

KARAMBUNAI CORP BHD (6461-P)
QUARTERLY REPORT

Condensed Consolidated Statement of Financial Position
As at 30 June 2010

	(Unaudited) As at 30/06/2010 RM'000	(Audited) As at 31/03/2010 RM'000
Assets		
Non-Current Assets		
Property, Plant and Equipment	708,391	711,962
Land held for property development	543,257	543,044
Interest In Associated Companies	-	-
Available For Sale	100	100
Capital Work-In-Progress	46,056	46,056
Deferred Tax Assets	9	9
Goodwill on Consolidation	17,430	17,430
	<u>1,315,243</u>	<u>1,318,601</u>
Current Assets		
Property development costs	33,333	37,590
Inventories	14,063	14,232
Receivables, Deposits and Prepayments	114,585	112,654
Cash, Bank Balances and Deposits	7,292	7,061
	<u>169,273</u>	<u>171,537</u>
Non-current assets held for sales	265,830	265,830
Total Assets	<u><u>1,750,346</u></u>	<u><u>1,755,968</u></u>
Equity and Liabilities		
Equity attributable to equity holders of the Company		
Share Capital	1,015,030	1,015,030
Reserves	(259,984)	(245,418)
Total Equity	<u>755,046</u>	<u>769,612</u>
Liabilities		
Non-Current Liabilities		
Borrowings	283,772	284,050
Other deferred liabilities	127,100	127,100
	<u>410,872</u>	<u>411,150</u>
Current Liabilities		
Payables, Deposits and Accruals	267,146	259,445
Short Term Borrowings	192,071	190,890
Taxation	125,211	124,871
	<u>584,428</u>	<u>575,206</u>
Total Liabilities	<u>995,300</u>	<u>986,356</u>
Total Equity and Liabilities	<u><u>1,750,346</u></u>	<u><u>1,755,968</u></u>
Net Assets Per Share (sen)	<u>37</u>	<u>38</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Income Statement
For Financial Period Ended 30 June 2010
(The figures have not been audited.)

	Current quarter ended <u>30/06/2010</u> RM'000	Preceding year corresponding quarter ended <u>30/06/2009</u> RM'000	Current year-to-date ended <u>30/06/2010</u> RM'000	Preceding year-to-date ended <u>30/06/2009</u> RM'000
Revenue	24,032	22,298	24,032	22,298
Operating expenses	(29,366)	(28,595)	(29,366)	(28,595)
Other operating income	402	1,173	402	1,173
Loss from operations	(4,932)	(5,124)	(4,932)	(5,124)
Finance costs	(8,885)	(9,155)	(8,885)	(9,155)
Share of associated companies results	-	-	-	-
Loss before taxation	(13,817)	(14,279)	(13,817)	(14,279)
Taxation	(569)	(330)	(569)	(330)
Loss for the period	<u>(14,386)</u>	<u>(14,609)</u>	<u>(14,386)</u>	<u>(14,609)</u>
Attributable to :-				
Equity holders of the Company	(14,386)	(14,609)	(14,386)	(14,609)
Non-controlling interest	-	-	-	-
Loss for the period	<u>(14,386)</u>	<u>(14,609)</u>	<u>(14,386)</u>	<u>(14,609)</u>
Loss per share (sen)				
Basic	(0.71)	(0.72)	(0.71)	(0.72)
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 2010 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Statement of Comprehensive Income
For Financial Period Ended 30 June 2010
(The figures have not been audited.)

	Current quarter ended <u>30/06/2010</u> RM'000	Preceding year corresponding quarter ended <u>30/06/2009</u> RM'000	Current year-to-date ended <u>30/06/2010</u> RM'000	Preceding year-to-date ended <u>30/06/2009</u> RM'000
Loss for the period	(14,386)	(14,609)	(14,386)	(14,609)
Other Comprehensive Loss				
Foreign currency translation differences for foreign operations	(180)	(239)	(180)	(239)
Other comprehensive loss for the period net of tax	(180)	(239)	(180)	(239)
Total comprehensive loss for the period	(14,566)	(14,848)	(14,566)	(14,848)
Total comprehensive loss Attributable to :- Equity holders of the Company	(14,566)	(14,848)	(14,566)	(14,848)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010 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 2010**

(The figures have not been audited.)

	← Attributable to equity holders of the Company →						
	Share Capital	Share Premium	Other Reserves	Accumulated Losses	Total	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 01/04/2010	1,015,030	111,536	668	(357,622)	769,612	-	769,612
Total comprehensive loss for the period	-	-	(180)	(14,386)	(14,566)	-	(14,566)
As at 30/06/2010	<u>1,015,030</u>	<u>111,536</u>	<u>488</u>	<u>(372,008)</u>	<u>755,046</u>	<u>-</u>	<u>755,046</u>
As at 01/04/2009	1,015,030	111,536	1,022	(286,468)	841,120	-	841,120
Total comprehensive loss for the period	-	-	(239)	(14,609)	(14,848)	-	(14,848)
As at 30/06/2009	<u>1,015,030</u>	<u>111,536</u>	<u>783</u>	<u>(301,077)</u>	<u>826,272</u>	<u>-</u>	<u>826,272</u>

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.)

KARAMBUNAI CORP BHD (6461-P)
Condensed Consolidated Statement of Cash Flows
For Financial Period Ended 30 June 2010
(The figures have not been audited.)

	Current period-to-date ended 30-06-2010 RM'000	Corresponding period-to-date ended 30-06-2009 RM'000
Loss before taxation	(13,817)	(14,279)
Adjustments for :-		
Non-cash items	12,672	10,399
Operating Loss before working capital changes	<u>(1,145)</u>	<u>(3,880)</u>
Changes in working capital :-		
Net change in current assets	(2,178)	4,849
Net change in current liabilities	3,934	5,054
Net change in development expenditure	<u>4,043</u>	<u>683</u>
Cash flows generated from operations	4,654	6,706
Income tax paid	(28)	(371)
Interest paid	(2,942)	(2,845)
Interest received	10	52
Net cash flows generated from operating activities	<u>1,694</u>	<u>3,542</u>
Investing activities		
Purchase of property, plant & equipment	<u>(227)</u>	<u>(170)</u>
Net cash flows used in investing activities	<u>(227)</u>	<u>(170)</u>
Financing activities		
Repayment of borrowings	<u>(1,056)</u>	<u>(8,131)</u>
Net cash flows used in financing activities	<u>(1,056)</u>	<u>(8,131)</u>
Net change in cash & cash equivalents	411	(4,759)
Cash & cash equivalents at beginning of the period	7,061	14,642
Translation exchange difference	(180)	(239)
Cash & cash equivalents at end of the period	<u><u>7,292</u></u>	<u><u>9,644</u></u>

(The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 31 March 2010 and the accompanying explanatory notes attached to the interim financial statements.)

Notes In Compliance with FRS 134**A1. Accounting Policies**

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad, except for the adoption of the following new and revised Financial Reporting Standards (“FRS”), Amendments to FRSs Issue Committee (“IC”) Interpretations and Technical Release (“TR”) effective 1 January 2010 as disclosed below:

FRS 7	Financial Instruments : Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
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
Amendments to FRS 132	Financial Instruments : Presentation
Amendments to FRS 139	Financial Instruments : Recognition and Measurement, FRS 7 Financial Instruments : Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
Amendments to FRSs contained in the document entitled “Improvements to FRSs (2009)”	
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
Technical Release 3	Guidance on Disclosures of Transition to IFRSs
TR i-3	Presentation of Financial Statements of Islamic Financial Institutions
TR i-4	Shariah Compliant Sale Contracts

The adoption of the above new and revised FRSs, IC Interpretations and TR do not have significant impact on the results of the Group for the current quarter and the current financial year, except as described below:

(a) FRS 8 : Operating Segment

FRS 8 requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segment and assess its performance.

The Group presents its segment information based on its business segments for its internal reporting purposes and the format, the basis of measurement of segment results, segment assets and segment liabilities are the same as that for external reporting purposes.

As this is a disclosure standard, there is no impact on the financial position or financial performance of the Group.

A1. Accounting Policies**(b) FRS 101 : Presentation of Financial Statements (Revised)**

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.

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 Group and the Company are currently evaluating the format to adopt. In addition, the adoption of the standard has resulted in “balance sheet” and “cash flow statements” are now renamed as “statement of financial position” and “statement of cash flows” respectively.

(c) Amendment to FRS 117 : Leases

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the Group has reassessed and determined that all leasehold land of the Group which is in substance financial leases and has reclassified the leasehold land to property, plant and equipment. The change in accounting policy has been made retrospectively in accordance with the transitional provisions of the amendment. The reclassification has no effect to the profit or loss of the current financial period ended 30 June 2010 or the comparative prior financial period. The effect of the reclassification to the comparative of the prior financial year’s consolidated statement of financial position is as follows:

As at 31 March 2010	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Prepaid lease payment	423,850	(423,850)	-
Property, plant & equipment	288,112	423,850	711,962

A2. Audit report of previous annual financial report

The audit report of the immediate preceding annual financial statements for the year ended 31 March 2010 was not qualified.

A3. Seasonal or Cyclical Factors

The Group’s operations for the current period under review 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 under review.

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 results.

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 financial period under review.

A7. Dividend Paid

There were no dividends paid during the financial period under review.

A8. Segmental Information

Segmental information for the 3 months ended 30 June 2010:

	Property Development RM'000	Leisure & Tourism RM'000	Trading RM'000	Investment Holdings and Others RM'000	Elimination RM'000	Total RM'000
Revenue						
External revenue	10,651	15,456	-	3,459	(5,534)	24,032
Inter-segment revenue	(1,392)	(753)	-	(3,389)	5,534	-
Total Revenue	9,259	14,703	-	70	-	24,032
Results						
Segment results	(3,461)	(337)	-	(1,062)	-	(4,860)
Unallocated corporate expenses						(72)
Loss from operations						(4,932)
Finance costs						(8,885)
Loss before taxation						(13,817)
Taxation						(569)
Loss after taxation						(14,386)

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 2010 to 26 August 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 under review.

A11. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current quarter under review except on 3 May 2010, the Company incorporated a wholly owned subsidiary, Nexus Funding Company Ltd. ("NFC") (now known as "Nexus First Company Ltd.") in Labuan, with issued and paid-up share capital of USD100.00 comprising 100 ordinary shares of USD1.00 each. NFC is currently dormant.

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 30 June 2010 (31 March 2010 : nil).

Notes in compliance with BMSB Main Market Listing Requirements

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

During the period under review, the Group registered revenue of RM24.0 million for the financial period ended 30 June 2010 as compared to RM22.3 million for the preceding year corresponding period ended 30 June 2009.

The slight increase in revenue was mainly attributable to higher contribution from its property segment as a result of higher property sales recognized during the period. The Group recorded a slightly lower pre-tax loss of RM13.8 million (as compared to a pre-tax loss of RM14.3 million in the preceding year corresponding period) after taking into account financing costs of RM8.9 million for the current financial 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 30 June 2010 and 26 August 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 RM13.8 million in the current quarter (as compared to RM13.4 million loss before taxation in the immediate preceding quarter). The slightly weaker financial performance was mainly attributable to lower revenue achieved in the current quarter.

B3. Current Year Prospects

With the uncertainties surrounding the global and major economies, the Group is cautiously managing its business operations with focus on revenue sustainability and cash flow management. The Group also intends to leverage on its world-class assets whilst divesting non-strategic assets to generate cash flows.

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-to-date ended 30 June 2010 are as follows:

Tax Charge	Current Quarter RM'000	Current Financial Year-to-date RM'000
Current tax	(569) =====	(569) =====

The provision of taxation despite of the loss generated by the Group for the current quarter and financial year-to-date 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 under review.

B7. Quoted Securities

There were no purchases or sales of quoted securities for the current financial period under review 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 26 August 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 Group 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 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 even date.

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

B9. Borrowings and Debt Securities

(a) <u>Short Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan I (USD5.42Million)	18,133
Term Loan II	45
Term Loan III	19,125
Promissory Note	152,795
Unsecured	
Hire Purchase Creditors	1,973
Total	<u><u>192,071</u></u>
(b) <u>Long Term Borrowings</u>	<u>RM'000</u>
Secured	
Term Loan III	234,375
Term Loan IV	46,282
Unsecured	
Hire Purchase Creditors	3,115
Total	<u><u>283,772</u></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 26 August 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.

B11. Material Litigation

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

B12. Dividend

No dividend is recommended for the current quarter under review.

B13. Loss per Share

	Current Quarter Ended <u>30/06/2010</u> RM'000	Comparative Quarter Ended <u>30/06/2009</u> RM'000	Current Financial Year-to-date <u>30/06/2010</u> RM'000	Preceding Financial Year-to-date <u>30/06/2009</u> RM'000
Loss after taxation attributable to the equity holders of the Company used as numerator in the calculation of basic EPS	(14,386)	(14,609)	(14,386)	(14,609)
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

Lim Tiong Jin
Chief Financial Officer
Kota Kinabalu, Sabah
26 August 2010