(982)	(8,929)	8,624
Depreciation/Amortisation	(2,314)	(9,110)	(17)	(919)	(12,360)
Segment result	322	6,789	(999)	(9,848)	(3,736)
Interest expenses					(37,128)
Share of associated companies results					-
Taxation					7,665
Loss after taxation					(33,199)

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2010****A8. Segmental Information****Segment by activities**

<b><u>Preceding Financial Year</u></b> <b><u>31/03/2009</u></b>	<b><u>Property</u></b> <b><u>Development</u></b> RM'000	<b><u>Leisure &amp;</u></b> <b><u>Tourism</u></b> RM'000	<b><u>Trading</u></b> RM'000	<b><u>Investment</u></b> <b><u>Holdings</u></b> <b><u>and Others</u></b> RM'000	<b><u>Consolidated</u></b> RM'000
<b>Revenue</b>					
External sales	108,414	74,003	15,042	931	198,390
<b>Results</b>					
Segment profit / (loss)	(4,097)	6,531	(1,463)	12,405	13,376
Depreciation/Amortisation	(2,224)	(9,370)	(21)	(974)	(12,589)
Segment result	(6,321)	(2,839)	(1,484)	11,431	787
Interest expenses					(35,898)
Share of associated companies results					(841)
Taxation					555
Loss after taxation					(35,397)

**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 2010 to 27 May 2010 (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.

**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 2010 (31 March 2009 : nil).



**A13. Significant Event**

On 8 December 2009, the Company announced that in relation to the proposed novation to Dapan Holdings Sdn Bhd (“DHSB”) of RM33,373,382, being the amount due and owing by Beribu Ukiran Sdn Bhd (“BUSB”) to FACB Industries Incorporated Berhad (“FACBII”) and to be paid by DHSB to FACBII (“Novation”), the First Payment amounting to RM7,000,000 has been paid by DHSB to FACBII.

Both parties, i.e. DHSB and FACBII, have also agreed to extend the Second Payment amounting to RM8,280,203 (inclusive of interest) from 6 October 2009 to 6 October 2010 with interest pursuant to the Novation Agreement dated 7 August 2008.

**Notes in compliance with BMSB Main Market Listing Requirements**

**B1. Review of the Performance of the Company and Its Principal Subsidiaries**

The Group registered revenue of RM143.9 million for the financial year ended 31 March 2010 (as compared to RM198.4 million for the corresponding period of the preceding financial year ended 31 March 2009).

The lower revenue registered was mainly due to lower contribution from its property segment as some of the development projects have reached the completion stage and hence recorded lower revenue as compared to the previous corresponding period. The Group is currently in the final stages of preparing for its new property projects in Sabah and intends to launch the projects at the right time to ride on the improving sentiments of the property market.

The Group recorded a pre-tax loss of RM40.9 million after taking into account financing costs of RM37.1 million for the current financial year (as compared to a pre-tax loss of RM36.0 million in the previous corresponding year).

In the opinion of the Directors, the results for the current quarter and financial year have not been affected by any transaction or event of a material and unusual nature which has arisen between 31 March 2010 and 31 May 2010 (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 before taxation of RM13.4 million in the current quarter (as compared to RM10.0 million loss before tax in the immediate preceding quarter). The weaker financial performance was mainly attributable to higher operating expenses incurred during the quarter under review.

**B3. Next Year Prospects**

The Group remains cautious over the economic prospects in the coming year due to the uncertainties in the global economic conditions. As such, the Group will continue to manage its business operations prudently with focus on revenue sustainability and cashflow management.

The Group is currently in the final stages of preparing for its new property projects in Sabah and will launch the development projects at the right time to capitalize on the improved property outlook. The Group also intends to leverage on its world-class assets whilst divesting non-strategic assets to generate cashflows.

**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 2010 are as follows:

Tax Charge	Current Quarter RM'000	Current Financial Year RM'000
Current quarter / year provision	1,291	(1,035)
Overprovision of prior year's taxation	291	9,810
Transfer to deferred taxation	(1,110)	(1,110)
	-----	-----
	472	7,665
	=====	=====

The provision of taxation despite of the loss generated by the Group 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.

Included in the overprovision in prior year is in relation to the reversal of tax charge following the revocation and termination of a land sale.

**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.

**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.

**KARAMBUNAI CORP BHD (6461-P)****Unaudited Quarterly Report on the Consolidated Results for the Financial Quarter Ended 31 March 2010****B8. Status of Corporate Proposals Announced But Not Completed as at 31 May 2010 (being the latest practicable date which is not earlier than 7 days from the date of issue of this Quarterly Report)**

On 24 July 2009, the Board announced the proposed disposal of approximately 8,790 square metres of leasehold land held under H.S. (M) 19319, P.T. 16028, Mukim Petaling, Daerah Petaling, Negeri Selangor for a cash consideration of RM1,655,000 by FACB Land Sdn Bhd ("FACBL"), a wholly-owned subsidiary of the Company to Majurama Developments Sdn Bhd ("Majurama"), a wholly-owned subsidiary of Petaling Tin Berhad.

On 21 May 2010, Majurama has granted an extension of time to FACBL, to fulfill the conditions precedent in the Sale & Purchase Agreement, which has been duly accepted by FACBL on the even date.

The announcement to Bursa Malaysia for the same was made on the even date.

**B9. Borrowings and Debt Securities**

(a) <b><u>Short Term Borrowings</u></b>	<b><u>RM'000</u></b>
<b>Secured</b>	
Term Loan I (USD5.42Million)	18,133
Term Loan II	293
Term Loan III	19,125
Term Loan IV	12,000
Promissory Note	151,174
<b>Unsecured</b>	
Hire Purchase Creditors	2,582
<b>Total</b>	<u>203,307</u>
(b) <b><u>Long Term Borrowings</u></b>	<b><u>RM'000</u></b>
<b>Secured</b>	
Term Loan III	234,375
Term Loan IV	34,449
<b>Unsecured</b>	
Hire Purchase Creditors	3,058
<b>Total</b>	<u>271,882</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 31 May 2010 (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 2010****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>31/03/2010</u> RM'000	Comparative Quarter Ended <u>31/03/2009</u> RM'000	Current Financial Year <u>31/03/2010</u> RM'000	Preceding Financial Year <u>31/03/2009</u> RM'000
Loss after taxation attributable to the equity holders of the parent used as numerator in the calculation of basic EPS	(12,973)	(40,102)	(33,199)	(35,397)
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  
31 May 2010