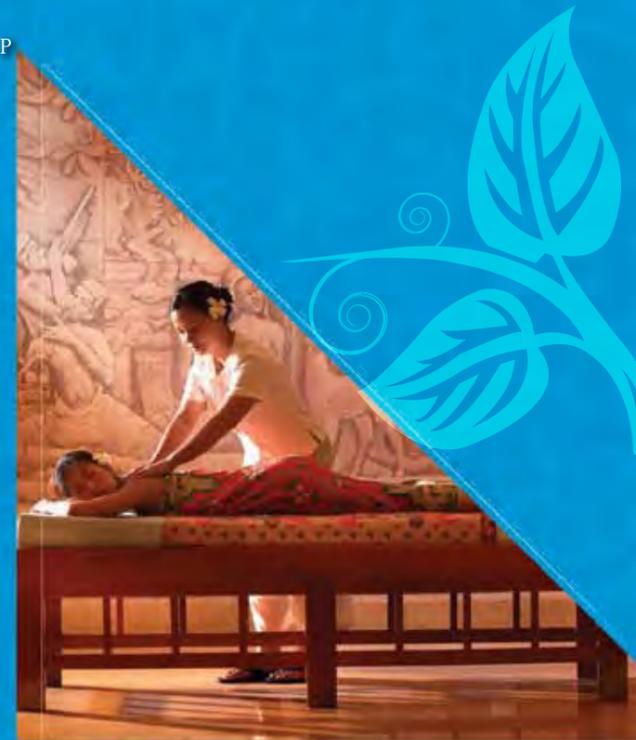




Karambunai Corp Bhd 6461-P



www.karambunaicorp.com
www.nexusresort.com



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T : +6088-411 111
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E : joanneye@karambunaicorp.com

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1 Nexus Drive West
Karambunai, Off Jalan Sepangar
Locked Bag 100
88993 Kota Kinabalu
Sabah, Malaysia
T : +6088-411 222
F : +6088-412 020
E : info@nexusresort.com

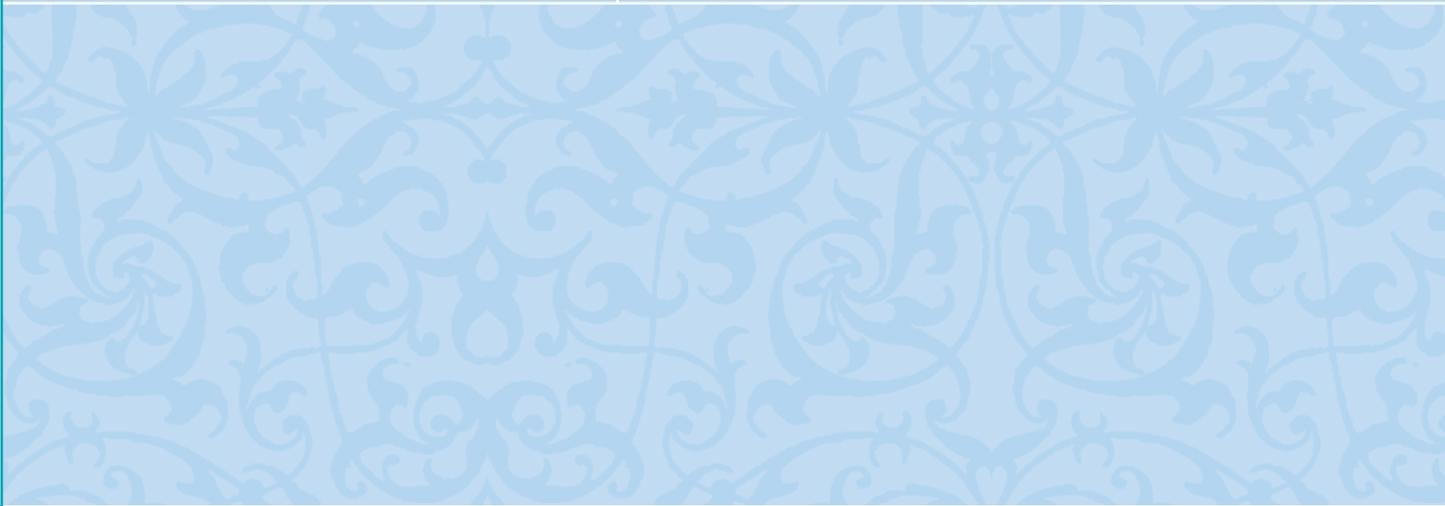
KARAMBUNAI CORP BHD
2007
ANNUAL REPORT

Luxury At Every Corner

ANNUAL REPORT 2007

annual report 2007

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chairman's



statement



president's

Pg 10
review

41st notice of annual general meeting

NOTICE IS HEREBY GIVEN that the Forty-First Annual General Meeting of Karambunai Corp Bhd will be held at the Sigunting, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Friday, 28 September 2007 at 10.00 a.m. for the following purposes :-



AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 March 2007 together with the Reports of Directors and Auditors.

Ordinary Resolution 1

2. To approve Directors' fees for the year ended 31 March 2007.

Ordinary Resolution 2

3. To re-elect the following Directors retiring pursuant to the Company's Articles of Association :-

Under Article 107

Tuan Haji Zainal Abidin Bin Ali

Ordinary Resolution 3

Datuk Robin Loh Hoon Loi

Ordinary Resolution 4

Under Article 108

Mr Chen Yiy Fon

Ordinary Resolution 5

Mr Chen Yiy Hwuan

Ordinary Resolution 6

4. To re-appoint Messrs Moore Stephens as Auditors of the Company and to authorise the Directors to fix their remuneration.

Ordinary Resolution 7

As Special Business

To consider and, if thought fit, to pass with or without modifications the following Resolutions :-

5. ORDINARY RESOLUTION – AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965.

“THAT the Directors of the Company be and are hereby authorised, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company at any time subject to Section 132D(3) and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued capital of the Company for the time being.”

Ordinary Resolution 8

6. SPECIAL RESOLUTION – PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

“THAT the proposed deletions, alterations, modifications, variations and additions to the Articles of Association of the Company as contained in Appendix 1 of the Circular to Shareholders dated 6 September 2007 be approved.”

Special Resolution 1

7. To transact any other ordinary business of which due notice shall have been received.

By Order of the Board

CHANG YUET MEI, MAICSA 0781552
 YEOW NYUK KWEI, MACS 01247
 Company Secretaries

Kota Kinabalu
 6 September 2007

Notes :-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation either under its common seal, or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power of authority, shall be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the meeting or any adjourned meeting.
5. The 2007 Annual Report is in CD-ROM format. Printed copies of the Annual Report shall be provided to the shareholders upon request. Shareholders who wish to receive a printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Mr Goh Chin Khooon at Tel: 03-79681222 & Fax: 03-79588013 or Ms Joanne Yew at Tel: 088-411111/499934 & Fax: 088-412111 or e-mail to joanne.yew@karambunaincorp.com

EXPLANATORY NOTES ON SPECIAL BUSINESS

ORDINARY RESOLUTION 8

The Ordinary Resolution 8 is proposed pursuant to Section 132D of the Companies Act, 1965 and if passed, will empower the Directors to issue shares up to 10% of the issued capital of the Company for the time being for such purposes as the Directors consider would be in the interest of the Company. This authority unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

SPECIAL RESOLUTION 1

The Special Resolution 1 proposed, if passed, will allow the Company to incorporate the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad in line with the enhancements to the Listing Requirements as well as for housekeeping purposes. The details of this proposal are set out in Appendix 1 of the Circular to Shareholders dated 6 September 2007.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

DETAILS OF DIRECTORS FOR RE-ELECTION AT THE FORTY-FIRST ANNUAL GENERAL MEETING OF KARAMBUNAI CORP BHD

1. The Directors who are standing for re-election at the Forty-First Annual General Meeting of the Company to be held at the Sigunting, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Friday, 28 September 2007 at 10.00 a.m. are as follows :-
 - i) Directors standing for re-election pursuant to Article 107 of the Company's Articles of Association:-

Tuan Haji Zainal Abidin Bin Ali
Ordinary Resolution 3

Datuk Robin Loh Hoon Loi
Ordinary Resolution 4
 - ii) Directors standing for re-election pursuant to Article 108 of the Company's Articles of Association:-

Mr Chen Yiy Fon
Ordinary Resolution 5

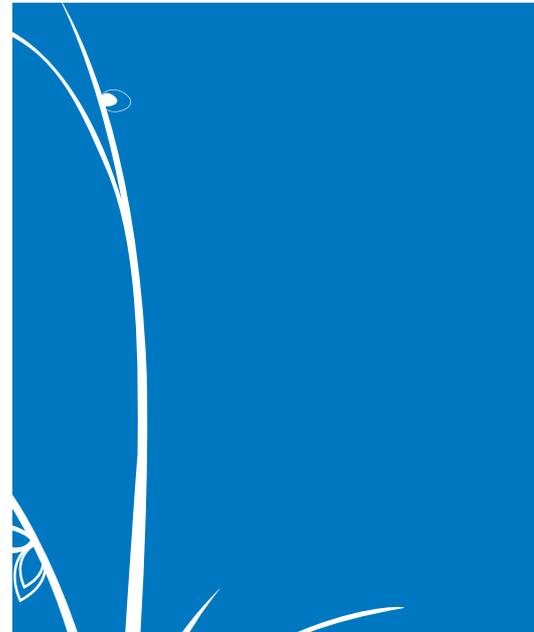
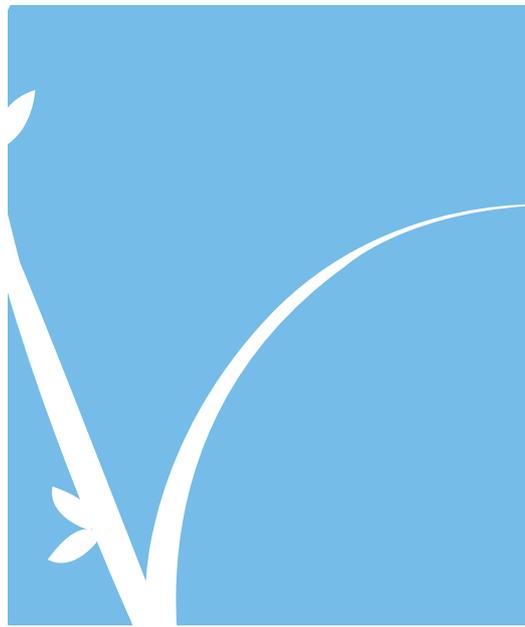
Mr Chen Yiy Hwuan
Ordinary Resolution 6
2. The details of the four Directors seeking re-election are set out in their respective profiles which appear on pages 18 to 21 of this Annual Report.

Further details of the attendance of Tuan Haji Zainal Abidin bin Ali and Datuk Robin Loh Hoon Loi, at Board meetings of the Company held during the financial year ended 31 March 2007 are set out on page 41 of this Annual Report.

building lifestyles



**PROMOTING RESORT LIFESTYLE CONCEPT DEVELOPMENT
OPPORTUNITY TO OWN A HOLIDAY HOME IN KARAMBUNAI**





TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR

chairman's statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Karambunai Corp Bhd (KCB) for the financial year ended 31 March 2007.

Economic Review

Despite persistent global conflicts and inflationary pressures, the Malaysian economy emerged relatively unscathed as economic growth accelerated to 5.9% in calendar year 2006 from 5.3% previously. In an environment of strong commodity prices and robust manufacturing and services sectors, the Government's steady hand in devising fiscal and monetary policies and other business friendly stimulus and incentives were indeed timely. In particular, our core leisure and tourism division benefited from the 14.4% increase in visitors' arrivals into Sabah which topped 2 million, translating into tourism receipts of nearly RM2.9B.

Financial Review

For the financial year ended 31 March 2007, the Group's incipient recovery in the previous year gained traction as pre-tax profit rose sharply to RM49.2M compared to a pre-tax loss of RM3.9M incurred, previously. This commendable turnaround was achieved mainly on the back of the successful redemption of the 2001/2005 Bonds and continued strong performance from our leisure and tourism division. Nevertheless, turnover moderated from RM196.3M, previously, to RM143.6M due primarily to lower revenue from the property division during the intervening period as focus shifted from township development in Bandar Sierra to resort development in Nexus Residence Karambunai.

Dividend

The Board of Directors does not recommend any dividend declaration for the year under review.

Strategic Focus

Since their inception into the Group, our sprawling properties in Karambunai and Bukit Unggul, strategically adjacent to Kota Kinabalu and Putrajaya, respectively, have always shaped the Group's strategic vision. During the intervening years, many corporate and developmental proposals have been adopted or even discarded in the interest of squeezing maximum value from our prime assets. The enduring common thread running through these myriad initiatives is above all, to realise the Group's vision of being a leading leisure and tourism player in the region.

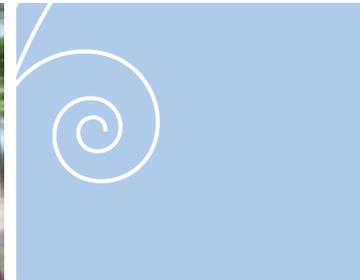
For instance, with the maturity of our award winning Nexus Hotel and Golf Resort and Nexus Residences, mergers and acquisitions ideas are being explored to unlock their latent asset values whereas joint development activities are being sought with reputable foreign parties in picturesque Bukit Unggul.

Meanwhile, the leisure and tourism business in partnership with our inhouse resort development projects will remain the mainstay of the Group. It is up to us to seize a share of the burgeoning leisure market in Sabah as tourist arrivals is expected to double to 4 million per annum by 2010.

chairman's statement

08

Karambunai Corp Bhd ♦ Annual Report 2007



Corporate Development

Following approval from the Securities Commission and Bondholders, Abrar Discounts Berhad for final extension until 29/12/2006, we are pleased to report that the RM420M Bonds 2001/2005 was fully settled and redeemed on the said date via:-

- RM220 million cash from DBS/OCBC facility.
- RM130 million by way of Promissory Note maturing at the end of 3 years together with interest at 5% p.a.
- Promissory Note to be secured by Bukit Unggul land and a Purchase Guarantee by our President, Tan Sri Dr Chen Lip Keong.

In the interest of carving out a beneficial yet equitable deal for the Group, the entire exercise was protracted but ultimately fruitful. With its conclusion, our financial constitution has improved as the Group's cash inflows now match its debt commitments better. Consequently, the Group can now focus on pursuing its operational and strategic agenda unhindered as opportunities unfold.

Future Outlook

Being a relatively open economy, Malaysia is unfortunately not insulated from the chill of slowing global demand anticipated at 4.7%, in 2007, down from 4.9% in 2006. Nevertheless, national growth target of 6% in 2007 appears achievable, due to deliberate structural shift to reduce dependence on external markets and to make domestic demand a key growth driver via government spending and a buoyant services sector.

We appreciate the Government's efforts in enhancing the country as an international tourist destination in the Ninth Malaysian Plan. In particular, a more integrated approach to tourism planning and implementation through improved accessibility of air and surface transport including hassle-free travel with online visa applications and multiple entry permits, are much welcomed.

Concurrently, the liberalisation of the property sector through incentives and tax breaks would augur well for our increasingly key property division, spearheaded by our Nexus Residence Karambunai.

Hence, barring any unforeseen circumstances, the Group is cautiously optimistic of achieving satisfactory operating performance in the coming year.

Acknowledgement

On behalf, of the Board of Directors, I wish to express our gratitude to our retired Directors, Datuk Abdul Ghani bin Abdul Rashid JP, Dr Heng Aik Cheng and Mr Lee Wai Tuck Philip, for their contribution and wise counsel during their tenure of service. At the same time, we are delighted to welcome the appointments of Mr Chen Yiy Hwuan and Mr Chen Yiy Fon, into the Board. Having acquired invaluable experience externally and within the Group, their appointments ushered another phase of a structured succession planning programme.

We would also like to take this opportunity to record our profound appreciation to our shareholders, customers, business associates and relevant authorities for their confidence, patience and support of the Group. Finally, we are grateful to our management and staff for their unstinting commitment and diligence in fulfilling their responsibilities in a year marked by consolidation, recovery and progress.

Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
Chairman

3 August, 2007
Kota Kinabalu



TAN SRI DR CHEN LIP KEONG

president's review

DEAR SHAREHOLDERS,

It is my pleasure to report on the performance of Karambunai Corp Bhd (KCB) for the financial year ended 31 March 2007.

Business Management

During the financial year under review, the global economy was generally buoyant despite being buffeted by chronic political conflicts and economic threats. Of particular interest to our core leisure and tourism and resort development divisions are, our key markets in Europe, North-east Asia and Australia whose economies, fortunately proved to be resilient.

In light of our focus on the above and the gains accruing from our corporate restructuring, the Group was able to register a turnaround of RM49.2M pre-tax profit from a loss of RM3.9M, previously. Going forward, the Group's focus is to consolidate its position as a world class resort developer and operator.

Operations Overview

Embraced within 1,500 acres of prime resort development with pristine beaches and vast tropical forests complete with a world-class golf resort and lagoon in Kota Kinabalu, Nexus Resort Karambunai (NGRK), a 500-room 5-star international resort, with its diversified infrastructure, leads in the incentive and corporate markets whilst catering to a broad spectrum of vacationers from Europe, Japan, South Korea, Hong Kong, China and Australia.

Amongst NRK's complementary infrastructure is our magnificent Nexus Golf Resort Karambunai (NGRK), a golfer's sanctuary with its calming combination of expansive sea horizon backdropped by towering range of luxuriant hills. Home to our very own Karambunai Golf Open and favoured by other key tournaments, NGRK is shaping up well with increasing revenue per round of golf.

The Group's latest development in Karambunai, Sabah, i.e. "Nexus Residence Karambunai", features upmarket beachfront resort villas comprising approximately 2,200 units and an estimated gross development value of over RM2B.

The launch of its first phase, Dillenia Precinct, of 243 luxury villas with gross sales value of RM270M had received good response with a high take up rate. The discerning buyers from Hong Kong, Singapore, Europe and other countries are mostly participants under the "Malaysia My Second Home" program. We believe that the overwhelming response to our launch were due to the buyers' confidence in Nexus as well as the choice location the beachfront villas offered.

Under the sale and leaseback arrangement offered by Nexus Residence Karambunai, buyers have the option to lease the villas back to us for a guaranteed yield for certain period of time. This is a "win-win" situation as the buyers are assured of a decent investment return whilst we will have access to additional rooms. Dillenia Precinct is expected to be completed in 2008 and Nexus will have access to almost 1,000 rooms in total.

president's review



Encouraged by the strong sales experienced in the Dillenia Precinct, the Group is keen to launch the second precinct of the villas in a short period of time to capitalize on its success during the first launch.

The Group is also a major property developer in Kota Kinabalu with its 415 acres of mixed residential and commercial development in Bandar Sierra, which is about 15 minutes' drive from the city centre. Located within the northern growth area of Kota Kinabalu, Bandar Sierra's location is strategic as it is near the Sabah State's new Federal Administrative Centre as well as several institutions of higher learning, the new Sepangar Bay Naval Base and the Kota Kinabalu Industrial Park. We are confident that our Bandar Sierra township will enjoy strong demand for its residential and commercial properties in Kota Kinabalu. The estimated total gross development value in Bandar Sierra is RM1.2B with approximately 5,500 units comprising a mixture of apartments, terrace houses, shophots, bungalows, condominiums and commercial units.

Over in Peninsular Malaysia, the Group owns 1,363 acres of land in Bukit Unggul Eco-Media City, strategically located within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Completed developments include the 18-hole international class golf course with full club facilities, namely Bukit Unggul Country Club (BUCC). Designed by American guru, Ronald Fream, BUCC is well known for its unique mature rainforest environment. What makes Bukit Unggul a landmark of sorts, is that the course lies in a valley surrounded by a stunning thousand acres of tropical rainforest, and thus living up to its catchphrase - "Where Eagles Live and Play".

KCB intends to develop Bukit Unggul Eco-Media City as a mixed development township comprising residential, commercial and recreational components amidst the scenic and centuries-old tropical forest situated in the Multimedia Super Corridor area.

Conclusion

Whilst mindful of immediate operational priorities, the Group remains committed in pursuing its strategic quest to be a world class integrated resort developer and operator. We are thus encouraged by the Government's emphasis on the tourism industry including targeting over 20 million tourists in 2007 through Visit Malaysia Year and as part of the nation's 50th Merdeka anniversary celebrations and other ongoing initiatives on tourism incentives, amenities and infrastructure.

Concurrently, the liberalisation of foreign property ownership, the abolition of real property gains tax and other measures bodes well for our resort development division and the Group has its work cut out to reap its potential spin-offs.

I wish to take this opportunity to congratulate Datuk Robin Loh Hoon Loi on his promotion as Chief Executive Officer of KCB, whose appointment with effect from 1 August 2007, fulfills the Group's ongoing succession planning imperative.

Finally, I would like to record my sincere appreciation to our shareholders, customers, bankers, business associates and Government authorities for their confidence in and support of the Group and to our management and staff for their perseverance and contribution in another challenging year.

Tan Sri Dr Chen Lip Keong

President

3 August, 2007

Kota Kinabalu

corporate information

14

Karambunai Corp Bhd ♦ Annual Report 2007

Board of Directors

Tan Sri Datuk Seri Panglima Abdul Kadir
bin Haji Sheikh Fadzir
Chairman

Tan Sri Dr Chen Lip Keong
President

Datuk Robin Loh Hoon Loi
Chief Executive Officer

Chen Yiy Fon
Chief Operating Officer

Datuk Wan Kassim bin Ahmed

Tuan Haji Zainal Abidin bin Ali

Leow Ming Fong @ Leow Min Fong

Chen Yiy Hwuan

Company Secretaries

Chang Yuet Mei, MAICSA 0781552
Yew Nyuk Kwei, MACS 01247

Audit Committee

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong
Independent Non-Executive Director

Datuk Robin Loh Hoon Loi
Non-Independent Executive Director

Remuneration Committee

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong
Independent Non-Executive Director

Datuk Robin Loh Hoon Loi
Non-Independent Executive Director

Nomination Committee

Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director

Mr Leow Ming Fong @ Leow Min Fong
Independent Non-Executive Director

Auditors

Moore Stephens

Solicitors

Yap Chin & Tiu
Zul Rafique & Partners
Lim Guan Seng & Co

Bankers

DBS Bank Ltd, Labuan Branch
Oversea-Chinese Banking Corporation Ltd, Labuan Branch
Malaysian Assurance Alliance Berhad
Bank Pembangunan Malaysia Berhad

Stock Exchange Listing

Main Board of Bursa Malaysia Securities Berhad

Registrars

Semangat Corporate Resources Sdn Bhd
2nd Floor, No. 118, Jalan Semangat
46300 Petaling Jaya, Selangor Darul Ehsan
Tel : 03-79681001 Fax : 03-79588013

Registered Office

No. 1, Nexus Drive East, Karambunai, Menggatal
88450 Kota Kinabalu, Sabah, Malaysia
Tel : 088-411 111 Fax : 088-412 111

financial summary

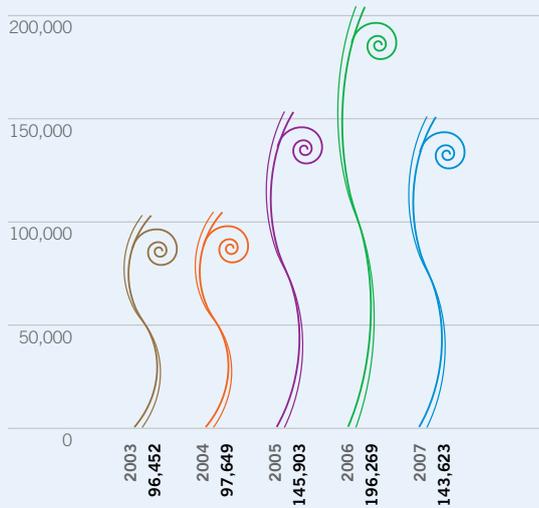
RM'000

	2007	2006	2005	2004	2003
Turnover	143,623	196,269	145,903	97,649	96,452
Profit/(Loss) Before Taxation	49,201	(3,912)	(67,757)	(58,201)	(84,279)
Shareholders' Funds	873,212	818,461	832,089	895,940	953,341
Total Assets	1,859,542	1,886,571	1,860,305	1,841,773	1,842,266

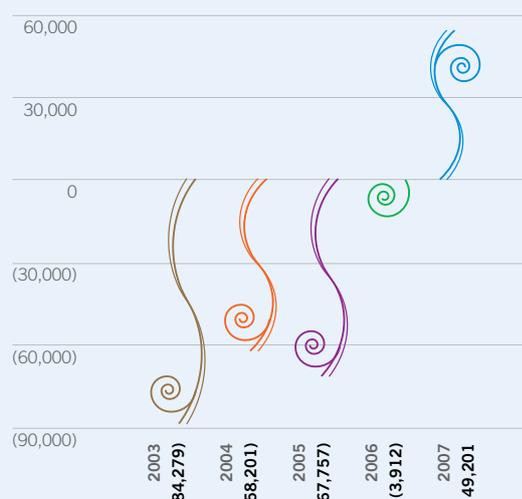
RM

	2007	2006	2005	2004	2003
Net Tangible Asset Per Share	0.42	0.39	0.40	0.43	0.45
Earnings/(Loss) Per Share	0.03	(0.01)	(0.03)	(0.03)	(0.04)

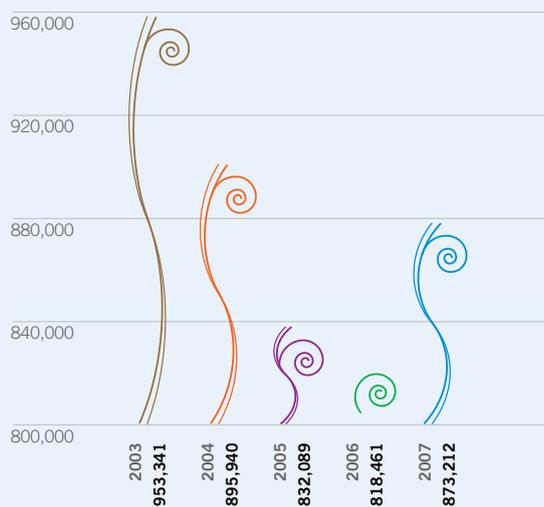
TURNOVER (RM'000)



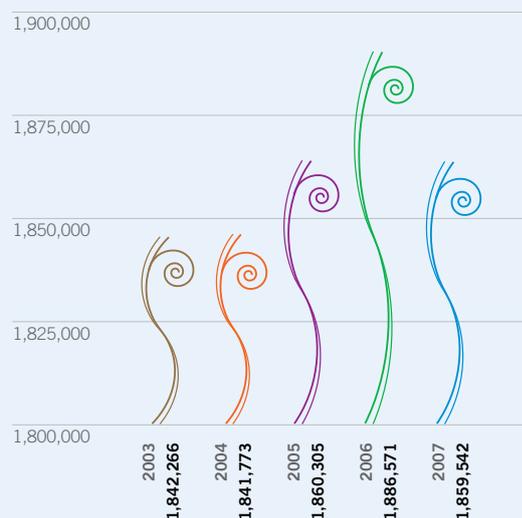
PROFIT/(LOSS) BEFORE TAXATION (RM'000)



SHAREHOLDERS' FUNDS (RM'000)



TOTAL ASSETS (RM'000)

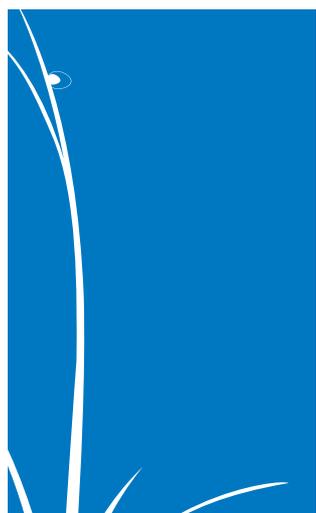
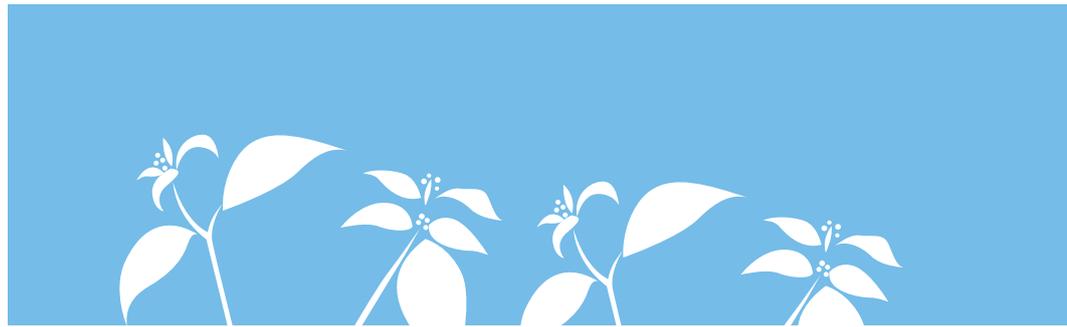


creating
confidence





**CREATING CONFIDENCE AND ADDING VALUE TO RESORT LIFESTYLE
THE AWARD WINNING 18-HOLE CHAMPIONSHIP GOLF COURSE**



board of directors' profile

TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR

Chairman, Independent Non-Executive Director, Malaysian, aged 68

Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir was appointed to the Board as Director and Chairman on 1 March, 2006.

Tan Sri Kadir graduated from Lincoln's Inn, London in 1970.

Tan Sri Kadir was Minister of Information prior to his resignation from the Cabinet on 14 February 2006. He is a lawyer by profession, having practised as a partner in the legal firms Hisham, Sobri & Kadir and Kadir, Khoo & Aminah from 1974 to 1982 and 1987 to 1990 respectively. Tan Sri Kadir had been holding full-time positions with the Federal Government since 1970 beginning as political secretary, parliamentary secretary, deputy minister and minister in various ministries almost continuously until his resignation as Minister of Information. Tan Sri Kadir was Minister of Culture, Arts and Tourism for 5 years before appointment as Minister of Information in 2004. During his tenure as Minister of Tourism, he was also the Chairman, Tourism Promotion Board Malaysia.

Currently, Tan Sri Kadir also sits on the Board of MNC Wireless Berhad.

TAN SRI DR CHEN LIP KEONG

President, Non-Independent Executive Director, Malaysian, aged 60

Tan Sri Dr Chen Lip Keong was appointed to the Board as Director on 31 January 1991 and as President and Chief Executive Officer on 22 December 1992. Tan Sri Dr Chen relinquished his position as Chief Executive Officer on 1 August 2007.

Tan Sri Dr Chen graduated with a Bachelor of Medicine and Surgery from University of Malaya in 1973 (M.B.B.S. Malaya). He has extensive corporate, managerial and business experience since 1976.

Currently, Tan Sri Dr Chen is also the Chairman and President of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

DATUK ROBIN LOH HOON LOI

Chief Executive Officer, Non-Independent Executive Director, Malaysian, aged 46

Datuk Robin Loh Hoon Loi was appointed to the Board as Director and Chief Operating Officer of Karambunai Corp Bhd (KCB) on 1 May 2004. He also serves as a member of the Audit and Remuneration Committees. He was promoted as Chief Executive Officer on 1 August 2007.

Datuk Robin Loh has extensive experience in the hotel industry, property development and project management. He is also a Director of Beribu Ukiran Sdn Bhd, a subsidiary of FACB Industries Incorporated Berhad and is currently overseeing the Bandar Sierra's development located in Menggatal, Sabah. Prior to joining the KCB Group, he has worked for an international hotel and a well established property developer.

Currently, Datuk Robin Loh is the Deputy President of Sabah Housing and Real Estate Developers' Association, a Committee Member of the Malaysia Developers' Council, President of Sabah Golf Association and Vice President of Malaysian Golf Association.

MR CHEN YIY FON

Chief Operating Officer, Non-Independent Executive Director, Malaysian, aged 26

Mr Chen Yiy Fon was appointed to the Board as Director and Chief Operating Officer of Karambunai Corp Bhd (KCB) on 1 August 2007.

Mr Chen graduated with a Bachelor of Arts (Honours) in Business Economics from University of Southern California, Los Angeles in 2003. He joined Morgan Stanley, Los Angeles, California in 2003 as Financial Advisor Assistant. In 2004, he was an intern in Credit Suisse First Boston, Singapore before joining Karambunai Resorts Sdn Bhd, a wholly-owned subsidiary of KCB in 2005 as Project Planning Manager and was promoted to Executive Director in 2006.

Currently, Mr Chen also sits on the Board of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

board of directors' profile

DATUK WAN KASSIM BIN AHMED

Independent Non-Executive Director, Malaysian, aged 58

Datuk Wan Kassim bin Ahmed was appointed to the Board as Director on 20 October 1998. He also serves as Chairman of the Audit, Remuneration and Nomination Committees.

Datuk Wan Kassim graduated with a Bachelor of Economics (Honours) from University of Malaya in 1973. He began his career with Messrs Kassim Chan, an audit firm in 1973 before joining Bank Bumiputra Malaysia Berhad. He then joined Shamelin Berhad for 10 years before starting his own management consultancy firm, United Kadila Sdn Bhd in 1984. He served as a Councillor for the Petaling Jaya Council between 1987 and 1991 and as a Board member of the Malaysia Tourist Development Board from 1992 to 1996.

Currently, Datuk Wan Kassim also sits on the Board of FACB Industries Incorporated Berhad, Petaling Tin Berhad, Octagon Consolidated Berhad and Nasioncom Holdings Berhad.

TUAN HAJI ZAINAL ABIDIN BIN ALI

Independent Non-Executive Director, Malaysian, aged 63

Tuan Haji Zainal Abidin bin Ali was appointed to the Board as Director on 21 November 2003.

Tuan Haji Zainal graduated with a Diploma in Political Science from Universiti Kebangsaan Malaysia. He was with the Royal Malaysia Police until 1999 and was a very experienced Police Officer in the Management and Community Relation of Crime Investigation Department and Officer-in-Charge of police districts and training. Tuan Haji Zainal's last rank position was Senior Assistant Commissioner.

Currently, Tuan Haji Zainal sits on the panel in the Industrial Court, Kuala Lumpur and is the Executive Director of Grand Saga Sdn Bhd.

LEOW MING FONG @ LEOW MIN FONG

Independent Non-Executive Director, Malaysian, aged 57

Mr Leow Ming Fong @ Leow Min Fong was appointed to the Board as Director on 15 May 2006. Mr Leow also serves as a member of the Audit, Remuneration and Nomination Committees.

Mr Leow is a Fellow of Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Chartered Accountants and Malaysian Institute of Management. He has extensive experience in the field of audit and had worked in KPMG for 32 years since 1974 until his retirement on 31 December 2005. He was an Audit Partner in KPMG Malaysia and concurring partner for portfolio of clients including several public listed companies and multinational companies.

MR CHEN YIY HWUAN

Non-Independent Non-Executive Director, Malaysian, aged 27

Mr Chen Yiy Hwuan was appointed to the Board as Director on 1 August 2007.

Mr Chen graduated with a Bachelor of Arts (Honours) in Accounting with Business Economics from Middlesex University, United Kingdom in 2002. He joined Petaling Tin Berhad in 2003 as Executive, Corporate Finance. He subsequently resigned and joined Alliance Merchant Bank Berhad, Kuala Lumpur in 2004 and gained experience in the field of corporate finance before moving back to Petaling Tin Berhad as Special Assistant to Chief Executive Officer in 2006.

Currently, Mr Chen also sits on the Board of FACB Industries Incorporated Berhad and Petaling Tin Berhad.

Other Information:

1. Chen Yiy Hwuan and Chen Yiy Fon are the sons of Tan Sri Dr Chen Lip Keong.
2. Except for the following director, none of the Directors have any conflict with the Group.
 - Tan Sri Dr Chen Lip Keong by virtue of his interests in privately owned companies, FACB Industries Incorporated Berhad and Petaling Tin Berhad, wherein some of their subsidiaries are also involved in property development.
3. None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences, if any.

calendar of events

JANUARY 2006

..... Spa Asia Magazine



AUGUST 2006

..... 2nd International Homebuyer & International Property Investor 2006 at KLCC



NOVEMBER 2006

..... Kuala Lumpur Nexus Gallery Opening

NOVEMBER 2006

..... 2nd Exhibition in London



MARCH 2007

.....
Virgin Holiday Awards



MAY 2007

.....
105th Malaysian Amateur Open

JUNE 2007

..... Hong Kong SK exhibition



JULY 2007

..... 3rd Exhibition in London

OUR AWARDS



- **VIRGIN HOLIDAYS GOLD AWARD 2006**
BEST RESORT IN THE FAR EAST & AUSTRALASIA



- **MALAYSIAN TOURISM AWARDS 2001/02**
NEXUS RESORT KARAMBUNAI
– EXCELLENCE IN HOTEL SERVICES
- 5 STAR (RESORT HOTEL)



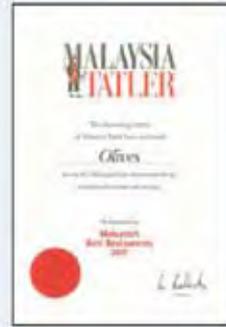
- **FIABCI AWARD 2000**
NEXUS RESORT KARAMBUNAI
– AWARD OF DISTINCTION
(BEST LEISURE AND RESORT DEVELOPMENT)



• **THE ULTIMATE SPA GUIDE**
TRAVELLERS WORLD, TOP TEN AWARD



• **SAGA HOLIDAYS**
TRAVELLERS WORLD, GOOD FOOD AWARD



• **MALAYSIA TATLER**
OLIVERS – MALAYSIA'S BEST RESTAURANTS 2006



• **CHINA GOLF AWARD 2006**
MY FAVOURITE OVERSEAS GOLF TRAVEL DESTINATION



• **WORLD TRAVEL AWARDS 2005**
NEXUS RESORT KARAMBUNAI – MALAYSIA'S LEADING GOLF RESORT



• **MALAYSIA TATLER**
OLIVES – MALAYSIA'S BEST RESTAURANTS 2004



• **SAGA HOLIDAYMAKERS**
GOOD FOOD AWARD
2001-2003



• **SAGA HOLIDAYMAKERS**
BEST RESORT AWARD
2001-2003

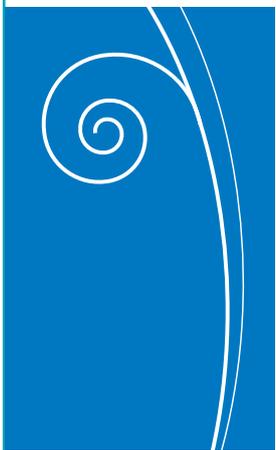


• **FIABC PRIX D'EXCELLENCE 2001**
NEXUS RESORT KARAMBUNAI – FINALIST IN LEISURE CATEGORY

core business

26

Karambunai Corp Bhd ♦ Annual Report 2007



EAST MALAYSIA

KARAMBUNAI RESORTS

Karambunai Resorts, comprising approximately 1,500 acres of the Karambunai Peninsula, located within 30 minutes drive from Kota Kinabalu city centre in Sabah on the island of Borneo. A mystery tropical paradise treasured in the heart of Borneo, blessed with a 6.2 km stretch of pristine sandy beach, lagoons, million year-old rainforest and mangrove reserves. The jewel in the crown, it will continue to be the focus of the Group's eco-tourism and residence developments. The Nexus Residence Karambunai is the latest residence development project in Karambunai Resorts and other completed developments include the Nexus Resort Karambunai, the Karambunai Resorts Golf Club and infrastructure services.

NEXUS RESORT KARAMBUNAI

Nexus Resort Karambunai ("NRK"), a premier 5 star 500-room international multi award winning resort which located on Karambunai Peninsula, spreading over 65 acres of prime beach fronting the South China Sea and nestled within a natural haven of tropical beauty and serenity. NRK has won many accolades including the prestigious awards from FIABCI for the Award of Distinction Year 2000 for 'Best Leisure/ Resort Development' in Malaysia, the "Top Ten Award" and "Good Food Award" by SAGA Holidays Group for 5 years from 2001 to 2004 and 2006, Malaysian Tourism Awards for 'Excellence in Hotel Services – 5 Star (Resort Hotel)' for Year 2001/2002 and The Minister's Special Award in Year 2003, World Travel Awards for "Malaysia's Leading Golf Resort" for Year 2004 and 2005, Virgin Holidays Gold Award 2006 for "Best Resort in Far East & Australasia" and China Golf Award 2006 for "My Favourite Overseas Golf Travel Destination".

NEXUS GOLF RESORT KARAMBUNAI

Nexus Golf Resort Karambunai ("NGRK"), an international championship 18-hole golf course in Karambunai Resorts is designed by renowned golf-course architect Ronald Fream. Operational since 1996, NGRK has established itself as one of the most popular golf courses in Sabah due to its unique location, nestled between the million year-old rainforest and fronting the South China Sea.

WEST MALAYSIA

BUKIT UNGGUL ECO-MEDIA CITY

Bukit Unggul Eco-Media City comprises 1,363 acres, strategically located in the Multimedia Super Corridor within close proximity to the Kuala Lumpur International Airport, Putrajaya and Cyberjaya. Completed developments include the 18-hole golf course, namely Bukit Unggul Country Club.

BUKIT UNGGUL COUNTRY CLUB

Bukit Unggul Country Club (“BUCC”) a completed 18-hole international class golf course with full club facilities is located within Bukit Unggul Eco-Media City. Designed by Ronald Fream, BUCC is well known for its unique mature rainforest environment.

FIRST TRAVEL & TOURS (M) SDN BHD

First Travel & Tours (“FTT”) was established since 1977, located within the Golden Triangle of Kuala Lumpur city centre and continues to maintain its reputation as one of the leaders in the travel and tours industry. The business segments of FTT include inbound/domestic tour, chartered flights, incentive groups and ticketing.

SCANPLY INTERNATIONAL WOOD PRODUCT LTD

Scanply trades internationally in timber and wood-based products, particularly garden furniture. Due to its extensive network and experience in the trading of wood-based product business, Scanply has gained a strong reputation and presence in the market.



our projects

Karambunai, An Unspoilt & Untouched Eco-Sanctuary Some say it's heaven...



NEXUS RESIDENCE KARAMBUNAI

Nexus Residence Karambunai features exclusive beachfront villas in a destination that's on par with the world's most luxurious holiday destinations of Hawaii, Bali, Hilton Head, Cancun and Phuket. Located within Karambunai Peninsula, next to the Nexus Resort Karambunai, an international award-winning 5-star resort and the Nexus Golf Resort Karambunai, an international championship 18-hole golf course.

Designed by world-renowned Hawaiian architects Wimberly Allison Tong & Goo, (responsible for acclaimed works such as The Atlantis, Bahamas) the Nexus Residence villas comprising more than 2,000 units of beachfront villas are

designed to open up to the 6km pristine sandy beach with ocean views that span the horizon. Each Pool Villa blend with traditional design and gently float on a surrounding waterscape seamlessly into the spectacular surroundings exuding warmth and comfort, all infused by a romanticism and mysticism that is distinctly Borneo in design and feel. The low density Spa Villa suites meanwhile enjoy breathtaking views of the South China Sea and the Karambunai Cove.

KCB has launched the first phase of Nexus Residence, named Dillenia Precinct, comprising a total of 243 units of villas with Gross Development Value of approximately RM270 million. Sales exhibition were held in Hong Kong, Singapore, London and Dublin. To date about 70% of the units launched have been sold.

BANDAR SIERRA

Bandar Sierra comprises 288 acres of mixed residential and commercial land. Bandar Sierra is strategically located in the northern growth corridor of Kota Kinabalu where rapidly development is taking place and within close proximity (10 to 15 minutes) to University Sabah Malaysia, new Federal Government Administration Centre, Kolej Ibukota Kinabalu, Kota Kinabalu Industrial Park, KK Polytechnic, UiTM and Sabah Medical Centre.

Phase 1A & 1B comprising 404 units of double storey link and semi-detached houses with projected Gross Development Value of RM105 million. As of date, more than 85% of the units have been sold and Occupational Certificate for 280 units was received in 2005 and 2006.

Another development on the Bandar Sierra land is the Phase 3A1 which consists of 8 blocks apartment with total of 448 apartment units. The project is carried out by Beribu Ukiran Sdn Bhd, the associated company of KCB. Sales response are increasing after the completion of the new Federal Government Administration Centre in February 2007, which is located nearby Bandar Sierra and also the increase in salary levels of civil servants between 7.5% to 42% effective from 1 July 2007. As of to date, about 70% of the units have been sold.



NEXT PHASE OF KARAMBUNAI RESORTS

TOURISM INFRASTRUCTURE PROJECT

To further boost the tourism, KCB's future plans in the pipeline will be to develop a unique Borneo tourism attraction comprising the Sabah Cultural Village, the Living Museum of Borneo and the KK City Peak and Cable Car with various sub-themes such as animal park, aviary park, butterfly park, specific rides, comprehensive retail and entertainment areas which will enrich and diversify the Borneo experience.

THE SABAH CULTURAL VILLAGE

The setting is that of a traditional stilt village constructed on authentic materials, floating over Teluk Lagau. The development concept is capitalizing on the natural setting and rich cultures of Borneo. The Cultural Village will provide comprehensive retail and entertainment areas to complement its historical and cultural roots. It will also provide uniquely food & beverage outlets offering the finest food beverage and entertainment.

THE LIVING MUSEUM OF BORNEO

The Living Museum of Borneo features Borneo's mysterious, ancient culture and an exploration of the natural beauty of flora and fauna of Borneo.

KK CITY PEAK AND CABLE CAR

A detachable monocabable gondolas system from ground level to the highest peak on the Karambunai Resorts which is approximately 300m above sea level. The system will span a distance of approximately 1 km from the base station where monocabable gondolas would transfer visitors to the peak.

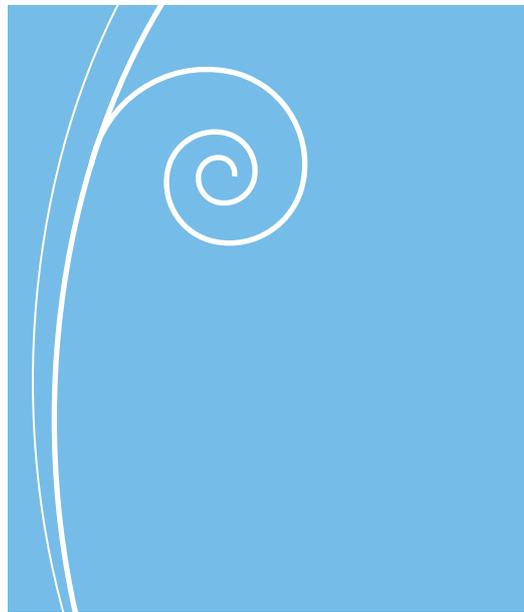
At the peak, the visitors would be able to enjoy panoramic view of not only the entire Kota Kinabalu City but also the surrounding port, Navy Base, the South China Sea and most important of all, a clear and unobstructed view of Mount Kinabalu.



dining experience



**EXPERIENCE AN ARRAY OF FLAVOURS AND AROMAS
NEXUS RESTAURANTS OFFER AN AWARD WINNING DINING EXPERIENCE**



corporate governance statement

THE BOARD OF DIRECTORS OF KARAMBUNAI CORP BHD is committed to its fiduciary responsibility for sound corporate governance in its business management practices. Accordingly, the Board supports the recommendations advocated in the Malaysian Code on Corporate Governance (the Code) wherein disclosures pursuant to the Code is mandated under paragraph 15.26 of the Bursa Malaysia Securities Listing Requirements.



In particular, the Company has complied with Part 2, “Best Practices in Corporate Governance”, of the Code whereas the ensuing paragraphs narrates how the Company has applied Part I, “Principles of Corporate Governance”, of the Code.

DIRECTORS

The Board

An effective Board leads and control the Company. Board members’ judgement has a bearing on strategies, performances, resources and standards. Three (3) Board meetings were held during the financial year ended 31 March 2007 with details of attendance presented under Other Compliance Statements of this Annual Report. In between scheduled meetings and where appropriate, Board decisions may be effected via circular resolutions.

Directors’ Training

Subject to individual circumstances, directors are required to attend the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. With the repeal of the Continuing Education Programme, the directors are now subject to a Group Training Programme inclined towards auditing, accounting, regulatory and industry issues. In particular, an inhouse seminar on Malaysian Code on Takeovers and Mergers, was held during the financial year.

Board Balance

The Board currently consists of six (6) members; comprising two (2) Executive Directors and four (4) Non-Executive Directors. Among the Non-Executive Directors, all four (4) are Independent, hence, more than a third of the Board is independent. Meanwhile, the Board’s composition reflects a commitment towards achieving a requisite mix of skills and experience in various business and financial competencies. Executive Directors have direct responsibilities for business operations whereas Non-Executive Directors are responsible for bringing independent, objective judgement to bear on Board decisions. The profiles of the Directors are set out under the Board of Directors’ Profile of this Annual Report.

To ensure a balance of power and authority, the roles of Chairman and Chief Executive Officer are distinct and separate. The Board has also formally identified Datuk Wan Kassim bin Ahmed as the Senior Independent Non-Executive Director, to whom concerns may be conveyed.

Supply of Information

All Directors have full and timely access to information, with Board papers distributed in advance of meetings. These Board papers include the agenda and information covering strategic, operational, financial and compliance matters. The Board has unrestricted access to all staff for any information pertaining to the Group’s affairs.

Furthermore, Directors have access to the advice and the services of the Company Secretary and under appropriate circumstances may seek independent professional advice at the Company's expense, in furtherance of their duties.

Appointments to the Board

A Nomination Committee with appropriate terms of reference, was established by the Board on 25 February, 2002. The Committee, currently comprising wholly of Independent Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed
(Chairman)
2. Tuan Haji Harun bin Haji Faudzar
(resigned on 1 April 2006)
3. Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)

During the financial year, the full Committee met once on 10/5/2006.

This Committee is responsible, inter alia, for making recommendations to the Board on new nominees for the Board including Board Committees and for assessing directors on an ongoing basis. The Nomination Committee also reviews the Board's required mix of skills and experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

Re-election

In accordance with the Company's Articles of Association, all Directors are subject to retirement from office at least once in each three (3) years period, but shall be eligible for re-election. This provision, duly amended in an EGM is now not only consistent with the underlying principles of the Code, but also, fully in line with para 7.28 (2) of the Bursa Malaysia Securities Listing Requirements.

DIRECTORS' REMUNERATION

Procedure

A Remuneration Committee with appropriate terms of reference was established by the Board on 25 February, 2002. The Committee, currently comprising a majority of Non-Executive Directors, are as follows:-

1. Datuk Wan Kassim bin Ahmed
(Chairman)
2. Tuan Haji Harun bin Haji Faudzar
(resigned on 1 April 2006)
3. Lee Wai Tuck Philip
(resigned on 10 January 2007)
4. Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)
5. Datuk Robin Loh Hoon Loi
(appointed on 12 February 2007)

During the financial year, the Committee met once on 26/5/2006.

The Level and Make-up of Remuneration

The Committee's duty is to, inter-alia, make recommendations to the Board on the remuneration framework for all Executive Directors with the underlying objective of attracting and retaining directors needed to run the Company successfully. In particular, the remuneration package is structured to commensurate with corporate and individual performance.

In respect of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken and is a matter for consideration by the Board as a whole. The Non-Executive Directors abstain from discussions pertaining to their own remuneration.

Disclosure

The details of Directors' Remuneration for the financial year are summarised under the Other Compliance Statements of this Annual Report.

corporate governance statement

SHAREHOLDERS

Dialogue between Company and Investors

The Company acknowledges the importance of communication with investors. Major corporate developments and events are duly and promptly announced via appropriate communication channels.

In particular, dissemination of information includes the distribution of Annual Reports, announcement of quarterly financial performances, issuance of circulars, press releases and holding of press conferences.

The AGM

The AGM is the principal platform for dialogue with shareholders, wherein, the Board presents the operations and performance of the Group. During the meeting, shareholders are given every opportunity to enquire and comment on matters relating to the Group's business. The Chairman and members of the Board are available to respond to shareholders' queries during this meeting.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is responsible for ensuring a balanced and understandable assessment of the Company's position and prospects in its quarterly and annual reports. The Audit Committee assists the Board by reviewing the disclosure information to ensure completeness, accuracy and validity. A full Directors' Responsibility Statement is available in this Annual Report.

Internal Control

The Statement on Internal Control set out in this Annual Report provides an overview of the Company's approach in maintaining a sound system of internal control to safeguard shareholder's investment and the Company's assets.

Relationship with the Auditors

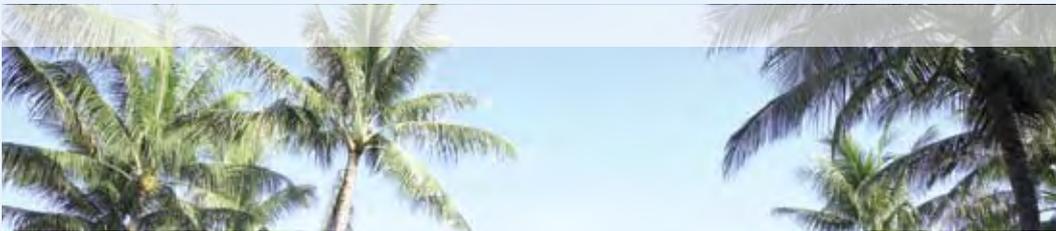
The Board via the establishment of an Audit Committee, maintains a formal and transparent relationship with the Company's auditors. The role of the Audit Committee in relation to the auditors are detailed in the Audit Committee Report in this Annual Report.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2007.

statement on internal control

PREAMBLE

Pursuant to paragraph 15.27(b) of the Bursa Malaysia Securities Listing Requirements, the Board is required to include in its Annual Report, a statement on the state of internal control of the Group. In making this Statement on Internal Control, it is essential to specifically address the Principles and Best Practices in the Malaysian Code on Corporate Governance which relate to internal control.



RESPONSIBILITY

The Board has overall stewardship responsibility for the Company's system of internal control and for reviewing its adequacy and integrity to safeguard shareholder's investment and the Company's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEMS

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the underlying control environment, control processes, communication and monitoring systems which manifest as follows: -

- ◆ Organizational structure with well defined lines of responsibility, delegation of authority, segregation of duties and information flow. Besides the predominantly non-executive standing committees such as the Audit, Nomination and Remuneration Committees, the Board is supported operationally by Executive and Management Committees. These committees convene periodically to meet its strategic business agenda thus ensuring that the Board, properly apprised, maintains effective supervision over the entire operations.

- ◆ Well documented policies, procedures and standards have been established, periodically reviewed and kept updated in accordance with changes in the operating environment.
- ◆ Comprehensive budgeting process for major operating units with periodical monitoring of performance so that major variances are followed up and management action taken.
- ◆ Functional limits of authority in respect of revenue and capital expenditure for all operating units. These commitment authority thresholds, working in tandem with budgeting and payment controls, serve to facilitate the approval process whilst keeping potential exposure in check.
- ◆ Detailed justification and approval process for major projects and acquisitions imposed, to ensure congruence with the Company's strategic objectives.
- ◆ Independent appraisals by internal auditors to ensure ongoing compliance with policies, procedures, standards and legislations whilst assessing the effectiveness of the Group's system of financial, compliance and operational controls.

statement on internal control

RISK MANAGEMENT FRAMEWORK

Besides primary ownership over effectiveness of the Group's internal control systems, the Board recognises its responsibility over the principal risks of various aspects of the Group's business. For long term viability of the Group, it is crucial to achieve a critical balance between risks incurred and potential returns.

In response to the above challenge, the Group has established an in-house structured risk management framework, thereby laying the foundation for an ongoing process for identifying, evaluating, treating, reporting and monitoring the significant risks faced by the Group.

A Risk Advisory Committee (RAC) comprising senior management personnel responsible, inter alia, for internal policy communications, acquiring risk management skills, developing skills through education and training, and ensuring adequate scale of recognition, rewards and sanctions was set up on 25 February, 2002.

During the financial year, the RAC convened quarterly to monitor the Group's significant risks and to recommend appropriate treatments. The Audit Committee establishes the adequacy and effectiveness of the Group's Risk Management Framework by regularly reviewing the resultant RAC risk registers.

INTERNAL AUDIT

An in-house Internal Audit function supports the Audit Committee, and by extension, the Board, by providing reasonable independent assurance on the effectiveness of the Group's system of internal control.

In particular, Internal Audit appraise and contribute towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. The internal audit work plan which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee.

INTERNAL CONTROL ISSUES

Management maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal control.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2007 and has been duly reviewed by the external auditors, pursuant to paragraph 15.24 of the Bursa Malaysia Securities Listing Requirements.

audit committee report

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PREAMBLE

Pursuant to paragraph 15.16 of the Bursa Malaysia Securities Listing Requirements, the Board is required to prepare an Audit Committee Report for inclusion in its Annual Report.



COMPOSITION

The Group has an established Audit Committee since 19 October 1993. The current members of the Audit Committee, their respective designations and directorships are as follows:-

- ✦ Datuk Wan Kassim bin Ahmed
Chairman, Independent Non-Executive Director
- ✦ Tuan Haji Harun bin Haji Faudzar
(resigned on 1 April 2006)
Member, Independent Non-Executive Director
- ✦ Leow Ming Fong @ Leow Min Fong
(appointed on 15 May 2006)
Member, Independent Non-Executive Director
- ✦ Lee Wai Tuck Philip
(resigned on 10 January 2007)
Member, Non-Independent Executive Director
- ✦ Datuk Robin Loh Hoon Loi
(appointed on 12 February 2007)
Member, Non-Independent Executive Director

TERMS OF REFERENCE

Purpose

The primary objective of the Audit Committee (as a standing-committee of the Board) is to assist the Board in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

Reporting Responsibilities

The Audit Committee will report to the Board on the nature and extent of the functions performed by it and may make such recommendations to the Board on any audit and financial reporting matters as it may think fit.

Attendance at Meetings

The Head of Finance, the Head of Internal Audit and a representative of External Audit shall normally attend meetings. The Company Secretary shall be the secretary of the Committee. Other officers may be invited to brief the Committee on issues that are incorporated into the agenda.

Frequency of Meetings

The Committee will meet as frequently as the Chairman shall decide, with due notice of issues to be discussed and should record its conclusions whilst discharging its duties and responsibilities.

Quorum

The quorum for a meeting shall be two (2) members of whom a majority shall be Independent Directors.

audit committee report

Authority

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. The Committee shall have unrestricted access to both the internal and external auditors and to all employees of the Group. The Committee may, with the approval of the Board, consult legal or other professionals where they consider it necessary to discharge their duties.

Duties

The duties of the Audit Committee include the following:-

- ♦ To consider the appointment of the external auditor, the audit fee and any questions of resignation or dismissal.
- ♦ To discuss with the external auditor before the audit commences, the nature and scope of the audit.
- ♦ To review the quarterly and year end financial statements of the Group, focusing on:-
 - ♦ any changes in accounting policies and practices;
 - ♦ major judgmental areas;
 - ♦ significant adjustments arising from the audit;
 - ♦ the going concern assumption;
 - ♦ compliance with accounting standards and other legal requirements;
- ♦ To discuss problems and reservations arising from the interim and final audits and any matter the auditor may wish to discuss (in the absence of management, where necessary).
- ♦ To review the external auditor's management letter and management's response.
- ♦ To review the adequacy of the scope, authority and resources of the internal audit function.
- ♦ To review the internal audit programmes and results ensuring that appropriate action is taken on the recommendations of the internal audit function.
- ♦ To review any appraisal or assessment of the performance of members of the internal audit function.
- ♦ To approve any appointments or termination of senior staff members of the internal audit function.
- ♦ To consider any related party transactions that may arise within the Group.
- ♦ To consider the major findings of internal investigations and management's response.

DETAILS OF MEETINGS

The Audit Committee met four times during the financial year and details of attendances are as follows :-

Datuk Wan Kassim bin Ahmed	4/4
Tuan Haji Harun bin Haji Faudzar (resigned on 1 April 2006)	0/0
Leow Ming Fong @ Leow Min Fong (appointed on 15 May 2006)	4/4
Lee Wai Tuck Philip (resigned on 10 January 2007)	3/3
Datuk Robin Loh Hoon Loi (appointed on 12 February 2007)	1/1

SUMMARY OF AUDIT COMMITTEE ACTIVITIES

In discharging its responsibilities for the financial year , the Audit Committee, in particular:-

- ✦ Reviewed the quarterly and year end financial statements and made recommendations to the Board.
- ✦ Deliberated over the internal audit and compliance reports.
- ✦ Reviewed and assisted in the development and implementation of sound and effective internal controls and business systems within the Group.
- ✦ Discussed and reviewed with the external auditors the results of their examination, their auditors' report and management letters in relation to the audit and accounting issues arising from the audit.
- ✦ Reviewed the Group's compliance with regards to the Bursa Malaysia Securities Listing Requirements and compliance with accounting standards issued by the Malaysian Accounting Standards Board.

SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Audit Committee is supported by an Internal Audit Department which reports functionally to the Committee and is independent of the activities they audit. During the financial year, the Internal Audit Department carried out, inter alia, the following activities:

- ✦ Formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work.
- ✦ Reviewed compliance with internal policies, procedures and standards, relevant external rules and regulations, as well as assessed the adequacy and effectiveness of the Group's internal control system.
- ✦ Analysed and assessed key business processes, report findings, and made recommendations to improve effectiveness and efficiency.
- ✦ Advised on the implementation of the Malaysian Code on Corporate Governance, Bursa Malaysia Securities Listing Requirements and other regulatory requirements as requested by the Board and Management.
- ✦ Performed investigations and special reviews as requested by the Board and Management.
- ✦ Facilitated and reviewed the Group's risk management framework for adequacy and effectiveness in tandem with the business environment.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2007.

directors' responsibility statement

PURSUANT TO PARAGRAPH 15.27(A) OF THE BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS



The Directors are required by Malaysian company law to prepare for each accounting period financial statements which give a true and fair view of the state of affairs of the Group and the Company as at the end of the accounting period and of the results of their operations and cash flows for that period.

In preparing the financial statements the Directors are required to select and apply consistently suitable accounting policies and make reasonable and prudent judgements and estimates. Applicable accounting standards also have to be followed and a statement made to that effect in the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The Directors are required to prepare the

financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business. The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1965.

They are also responsible for taking reasonable steps to safeguard the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2007.

other compliance statements

1. DIRECTORS' ATTENDANCE AT BOARD MEETINGS

During the financial year, the Board held three (3) meetings, the attendance of which were as follows:-

Directors	Attendance
1. Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	2/3
2. Tengku Datuk (Dr) Zainal Adlin bin Tengku Mahamood (resigned on 1 April 2006)	0/0
3. Tan Sri Dr Chen Lip Keong	2/3
4. Datuk Wan Kassim bin Ahmed	2/3
5. Tuan Haji Harun bin Haji Faudzar (resigned on 1 April 2006)	0/0
6. Lee Wai Tuck Philip (resigned on 10 January 2007)	2/2
7. Tuan Haji Zainal Abidin bin Ali	3/3
8. Datuk Robin Loh Hoon Loi	3/3
9. Dr Heng Aik Cheng (resigned on 1 April 2007)	2/3
10. Datuk Abdul Ghani bin Abdul Rashid,JP (resigned on 1 April 2007)	2/3
11. Leow Ming Fong @ Leow Min Fong (appointed on 15 May 2006)	3/3

2. DIRECTORS' REMUNERATION

The aggregate remuneration of directors for the financial year is categorised as follows:-

Description	Fees RM	Other Emoluments RM	Total RM
Executive	-	963,751	963,751
Non- Executive	372,194	-	372,194
Total	372,194	963,751	1,335,945

The number of directors whose remuneration falls in each successive band of RM50,000 are as follows:-

Range (RM)	Executive	Non-Executive
50,000 & below	0	4
50,001 to 100,000	1	0
100,001 to 150,000	1	0
150,001 to 200,000	0	0
200,001 to 250,000	0	1
250,001 to 300,000	0	0
300,001 to 350,000	1	0
350,001 to 400,000	0	0
400,001 to 450,000	0	0
450,001 to 500,000	1	0
Total	4	5

other compliance statements

The above disclosure is in compliance with the Bursa Malaysia Securities Listing Requirements. Nevertheless, it represents a departure from the Principles of Corporate Governance of the Code, which prescribes individual disclosure of directors' remuneration packages. The Board is of the opinion that individual disclosure would impinge upon the directors' reasonable right to privacy whilst not significantly enhancing shareholders' information.

3. UTILISATION OF PROCEEDS

As at 31 March, 2007, the Company did not raise funds from any Corporate proposal during the financial year.

4. SHARE BUY-BACKS

During the financial year, there were no share buybacks by the Company.

5. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year, the Company did not issue any Options, Warrants or Convertible Securities.

6. AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

During the financial year, the Company did not sponsor any ADR or GDR programme.

7. SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies

8. NON - AUDIT FEES

The non-audit fees paid to the external auditors by the Group and the Company for the financial year amount to RM23,000.

9. VARIATION IN RESULTS

There is no material variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

10. PROFIT GUARANTEE

During the year, there was no profit guarantee given by the Company.

11. MATERIAL CONTRACTS

There were no material contracts entered by the Company and its subsidiaries involving directors' and major shareholders' interests other than those disclosed in the financial statements.

12. CONTRACTS RELATING TO LOAN

There were no contracts relating to a loan by the Company in respect of the above said item.

13. REVALUATION POLICY

The Company had not adopted a regular revaluation policy on landed properties.

14. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

There were no material recurrent related party transactions of a revenue nature during the year other than those disclosed in the financial statements.

This statement is made in accordance with a resolution of the Board of Directors dated 31 July 2007.



financial statements

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

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directors' report

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the year ended 31 March 2007.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiary companies are set out in note 7(b) to the financial statements. There have been no significant changes in the nature of these activities during the year.

RESULTS

	GROUP RM	COMPANY RM
Net profit for the year	54,649,346	60,011,752
Profit attributable to shareholders:-		
Equity holders of the Company	54,649,346	
Minority interest	-	
	<u>54,649,346</u>	

DIVIDEND

No dividend has been paid or declared by the Company since the end of the previous financial year and the Directors do not recommend any dividend payment for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than those disclosed in the financial statements.

BAD AND DOUBTFUL DEBTS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that proper action had been taken in relation to the writing off of bad debts and, the making of provisions for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

No contingent liability or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group or of the Company to meet its obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the Directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

In the opinion of the Directors:-

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than waiver of redeemable Bond liabilities as disclosed in note 29(a) to the financial statements.
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which are likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES

During the financial year, the Company did not make any new issuance of shares.

DIRECTORS OF THE COMPANY

The Directors in office since the date of the last report and the date of this report are:-

TAN SRI DR. CHEN LIP KEONG

DATUK WAN KASSIM BIN AHMED

DATUK ROBIN LOH HOON LOI

TAN SRI DATUK SERI PANGLIMA ABDUL KADIR BIN HAJI SHEIKH FADZIR

TUAN HAJI ZAINAL ABIDIN BIN ALI

LEOW MING FONG @ LEOW MIN FONG

DATUK ABDUL GHANI BIN ABDUL RASHID (Resigned on 1.4.07)

DR HENG AIK CHENG (Resigned on 1.4.07)

LEE WAI TUCK PHILIP (Resigned on 10.1.07)

DIRECTORS' SHAREHOLDINGS

The interests of the Directors in office as at the end of the financial year in the shares of the Company during the financial year according to the registers required to be kept under Section 134 of the Companies Act, 1965 are as follows:-

Name of Directors	Number of Ordinary Shares of RM0.50 Each		
	At 1.4.06	Purchased/ (Sold)	At 31.3.07
Direct shareholdings			
Tan Sri Dr. Chen Lip Keong	788,248,562	-	788,248,562
Indirect shareholdings being shares held through corporations in which the Directors are interested			
Tan Sri Dr. Chen Lip Keong	79,911,321	-	79,911,321

None of the other Directors held any share whether direct or indirect, in the Company during the financial year.

Tan Sri Dr. Chen Lip Keong by virtue of his substantial interest in shares of the Company, is also deemed interested in the shares of the subsidiary companies disclosed in note 7(b) to the financial statements, to the extent the Company has an interest.

The following are the unexercised warrants as at 31 March 2007, held by the Directors to subscribe for new ordinary shares of RM0.50 each of the Company on the basis of one new share for every warrant held:-

Name of Directors	Unexercised Warrants 2002/2007 Over Number of Ordinary Shares of RM0.50 Each					
	Exercise Price		At 1.4.06	Number of Warrants		At 31.3.07
	4.1.02 to 11.1.05	12.1.05 to 3.1.07		Purchased/ (Sold)	Expired on 3.1.07	
Tan Sri Dr. Chen Lip Keong						
– direct	0.54	0.66	624,440,000	- (624,440,000)		-
– indirect *	0.54	0.66	34,257,216	- (34,257,216)		-

* Held through corporations in which the Director is interested.

None of the Directors held any warrants 1997/2007 whether direct or indirect, in the Company during the financial year. The exercise period of warrant 1997/2007 expired on 27 March 2007.

DIRECTORATE

Tuan Haji Zainal Abidin bin Ali and Datuk Robin Loh Hoon Loi retire in accordance with Article 107 of the Company's Articles of Association at the forthcoming annual general meeting and being eligible to offer themselves for re-election.

SIGNIFICANT EVENTS

Significant events arising during the year are disclosed in note 39 to the financial statements.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than those disclosed as Directors' remuneration in note 29(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the warrants mentioned above.

AUDITORS

The auditors, Messrs. Moore Stephens, have expressed their willingness to continue in office.

On Behalf of the Board

DATUK WAN KASSIM BIN AHMED

DATUK ROBIN LOH HOON LOI

Kuala Lumpur
31st July 2007

statement by directors

We, the undersigned, being two of the Directors of the Company, state that in the opinion of the Directors, the accompanying financial statements as set out on pages 50 to 123, are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 March 2007 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date.

On Behalf of the Board

DATUK WAN KASSIM BIN AHMED

DATUK ROBIN LOH HOON LOI

Kuala Lumpur
31st July 2007

statutory declaration

I, Lim Tiong Jin, NRIC No. : 700527-10-5771, being the person primarily responsible for the financial management of the Company, do solemnly and sincerely declare that the financial statements as set out on pages 50 to 123, are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

LIM TIONG JIN

Subscribed and solemnly declared by the abovenamed
at Kuala Lumpur in the Federal Territory
this 31st day of July 2007

Before me

FAISAL MEERANGKUTTY BIN K.M. MOHD MAULABI
NO. W 300
PESURUHJAYA SUMPAAH, MALAYSIA

report of the auditors

TO THE MEMBERS OF KARAMBUNAI CORP BHD (Incorporated in Malaysia)

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We have audited the financial statements set out on pages 50 to 123.

The preparation of the financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility towards any other person for the content of this report.

We conducted our audit in accordance with the approved standards on auditing in Malaysia. These standards require that we plan and perform the audit to obtain all the information and explanations, which we considered necessary to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material misstatement. Our audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. Our audit includes an assessment of the accounting principles used and significant estimates made by the Directors as well as evaluating the overall adequacy of the presentation of information in the financial statements. We believe our audit provides a reasonable basis for our opinion.

In our opinion:-

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act, 1965 and applicable MASB approved accounting standards for Entities Other Than Private Entities in Malaysia so as to give a true and fair view of:-

- (i) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements of the Group and of the Company; and
- (ii) the state of affairs of the Group and of the Company as at 31 March 2007 and of the results of the operations, changes in equity and cash flows of the Group and of the Company for the year ended on that date;

and

(b) the accounting and other records and the registers required by the Companies Act, 1965, to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the said Act.

We have considered the financial statements and the auditors' reports of the subsidiary companies of which we have not acted as auditors, as indicated in note 7(c) to the financial statements, being financial statements that are included in consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for these purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiary companies incorporated in Malaysia, did not include any comment made under Section 174(3) of the Companies Act, 1965.

MOORE STEPHENS
Chartered Accountants
(AF.0282)

CHONG KWONG CHIN
707/04/08 (J/PH)
Partner

Kuala Lumpur
31st July 2007

consolidated balance sheet

AS AT 31 MARCH 2007

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Karambunai Corp Bhd Annual Report 2007

	Note	2007 RM	2006 RM Restated
ASSETS			
Non-current assets			
Property, plant and equipment	4	306,794,926	311,401,105
Prepaid land lease payments	5	407,907,838	409,440,104
Land held for property development	6	755,453,718	746,869,682
Interest in associated companies	8	2,378,960	2,184,052
Other investments	9	522,001	522,001
Capital work-in-progress	10	49,773,915	49,773,915
Goodwill	11	18,449,834	26,783,858
		1,541,281,192	1,546,974,717
Current assets			
Property development costs	12	50,802,516	73,279,404
Inventories	13	5,416,365	7,080,551
Trade and other receivables	14	226,919,215	227,111,193
Amount owing by associated companies	16	24,580,620	24,579,569
Cash on deposits with licensed banks	17	2,011,420	4,406,160
Cash and bank balances		8,530,866	3,139,266
		318,261,002	339,596,143
TOTAL ASSETS		1,859,542,194	1,886,570,860

consolidated balance sheet

AS AT 31 MARCH 2007

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	Note	2007 RM	2006 RM Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,015,029,840	1,015,029,840
Reserves	19	(141,817,556)	(196,569,038)
Total equity		873,212,284	818,460,802
Non-current liabilities			
Hire purchase and lease payables	20	2,330,033	1,796,758
Bank borrowings - secured	21	285,000,000	-
Deferred taxation	22	125,241,197	131,815,053
Promissory note - secured	23	131,638,356	-
Trade and other payables	24	622,180	622,180
		544,831,766	134,233,991
Current liabilities			
Trade and other payables	24	195,176,333	202,512,050
Hire purchase and lease payables	20	2,634,800	2,483,618
Bank overdrafts - secured	25	75,248	25,038,281
Bank borrowings - secured	21	83,543,638	112,764,797
Redeemable bonds - secured	26	-	432,333,333
Taxation		160,068,125	158,743,988
		441,498,144	933,876,067
Total liabilities		986,329,910	1,068,110,058
TOTAL EQUITY AND LIABILITIES		1,859,542,194	1,886,570,860

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

consolidated income statement

FOR THE YEAR ENDED 31 MARCH 2007

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Karambunai Corp Bhd ♦ Annual Report 2007

	Note	2007 RM	2006 RM Restated
Revenue	27	143,623,345	196,269,435
Direct costs	28	(111,124,816)	(139,898,323)
Gross profit		32,498,529	56,371,112
Other operating revenue		90,068,977	2,484,841
Selling and distribution costs		(2,082,378)	(2,783,093)
Administrative costs		(30,385,159)	(23,850,767)
Other operating costs		(19,519,383)	(10,307,531)
		(51,986,920)	(36,941,391)
Profit from operations		70,580,586	21,914,562
Finance costs		(21,473,888)	(26,354,189)
Share of associated companies results		94,190	527,905
Profit/(Loss) before taxation	29	49,200,888	(3,911,722)
Taxation	30	5,448,458	(8,946,622)
Net profit/(loss) for the year		54,649,346	(12,858,344)
Attributable to:-			
Equity holders of the Company		54,649,346	(12,846,161)
Minority interest		-	(12,183)
Net profit/(loss) attributable to shareholders		54,649,346	(12,858,344)
Earnings/(Loss) per ordinary share	31	0.0269	(0.0063)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

consolidated statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2007

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	Share Capital RM	Share Premium RM	Reserve on Consolidation RM	Translation Reserve RM	Accumulated Losses RM	Sub-total RM	Minority Interest RM	Total Equity RM
At 1.4.05	1,015,029,840	111,535,799	3,866,709	1,556,787	(299,900,076)	832,089,059	-	832,089,059
Translation gain	-	-	-	(526,689)	-	(526,689)	-	(526,689)
Amortisation of reserve on consolidation	-	-	(236,672)	-	-	(236,672)	-	(236,672)
Dilution arising from additional investment in a subsidiary company	-	-	-	-	(18,735)	(18,735)	-	(18,735)
Expenses recognised directly in equity	-	-	(236,672)	(526,689)	(18,735)	(782,096)	-	(782,096)
Net loss for the year	-	-	-	-	(12,846,161)	(12,846,161)	-	(12,846,161)
Total expenses recognised for the year	-	-	(236,672)	(526,689)	(12,864,896)	(13,628,257)	-	(13,628,257)
At 31.3.06	1,015,029,840	111,535,799	3,630,037	1,030,098	(312,764,972)	818,460,802	-	818,460,802
Effect of adopting FRS3 (note 44(i))	-	-	(3,630,037)	-	3,630,037	-	-	-
Effect of adopting FRS3 (note 44(ii))	-	-	-	-	100,718	100,718	-	100,718
	1,015,029,840	111,535,799	-	1,030,098	(309,034,217)	818,561,520	-	818,561,520
Translation loss	-	-	-	1,418	-	1,418	-	1,418
Expenses recognised directly in equity	-	-	-	1,418	-	1,418	-	1,418
Net profit for the year	-	-	-	-	54,649,346	54,649,346	-	54,649,346
Total expenses and income recognised for the year	-	-	-	1,418	54,649,346	54,650,764	-	54,650,764
At 31.3.07	1,015,029,840	111,535,799	-	1,031,516	(254,384,871)	873,212,284	-	873,212,284

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

consolidated cash flow statement

FOR THE YEAR ENDED 31 MARCH 2007

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Karambunai Corp Bhd ♦ Annual Report 2007

	Note	2007 RM	2006 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) Before Taxation		49,200,888	(3,911,722)
Adjustments for:-			
Amortisation of discount on bonds		-	1,081,245
Amortisation of goodwill		-	2,388,178
Amortisation of upfront fee for a bank facility		500,021	-
Amortisation of reserves on consolidation		-	(236,672)
Amortisation of prepaid land lease payments		1,532,266	215,034
Bad debts written off		484,871	150,436
Depreciation of property, plant and equipment		11,867,451	11,301,821
Interest revenue		(206,958)	(116,698)
Interest expenses		16,610,313	22,108,547
Loss/(Gain) on disposal of property, plant and equipment		42,278	(15,661)
Goodwill written off		8,343,394	-
Property, plant and equipment written off		91,446	994,385
Loss on disposal of investment in an associated company		-	57,455
Unrealised gain on foreign exchange		(23,547)	(334,201)
Allowance for doubtful debts		174,137	796,403
Allowance for doubtful debts no longer required		(44,342)	(158,389)
Share of profits in associated companies		(94,190)	(527,905)
Waiver of redeemable bond liabilities		(85,000,000)	-
Operating Profit Before Working Capital Changes Carried Down		3,478,028	33,792,256
Decrease/(Increase) in land and development expenditure and amount due for contract works		12,534,160	(13,074,195)
Decrease/(Increase) in inventories		1,664,186	(622,547)
Increase in trade and other receivables		(340,688)	(34,910,920)
(Decrease)/Increase in trade and other payables		(6,336,760)	18,050,122
Cash Generated From Operations		10,998,926	3,234,716
Interest paid		(10,687,248)	(6,043,858)
Income tax paid		-	(335,797)
Interest received		206,958	116,698
Net Cash Generated From/(Used In) Operating Activities		518,636	(3,028,241)

consolidated cash flow statement

FOR THE YEAR ENDED 31 MARCH 2007

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	Note	2007 RM	2006 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary company, net of cash acquired	32	(9,370)	-
Advances to associated companies		(1,051)	(102,429)
Proceeds from disposal of investment in an associated company		-	261,034
Proceeds from disposal of property, plant and equipment		187,201	30,428
Purchase of property, plant and equipment	33	(5,534,034)	(4,401,926)
Net Cash Used In Investing Activities		(5,357,254)	(4,212,893)
Balance carried down		(4,838,618)	(7,241,134)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of term loan		300,000,000	-
Payment of lease obligations and hire purchase payables		(1,363,706)	(1,210,380)
Repayment of bridging loan and term loans		(45,839,201)	(2,559,520)
Repayment of redeemable bond liabilities		(220,000,000)	-
Net Cash Generated From/(Used In) Financing Activities		32,797,093	(3,769,900)
Translation exchange difference		27,958,475	(11,011,034)
		1,418	(526,689)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		27,959,893	(11,537,723)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		(17,492,855)	(5,955,132)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	34	10,467,038	(17,492,855)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

balance sheet

AS AT 31 MARCH 2007

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Karambunai Corp Bhd ♦ Annual Report 2007

	Note	2007 RM	2006 RM Restated
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,466,198	2,210,518
Prepaid land lease payments	5	3,309,717	3,369,127
Investment in subsidiary companies	7	304,248,255	308,026,584
Interest in associated companies	8	500,000	500,000
Other investments	9	310,000	310,000
		310,834,170	314,416,229
Current assets			
Trade and other receivables	14	72,684,304	61,587,136
Amount owing by subsidiary companies	15	1,235,168,296	1,249,942,533
Amount owing by associated companies	16	8,680,620	8,679,569
Cash on deposits with licensed banks	17	-	237,318
Cash and bank balances		143,054	124,958
		1,316,676,274	1,320,571,514
TOTAL ASSETS		1,627,510,444	1,634,987,743

balance sheet

AS AT 31 MARCH 2007

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	Note	2007 RM	2006 RM Restated
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1,015,029,840	1,015,029,840
Reserves	19	104,962,320	44,950,568
Total equity		1,119,992,160	1,059,980,408
Non-current liabilities			
Hire purchase and lease payables	20	18,827	34,950
Promissory note - secured	23	131,638,356	-
		131,657,183	34,950
Current liabilities			
Trade and other payables	24	20,883,818	19,047,798
Amount owing to subsidiary companies	15	340,687,743	104,298,671
Hire purchase and lease payables	20	16,123	19,166
Bank borrowings - secured	21	12,000,000	17,000,000
Redeemable bonds - secured	26	-	432,333,333
Taxation		2,273,417	2,273,417
		375,861,101	574,972,385
Total liabilities		507,518,284	575,007,335
TOTAL EQUITY AND LIABILITIES		1,627,510,444	1,634,987,743

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

income statement

FOR THE YEAR ENDED 31 MARCH 2007

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Karambunai Corp Bhd ♦ Annual Report 2007

	Note	2007 RM	2006 RM Restated
Revenue	27	963,813	915,806
Other operating revenue		85,005,598	41,899
Administrative costs		(8,407,824)	(4,440,510)
Other operating costs		(3,943,497)	(26,387,862)
		(12,351,321)	(30,828,372)
Profit/(loss) from operations		73,618,090	(29,870,667)
Finance costs		(13,606,338)	(19,310,826)
Profit/(Loss) before taxation	29	60,011,752	(49,181,493)
Taxation	30	-	-
Net profit/(Loss) for the year		60,011,752	(49,181,493)

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

statement of changes in equity

FOR THE YEAR ENDED 31 MARCH 2007

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	Share Capital RM	Share Premium RM	Accumulated Losses RM	Total Equity RM
At 1.4.05	1,015,029,840	111,535,799	(17,403,738)	1,109,161,901
Net loss for the year	-	-	(49,181,493)	(49,181,493)
At 31.3.06	1,015,029,840	111,535,799	(66,585,231)	1,059,980,408
Net profit for the year	-	-	60,011,752	60,011,752
At 31.3.07	1,015,029,840	111,535,799	(6,573,479)	1,119,992,160

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

cash flow statement

FOR THE YEAR ENDED 31 MARCH 2007

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Karambunai Corp Bhd Annual Report 2007

	Note	2007 RM	2006 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) Before Taxation		60,011,752	(49,181,493)
Adjustments for:-			
Amortisation of discount on bonds		-	1,081,245
Amortisation of upfront fee for a bank facility		500,021	-
Depreciation of property, plant and equipment		279,288	290,100
Impairment loss on investment in subsidiary companies		3,837,699	22,802,340
Interest revenue		(5,598)	(6,899)
Interest expenses		10,955,640	16,218,603
Amortisation of prepaid land lease payments		59,410	59,413
Property, plant and equipment written off		186	30,653
Loss on disposal of investment in an associated company		-	497,966
Waiver of redeemable bonds liabilities		(85,000,000)	-
Operating Loss Before Working Capital Changes		(9,361,602)	(8,208,072)
Increase in trade and other receivables		(11,597,189)	(1,144,822)
Increase in trade and other payables		1,836,020	1,072,156
Cash Used In Operations		(19,122,771)	(8,280,738)
Interest paid		(1,614,920)	(352,862)
Interest received		5,598	6,899
Net Cash Used In Operating Activities Carried Down		(20,732,093)	(8,626,701)

cash flow statement

FOR THE YEAR ENDED 31 MARCH 2007

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	Note	2007 RM	2006 RM Restated
Net Cash Used In Operating Activities Brought Down		(20,732,093)	(8,626,701)
CASH FLOWS FROM INVESTING ACTIVITIES			
Repayments from subsidiary companies		14,774,237	463,468
Acquisition of subsidiary company		(9,372)	-
Additional investment in subsidiary companies		(49,998)	(1,796,552)
Advances to associated companies		(1,051)	(102,429)
Proceeds from disposal of investment in an associated company		-	261,034
Purchase of property, plant and equipment	33	(535,154)	(43,589)
Net Cash Generated From/(Used In) Investing Activities		14,178,662	(1,218,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment to)/Advances from subsidiary companies		(568,559)	9,844,748
Loan from a subsidiary company		231,921,934	-
Payments to hire purchase payables		(19,166)	(17,764)
Repayments of bank borrowings		(5,000,000)	-
Repayments of redeemable bonds		(220,000,000)	-
Net Cash Generated From Financing Activities		6,334,209	9,826,984
NET DECREASE IN CASH AND CASH EQUIVALENTS		(219,222)	(17,785)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		362,276	380,061
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	34	143,054	362,276

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

notes to the financial statements

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1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of the Bursa Malaysia Securities Berhad.

The Company is principally engaged in the business of investment holdings and provision of management services. The principal activities of the subsidiary companies are set out in Note 7(b) to the financial statements. There have been no significant changes in the nature of these activities during the year.

The registered office and principal place of business of the Company are located at No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah.

The financial statements were authorised for issue in accordance with a Board of Directors' resolution dated 31 July 2007.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards for Entities Other Than Private Entities issued by the Malaysian Accounting Standards Board ("MASB").

The measurement bases applied in the presentation of the financial statement of the Group and of the Company included cost, recoverable amount, realisable value and revalued amount. Estimates are used in measuring these values.

The individual financial statements of each equity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company functional currency. All financial information presented in RM has been rounded to nearest RM, unless otherwise stated.

The preparation of financial statements of the Group and of the Company requires management to make assumptions, estimates and judgements that effect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Assumptions and estimates are reviewed on an ongoing basis and are recognised in the period in which the assumption or estimate is revised.

Significant areas of estimation, uncertainty and critical judgements used in applying accounting principles that have significant effect on the amount recognised in the financial statements are as follows:-

- (i) annual testing for impairment of goodwill (Note 11) - the measurement of the recoverable amount of cash-generating units are determined based on the value-in-use method, which requires the use of cash flow projections based on financial budgets approved by management.
- (ii) deferred tax assets (Note 22) - deferred tax assets are recognised for all unabsorbed capital allowances and deductible temporary differences in respect of expenses to the extent that it is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future financial performance of the subsidiary company and the Company and assumption that there will not be any substantial change (more than 50%) in the shareholdings of the subsidiary company concerned.

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2. BASIS OF PREPARATION (CONT'D)

- (iii) construction contracts/ Property development - significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and contract costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the recoverable variation works that are recoverable from the customers. In making the judgment, the Group relied on past experience and work of specialists.
- (iv) revenue recognition - the percentage-of-completion method requires the Company to estimate the works performed to date as a proportion of the total works to be performed.

3. SIGNIFICANT ACCOUNTING POLICIES

On 1 April 2006, the Group and the Company adopted the following Financial Reporting Standards ("FRS") issued by MASB mandatory for accounting periods beginning on or after 1 April 2006.

FRS 2	Share-based Payment
FRS 3	Business Combination
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 104	Depreciation Accounting
FRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 110	Events After the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 129	Financial Reporting in Hyperinflationary Economics
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments : Disclosures and Presentation
FRS 133	Earnings per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

In addition, the Group and the Company has early adopted the following new and revised FRSs for the financial period beginning 1 April 2006.

FRS 117	Leases
FRS 124	Related Party Disclosure

The adoption of these FRSs does not have any material financial impact on the Group and on the Company, or any significant changes in accounting policies of the Group and of the Company except as disclosed in Note 44 to the financial statements.

The Group and the Company have not early adopted the FRS 139 - Financial Instruments : Recognition and Measurement, for which MASB has yet to announce the effective date.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The impact of applying this standard on these financial statements upon first adoption of this standard as required by paragraph 30(b) of FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors is not required to be disclosed by virtue of exemptions paragraph 103AB of FRS 139.

(a) Basis of Consolidation

The consolidated financial statements incorporate the audited financial statements of the Company and all its subsidiary companies which are disclosed in Note 7 to the financial statements made up to the end of the financial year.

All intra-group balances, transactions and resulting unrealised profits and losses (unless cost cannot be recovered) are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of the subsidiary companies acquired or disposed during the financial year are included in the consolidated financial statements based on the purchase method from the effective date of acquisition or up to the effective date of disposal respectively. The assets, liabilities and contingent liabilities assumed of the subsidiary companies are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Minority interests represents the portion of profit and loss and net assets in subsidiaries not held by the Group. It is measured at the minority interests' share of the fair value of net assets at the acquisition date and the (minorities' share of) changes in the equity since then.

The consolidated financial statements are prepared on the basis that exceeds of losses attributable to minority shareholders over their equity interest will be absorbed by the Group. All profits subsequently reported by the subsidiary companies will be allocated to the Group until the minority shareholders' share of losses previously absorbed by the Group has been recovered.

(b) Subsidiary

A subsidiary company is an enterprise in which the Group has the power to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Investment in subsidiary companies, which are eliminated on consolidation, are stated at cost less accumulated impairment losses, if any, in the Company's financial statements. Impairment loss is determined on an individual basis.

Gains or losses arising from the disposal of an investment is determined as the difference between the estimated net disposal proceeds and the carrying amount of the investment, and is recognised in the income statement.

(c) Associated Company

Associated companies are entities in which the Group has significant influence and that is neither a subsidiary company nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investment in associated companies are accounted for in the Group's consolidated financial statements using the equity method. The Group's investment in associated companies is recognised in the consolidated balance sheet at cost plus the Group's share of post-acquisition net results of the associated company less impairment loss, if any, determined on an individual basis. The Group's share of results of the associated company is recognised in the consolidated income statement from the date that significant influence commences until the date that significant influence ceases. Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated company.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Associated Company (cont'd)

When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company. Consistent accounting policies are applied for transactions and events in similar circumstances.

Goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the associated company's net identifiable assets and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the results of the associated company in the period in which the investment is acquired.

Investments in associated companies are stated at cost, less impairment losses, if any, in the Company's financial statements.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

(d) Goodwill

Goodwill or negative goodwill acquired in a business combination represents the difference between purchase consideration and the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities in the subsidiary companies at the date of acquisition.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities over the cost of acquisition is recognised as negative goodwill in the income statement.

Goodwill is allocated to Cash Generating Units ("CGU") and is stated at cost less accumulated impairment losses, if any. Impairment test is performed annually. Goodwill is also tested for impairment when indication of impairment exists. Impairment losses recognised are not reversed in subsequent periods.

Upon the disposal of interest in the subsidiary company, the related goodwill will be included in the computation of gain or loss on disposal of interest in the subsidiary company in the consolidated income statement.

(e) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that are directly attributable to the acquisition of the asset. Subsequent costs are included in the assets' carrying amount or recognised as separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Depreciation of property, plant and equipment is calculated on the straight line method to write off the cost of the property, plant and equipment over their estimated useful lives.

notes to the financial statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Property, Plant and Equipment and Depreciation (cont'd)

The annual rates used for this purpose are:-

Office building, factory building, shoplots and hotel building	2% - 4%
Warehouse and jetty	10%
Furniture and fittings	10% - 25%
Plant and machinery	10% - 25%
Computer equipment	10% - 33.3%
Motor vehicles	16.7% - 25%
Partition and renovation	10%
Other equipment	10% - 20%

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property and equipment.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in the income statement.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

(f) Impairment of Assets

The carrying amounts of assets other than inventories, assets arising from construction contracts, assets arising from employees benefits, deferred tax assets and financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of net selling price and the value in use, which is measured by reference to discounted future cash flows. An impairment loss is recognised whenever the carrying amount of an item of assets exceeds its recoverable amount.

An impairment loss is recognised as an expense in the income statement. However, an impairment loss on a revalued assets will be treated as a revaluation deficit to the extent that the loss does not exceed the amount held in revaluation reserve in respect of the same assets.

Any subsequent increase in recoverable amount of an asset, other than goodwill, due to a reversal of impairment loss is restricted to the carrying amount that would have been determined (net of accumulated depreciation, where applicable) had no impairment loss been recognised in prior years. The reversal of impairment loss is recognised as revenue in the income statement. However, the reversal of impairment loss on a revalued asset will be treated as revaluation reserve to the extent that the reversal does not exceed the amount previously held in revaluation reserve in respect of the same asset.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Capital Work-In-Progress

Capital work-in-progress consists of expenditure including borrowing costs incurred on construction of property, plant and equipment which takes a substantial period of time to be ready for their intended uses.

This expenditure is stated at cost and no depreciation is provided. Upon completion of construction, the cost will be transferred to property, plant and equipment.

(h) Land Held for Property Development

Land held for property development consist of cost or Group's cost of land, incidental costs of acquisition and other development expenditure incurred to-date necessary to maintain properties which are currently not under active development.

Land held for development are carried at cost less accumulated impairment loss, if any, and classified as non-current assets where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development are reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

(i) Property Development Costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Costs consists of cost or Group's cost land and construction costs and other development expenditure including related overheads and capitalised borrowing costs.

When the financial outcome of a development activity can be reliably estimated, property development revenue and costs are recognised in the income statement by reference to the stage of completion of development activities at the balance sheet date. The stage of completion is measured by reference to the proportion of development costs incurred for work performed to date bear to the estimated total property development costs.

When the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that a probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately.

Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value.

Accrued billings, in trade receivables, represents the excess of revenue recognised in the income statement over billings to purchasers. Progress billings, in trade payables, represents the excess of billings to purchasers over revenue recognised in the income statement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Amount Due From/(To) Customers For Contract Works

Amount due from/(to) customers for contract works consists of contract costs incurred to date and a proportion of estimated profit attributable to contract work performed to date less progress billings received and receivable. Amount due from customers for contract works arises when contract costs incurred plus recognised profits or loss recognised and foreseeable losses exceeds progress billing whereas amount due to customers for contract works arises when progress billing exceed contract costs incurred plus recognised profits or loss recognised and foreseeable losses.

Contract costs include direct material, labour, sub-contract costs and attributable construction overheads.

Where foreseeable losses on contracts are anticipated, full allowance for these losses is made in the financial statements.

(k) Inventories

Inventories of raw materials, consumables, finished goods and merchandise are stated at the lower of cost and net realisable value. Cost includes the standard cost of materials and incidentals in bringing the inventories into store and for manufactured inventories, they also include labour and relevant production overheads.

Inventories of completed unsold development properties are stated at the lower of cost or net realisable value. Cost is determined on the specific identification basis and includes cost of land, all direct building costs and other related development costs.

In arriving at net realisable value, due allowance has been made for all obsolete and slow-moving items.

(l) Lease Payments

i. Finance Lease

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance lease are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases is depreciated over the shorter of the estimated useful life of the asset and the lease term.

ii. Operating Leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease period.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) Amortisation of Discount on Bonds

Discount on redeemable bonds which represents the excess of nominal value over the consideration for the issuance of the bonds is amortised over the term of the bonds using a constant periodic rate of interest on the net carrying value of the bonds. The carrying value of the bonds will gradually accrete to its nominal value on the redemption date.

(n) Borrowings Costs

Interest incurred on borrowings related to capital work-in-progress and property development cost is capitalised during the period when activities to plan, develop and construct these assets are undertaken. Capitalisation of borrowing costs ceases when these assets are ready for their intended use or sale.

Upfront fee for a bank facility is amortise over 6 years.

(o) Foreign Currencies

i. Transactions in foreign currencies

Transactions in foreign currencies are translated into Ringgit Malaysia at the rates of exchange ruling at the time of the transaction date. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the income statement.

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period.

ii. Translation of foreign currency financial statements

Assets, liabilities and reserves of foreign subsidiaries are translated into Ringgit Malaysia at the rates of exchange as at the financial year end. Income statements items are translated at the average rate of exchange for the year which approximate the exchange rate at the date of transaction. The translation differences arising therefrom are recorded as movement in translation reserve. Upon disposal of a foreign subsidiary, the cumulative amount of translation differences at the date of disposal of the subsidiary is taken to the consolidated income statement.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2006 are translated at the closing rate at the balance sheet date. Goodwill and fair value adjustments which arose on the acquisition of foreign subsidiaries before 1 January 2006 are deemed to be assets and liabilities of the parent company and are recorded in RM at the rate prevailing at the date of acquisition.

notes to the financial statements

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Taxation

Taxation in the income statement represents the aggregate amount of current and deferred tax. Current tax is the expected amount payable in respect of taxable income for the year and any adjustments recognised in the year for current tax of prior years.

Deferred tax is recognised, using the liability method, on all temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction, which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit. Deferred tax is measured at the tax rates that are expected to apply in the period in which the assets are realised or the liabilities are settled.

Deferred tax is recognised in equity when it relates to items recognised directly in equity. When deferred tax arises from business combination that is an acquisition, the deferred tax is included in the resulting goodwill or negative goodwill.

Deferred tax assets are recognised only to the extent that there are sufficient taxable temporary differences relating to the same taxation authority to offset or when it is probable that future taxable income will be available against which the assets can be utilised.

(q) Employee Benefits

i. Short Term Benefits

Wages, salaries, social security contributions and bonuses are recognised as expenses in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

ii. Defined Contribution Plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund. Such contributions are recognised as expenses in the income statement when incurred.

(r) Provisions

Provisions are recognised when there is a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

(s) Revenue Recognition

Revenue from sales of properties under development and from contract works undertaken are recognised in the income statement on the percentage of completion basis where the outcome of the developments and contracts can be reliably estimated. The percentage of completion basis is computed based on proportion of which the development costs and the contract costs incurred for work performed to date bear to the estimated total development and contract costs respectively.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Revenue Recognition (cont'd)

Revenue from sales of finished goods and merchandise and from services are recognised in the income statement when the goods are delivered and services are rendered respectively.

Hotel and golfing revenue is recognised in the income statement on receivable basis.

Interest revenue is recognised on a time proportion basis that reflects the effective yield on the assets.

Rental revenue is recognised in the income statement on receivable basis.

Dividend revenue from investment in subsidiary companies, associated companies and other investments is recognised in the income statement on the date they are declared to be payable.

Revenue from sale of land and completed landed properties is measured at the fair value of the consideration receivable and is recognised in the income statement when the significant risk and reward of ownership have been transferred to the buyer.

(t) Financial Instruments

Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to financial instruments classified as assets or liabilities are reported as expense or revenue. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

The recognised financial instruments comprise cash and cash equivalents, trade and other receivables, trade and other payables, lease and hire purchase payables, bank borrowings, promissory notes, redeemable bonds, other non-current investments and ordinary shares. These instruments are recognised in the financial statements when a contract or contractual arrangement has been entered into with the counter-parties.

The unrecognised financial instruments comprise financial guarantees given to financial institutions and third party. The financial guarantees would be recognised as liabilities when obligations to pay the counter-parties are assessed as being probable.

i. Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and short term, highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value.

ii. Other Non-Current Investments

Non-current investments other than investments in subsidiary companies and associated companies, are stated at cost less allowance for diminution in value, if any.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(t) Financial Instruments (cont'd)

iii. Receivables

Receivables are stated at cost less allowance for doubtful debts, if any, which is the anticipated realisable values. Known bad debts are written off and specific allowance is made for those debts considered to be doubtful of collection.

iv. Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

v. Bank Borrowings

Interest bearing loans, bills payable, promissory notes, revolving credit and overdrafts are stated at the amount of proceeds received, net of transaction costs.

The long term loan is stated at the amount of proceeds received.

vi. Redeemable Bonds

Redeemable bonds are stated at the nominal value less unamortised discount on the issuance of the bonds.

vii. Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those external costs directly attributable to the equity transaction which would otherwise have been avoided. Costs of issuing equity securities in connection with a business combination are included in the cost of acquisition.

viii. Long Term Payables

Long term payables are stated based on agreed settlement sum.

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4. PROPERTY, PLANT AND EQUIPMENT

Group	Hotel, Shoplots, Buildings, Warehouse & Jetty RM	Plant & Machinery RM	Furniture & Fittings, Renovation & Equipment RM	Motor Vehicles RM	Total RM
Cost					
At 1.4.06	316,430,777	15,872,266	42,150,094	6,599,424	381,052,561
Additions	-	881,401	6,214,616	486,180	7,582,197
Disposals	-	-	(422,422)	(128,122)	(550,544)
Written off	-	-	(1,528,701)	-	(1,528,701)
At 31.3.07	316,430,777	16,753,667	46,413,587	6,957,482	386,555,513
Accumulated Depreciation					
At 1.4.06	23,733,073	12,078,863	29,719,152	4,120,368	69,651,456
Charge for the year	6,291,267	864,586	3,884,466	827,132	11,867,451
Disposals	-	-	(192,944)	(128,121)	(321,065)
Written off	-	-	(1,437,255)	-	(1,437,255)
At 31.3.07	30,024,340	12,943,449	31,973,419	4,819,379	79,760,587
Net Book Value					
At 31.3.07	286,406,437	3,810,218	14,440,168	2,138,103	306,794,926
Cost					
At 1.4.05	316,430,777	14,727,376	40,432,873	5,255,008	376,846,034
Additions	-	1,146,190	3,540,241	1,582,387	6,268,818
Disposals	-	(700)	(19,608)	(51,198)	(71,506)
Written off	-	(600)	(1,803,412)	(186,773)	(1,990,785)
At 31.3.06	316,430,777	15,872,266	42,150,094	6,599,424	381,052,561
Accumulated Depreciation					
At 1.4.05	17,441,599	11,233,347	27,289,716	3,438,112	59,402,774
Charge for the year	6,291,474	845,681	3,386,388	778,278	11,301,821
Disposals	-	-	(5,542)	(51,197)	(56,739)
Written off	-	(165)	(951,410)	(44,825)	(996,400)
At 31.3.06	23,733,073	12,078,863	29,719,152	4,120,368	69,651,456
Net Book Value					
At 31.3.06	292,697,704	3,793,403	12,430,942	2,479,056	311,401,105

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Buildings RM	Furniture & Fittings, Renovation & Equipment RM	Motor Vehicles RM	Total RM
Cost				
At 1.4.06	3,372,160	1,539,089	1,141,567	6,052,816
Additions	-	94,354	440,800	535,154
Written off	-	(523,110)	-	(523,110)
At 31.3.07	3,372,160	1,110,333	1,582,367	6,064,860
Accumulated Depreciation				
At 1.4.06	1,519,514	1,204,024	1,118,760	3,842,298
Charge for the year	134,886	94,300	50,102	279,288
Written off	-	(522,924)	-	(522,924)
At 31.3.07	1,654,400	775,400	1,168,862	3,598,662
Net Book Value				
At 31.3.07	1,717,760	334,933	413,505	2,466,198
Cost				
At 1.4.05	3,372,160	2,355,207	1,141,567	6,868,934
Additions	-	43,589	-	43,589
Written off	-	(859,707)	-	(859,707)
At 31.3.06	3,372,160	1,539,089	1,141,567	6,052,816
Accumulated Depreciation				
At 1.4.05	1,384,628	1,926,242	1,070,382	4,381,252
Charge for the year	134,886	106,836	48,378	290,100
Written off	-	(829,054)	-	(829,054)
At 31.3.06	1,519,514	1,204,024	1,118,760	3,842,298
Net Book Value				
At 31.3.06	1,852,646	335,065	22,807	2,210,518

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4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the property, plant and equipment of the Group and of the Company are assets acquired under hire purchase instalment plans and lease financing as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
At Cost				
Hire purchase	11,655,669	10,150,147	182,848	182,848
Lease financing	199,390	199,390	-	-
	<u>11,855,059</u>	<u>10,349,537</u>	<u>182,848</u>	<u>182,848</u>
At Net Book Value				
Hire purchase	4,712,423	4,413,703	2	21,229
Lease financing	1	1	-	-
	<u>4,712,424</u>	<u>4,413,704</u>	<u>2</u>	<u>21,229</u>

Hotel of the Group with net book value of RM278,970,843/- is pledged as securities for banking facility granted to a subsidiary company, Hartamas Group Berhad.

5. PREPAID LAND LEASE PAYMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
At beginning of the year	409,440,104	409,655,138	3,369,127	3,428,540
Less : Amortisation	(1,532,266)	(215,034)	(59,410)	(59,413)
At end of the year	<u>407,907,838</u>	<u>409,440,104</u>	<u>3,309,717</u>	<u>3,369,127</u>
Analysed as:-				
Long term leasehold land	321,546,285	322,074,347	3,309,717	3,369,127
Long term leased land	86,361,553	87,365,757	-	-
	<u>407,907,838</u>	<u>409,440,104</u>	<u>3,309,717</u>	<u>3,369,127</u>

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5. PREPAID LAND LEASE PAYMENTS (CONT'D)

The long term leasehold land of the Group and the Company have an unexpired lease period of more than 50 years.

The long term leasehold land of the Group and of the Company stated at valuation was revalued by the Directors in 1984 based on valuation by independent professional valuers on the open market value basis.

Long term leasehold land and long term leased land of the Group and of the Company totalling RM407,907,838/- and RM3,309,717/- respectively are pledged as securities for promissory note issued by the Company and banking facilities of the Group.

In previous year, long term leasehold land and long term leased land of the Group and of the Company totalling RM409,440,104/- and RM3,369,127/- respectively are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

6. LAND HELD FOR PROPERTY DEVELOPMENT

	GROUP	
	2007 RM	2006 RM
At cost,		
Leasehold land	614,016,098	612,449,192
Add : Additions	-	2,153,282
Less : Disposal	(4,904,526)	-
Add : Transfer from/(to) property development cost (note 12)	1,219,998	(586,376)
	610,331,570	614,016,098
Leased land	47,218,375	47,218,375
Total land, at cost	657,549,945	661,234,473
Development costs		
At beginning of the year	85,635,209	85,129,635
Add : Additions	3,598,664	505,574
Add : Transfer from property development cost (note 12)	8,669,900	-
	97,903,773	85,635,209
Total carrying amount of land and development costs	755,453,718	746,869,682

Leasehold land, leased land and development costs totalling RM755,453,718/- are pledged as securities for promissory note issued by the Company and banking facilities of the Group and of the Company.

In previous year, leasehold land, leased land and development costs totalling RM746,869,682/- are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group and of the Company.

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7. INVESTMENT IN SUBSIDIARY COMPANIES

(a)

	COMPANY	
	2007 RM	2006 RM
Unquoted shares, at cost		
At beginning of the year	364,876,542	363,079,990
Add : Additions	59,370	1,796,552
At end of the year	364,935,912	364,876,542
Less: Accumulated impairment losses		
At beginning of the year	56,849,958	34,047,618
Add : Additions	3,837,699	22,802,340
At end of the year	(60,687,657)	(56,849,958)
	<u>304,248,255</u>	<u>308,026,584</u>

(b) The subsidiary companies are:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest			
			Direct		Indirect	
			2007	2006	2007	2006
Held By The Company						
Alpha Terrace Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
Arosa Development Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
Bukit Unggul Golf and Country Resort Sdn. Bhd. ("BUGCR")	Malaysia	Golf club owner and investment holdings	75%	75%	25%	25%
FACBAerospace Sdn. Bhd.	Malaysia	Investment holdings	100%	100%	-	-
FACB Capital Sdn. Bhd.	Malaysia	Investment holdings, consultancy and money lending	100%	100%	-	-
FACB Construction Sdn. Bhd. ("FACBC")	Malaysia	Construction	100%	100%	-	-
FACB Charter Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies are:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest			
			Direct		Indirect	
			2007	2006	2007	2006
Held By The Company						
FACB Land Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
FACB Management Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
FACBNET Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
First Holdings Sdn. Bhd.	Malaysia	Investment holdings	100%	100%	-	-
First Multimedia Corporation Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
First Network (M) Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
First Travel And Tours (M) Sdn. Bhd.	Malaysia	Travel & tours agency	95.69%	95.69%	-	-
Greagawarni Sdn. Bhd.	Malaysia	Project contractor	100%	100%	-	-
Ikhlas Perdana Sdn. Bhd.	Malaysia	Investment holdings	90%	90%	-	-
Karambunai Residence (MM2H) Sdn. Bhd.	Malaysia	Dormant	100%	100%	-	-
* Norasia Investments Ltd.	Hong Kong	Investment holdings	100%	100%	-	-
* Sunnyland Corporation Ltd.	Hong Kong	Dormant	100%	100%	-	-
* Sunnyland Industries Ltd.	Hong Kong	Investment holdings	100%	100%	-	-
Bukit Unggul Tele-Suburb Sdn. Bhd.	Malaysia	Property development	100%	100%	-	-
* Oakes Invest & Finance S.A.	British Virgin Islands	Investment holdings	100%	100%	-	-
* Karambunai Corp International Ltd. (formerly known as Citix Ltd.)	Hong Kong	Dormant	100%	-	-	-

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies are:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest			
			Direct		Indirect	
			2007	2006	2007	2006
Held through Arosa Development Sdn. Bhd.						
Arosa Builders Sdn. Bhd.	Malaysia	Construction	-	-	100%	100%
Held through Norasia Investment Ltd.						
Scanply International Wood Products Ltd. (Dissolved in August 2006)	Hong Kong	Dormant	-	-	100%	100%
Scanply International Wood Products (Singapore) Pte. Ltd.	Singapore	Trading of wood products	-	-	100%	100%
Held through Sunnyland Industries Ltd.						
* Sunnyland Industries & Investments (Yunfu) Ltd.	China	Dormant	-	-	100%	100%
Held through First Holdings Sdn. Bhd.						
Karambunai Resorts Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Hartamas Group Berhad	Malaysia	Hotel resort operations, management and investment holdings	#42.91%	#42.91%	#57.09%	#57.09%
Held through Hartamas Group Berhad						
FACB Marketing And Sales Services Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Held through Ikhlas Perdana Sdn. Bhd.						
Composites Technology Development Corporation Sdn. Bhd.	Malaysia	Property development	-	-	63%	63%
Held through Bukit Unggul Golf And Country Resort Sdn.Bhd.						
Karambunai Two Golf & Country Club Sdn. Bhd.	Malaysia	Dormant	-	-	100%	100%
Bukit Unggul Country Club Berhad	Malaysia	Golf and country club operation and management	-	-	100%	100%

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(b) The subsidiary companies are:-

Name of Company	Country of Incorporation	Principal Activities	Effective Equity Interest			
			Direct		Indirect	
			2007	2006	2007	2006
Held through Karambunai Resorts Sdn. Bhd.						
Dapan Construction Sdn. Bhd.	Malaysia	Construction and project contractor	-	-	100%	100%
Dapan Holdings Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Karambunai Golf Management Berhad	Malaysia	Management and operation of golf club	-	-	100%	100%
Nexus Vacation Club Bhd.	Malaysia	Marketing of resort membership	-	-	100%	100%
Nexus Bay Resort Karambunai Sdn. Bhd.	Malaysia	Property development	-	-	100%	100%
Nexus Resort Karambunai Sdn. Bhd.	Malaysia	Resort hotel operation and management	-	-	100%	100%
* Nexus Naga S.A.	Panama	Dormant	-	-	100%	100%
Nexus Resorts and Hotels International Sdn. Bhd.	Malaysia	Dormant	-	-	100%	100%
* Sahara Red Incorporated	British Virgin Island	Investment holdings	-	-	100%	100%
Held through Scanply International Wood Products (Singapore) Pte. Ltd.						
Scanply International Wood Products Ltd. (Winding-up in March 2006)	United Kingdom	Dormant	-	-	100%	100%
Scanply Wood Products (Malaysia) Sdn. Bhd.	Malaysia	Purchasing and sourcing of timber for sale to related company	-	-	100%	100%

* Subsidiary companies included in the consolidated financial statements based on unaudited management financial statements.

The equity interests held through the Company, FHSB and FACBLand are 42.91% (2006 : 42.91%), 53.03% (2006 : 53.03%) and 4.06% (2006 : 4.06%) respectively.

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7. INVESTMENT IN SUBSIDIARY COMPANIES (CONT'D)

(c) The financial statements of the following subsidiary companies are not audited by the Company's auditors:-

Scanply International Wood Products (Singapore) Pte. Ltd.
 Norasia Investments Ltd.
 Sunnyland Industries & Investments (Yunfu) Ltd.
 Sunnyland Industries Ltd.
 Sunnyland Corporation Ltd.
 Nexus Naga S.A.
 Sahara Red Incorporated
 Oakes Invest And Finance S.A.
 Karambunai Corp International Ltd. (formerly known as Citix Ltd.)

8. INTEREST IN ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares, at cost	625,001	1,384,001	500,000	1,259,000
Less: Disposal	-	(759,000)	-	(759,000)
	625,001	625,001	500,000	500,000
Group's share of post acquisition profit	1,753,959	1,559,051	-	-
	2,378,960	2,184,052	500,000	500,000
Represented By:-				
Share of net assets of associated companies	2,308,206	2,214,016		
Goodwill/(Negative goodwill)	70,754	(29,964)		
	2,378,960	2,184,052		

The associated companies, all incorporated in Malaysia, are as follows:-

Name of Company	Principal Activities	Effective Equity Interest			
		Direct		Indirect	
		2007	2006	2007	2006
Held by the Company					
* Beribu Ukiran Sdn. Bhd.	Property development	40%	40%	-	-
* CTRM-FACB Consortium Sdn. Bhd.	Property development	40%	40%	-	-
Held through First Holdings Sdn. Bhd.					
* Richpool Sdn. Bhd.	Investment holdings	-	-	25%	25%

* Interest in associated companies included in the consolidated financial statements are based on unaudited management financial statements.

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8. INTEREST IN ASSOCIATED COMPANIES (CONT'D)

The summarised financial information of the associated companies are as follows:-

	2007 RM	2006 RM
Total assets	82,699,881	87,452,624
Total liabilities	76,968,422	81,835,439
Operating revenue	2,464,781	18,405,154
Net profits	235,304	1,319,588

The detail of goodwill/(negative goodwill) included within the Group's carrying amount of investment in associated companies are as follows:-

	2007 RM	2006 RM
At 1 April	(29,964)	(29,964)
Effect of adopting FRS 3	100,718	-
At 31 March	70,754	(29,964)

9. OTHER INVESTMENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
At cost;				
Unquoted shares in Malaysia	1,702,000	1,702,000	310,000	310,000
Less: Allowance for diminution in value	(1,219,999)	(1,219,999)	-	-
	482,001	482,001	310,000	310,000
Transferable contribution rights	140,000	140,000	-	-
Less: Allowance for diminution in value	(100,000)	(100,000)	-	-
	40,000	40,000	-	-
	522,001	522,001	310,000	310,000

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9. OTHER INVESTMENTS (CONT'D)

The transferable contribution rights are in respect of rights to memberships of a golf club which are registered in the name of Tan Sri Dr. Chen Lip Keong, a director of the Company and Dato' Ho See Sin, a former director of a subsidiary company, First Travel and Tours (M) Sdn. Bhd..

10. CAPITAL WORK-IN-PROGRESS

	GROUP	
	2007	2006
	RM	RM
Development costs, at cost	49,773,915	49,773,915

These are incurred on the construction of club house and the development of hotel resorts.

11. GOODWILL

	GROUP	
	2007	2006
	RM	RM
Goodwill arising from acquisition of subsidiary companies	33,948,391	33,948,391
Effects of adopting FRS3 (Note 44[i])	(7,164,533)	-
	26,783,858	33,948,391
Addition	9,370	-
Written off	(8,343,394)	-
	18,449,834	33,948,391
Less : Accumulated amortisation of goodwill on consolidation		
At beginning of the year	7,164,533	4,776,355
Effects of adopting FRS3 (Note 44[i])	(7,164,533)	-
Additions	-	2,388,178
At end of the year	-	(7,164,533)
	18,449,834	26,783,858

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12. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2007	2006
	RM	RM
Leasehold land, at cost		
At beginning of the year	37,252,908	36,722,260
Add: Additions	-	542,598
Add: Transfer (to)/from land held for property development (note 6)	(1,219,998)	586,376
Less: Disposal	(4,969,970)	(598,326)
At end of the year	31,062,940	37,252,908
Property development costs		
At beginning of the year	101,884,898	66,112,101
Add: Additions	16,927,915	39,304,459
Less: Disposal	(5,096,987)	(3,531,662)
Less: Transfer to land held for property development (note 6)	(8,669,900)	-
At end of the year	105,045,926	101,884,898
	136,108,866	139,137,806
Less: Cost recognised as an expense		
- Previous years	(65,858,402)	(35,758,143)
- Current year	(19,447,948)	(30,100,259)
Total property development costs	50,802,516	73,279,404

Property development cost with carrying value of RM48,319,216/- are pledged as securities for promissory note issued by the Company and banking facilities of the Group.

In previous year, property development costs with carrying value of RM61,306,923/- are pledged as securities for corporate bonds issued by the Company and banking facilities of the Group.

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13. INVENTORIES

	GROUP	
	2007	2006
	RM	RM
At cost:		
Completed development properties	846,129	846,129
Consumables	1,315,892	1,052,525
Finished goods	3,254,344	5,181,897
	<u>5,416,365</u>	<u>7,080,551</u>

14. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current				
Trade receivables				
Third parties	55,481,350	67,153,570	-	-
Associated company	2,267,401	2,267,401	-	-
	<u>57,748,751</u>	<u>69,420,971</u>	<u>-</u>	<u>-</u>
Less : Allowance for doubtful debts	(3,680,143)	(3,541,826)	-	-
	<u>54,068,608</u>	<u>65,879,145</u>	<u>-</u>	<u>-</u>
Amount due from customers for contract work (note 35)	45,701,022	45,119,001	-	-
Trade receivables, net	99,769,630	110,998,146	-	-
Other receivables				
Other receivables	87,787,504	84,006,756	63,381,689	61,875,650
Less: Allowance for doubtful debts	(3,226,351)	(3,203,736)	(407,756)	(407,756)
	<u>84,561,153</u>	<u>80,803,020</u>	<u>62,973,933</u>	<u>61,467,894</u>
Deposits	29,861,145	33,732,647	210,392	115,598
Prepayments	11,937,780	787,873	9,499,979	3,644
Income tax recoverable	789,507	789,507	-	-
Other receivables, net	127,149,585	116,113,047	72,684,304	61,587,136
	<u>226,919,215</u>	<u>227,111,193</u>	<u>72,684,304</u>	<u>61,587,136</u>

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14. TRADE AND OTHER RECEIVABLES (CONT'D)

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

Included in trade receivables of the Group is an amount of RM2,267,401/- (2006 : RM2,267,401/-) owing by an associated company, Beribu Ukiran Sdn. Bhd..

The foreign currency exposure profile of trade receivable is as follows:-

	GROUP	
	2007	2006
	RM	RM
United States Dollar	3,830,837	5,410,790

Included in prepayment of the Group and of the Company is prepayment of upfront fee for a bank facility granted to a subsidiary company, Hartamas Group Berhad, amounting to RM9,499,979/-.

The foreign currency exposure profile of other receivables is as follows:-

	GROUP	
	2007	2006
	RM	RM
Singapore Dollar	167,249	181,020
Chinese Renminbi	495,535	509,304
	662,784	690,324

15. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

	COMPANY	
	2007	2006
	RM	RM
Amount owing by subsidiary companies	1,235,168,296	1,249,942,533
Amount owing to subsidiary companies	79,264,918	79,833,477
Loans from subsidiary companies	261,422,825	24,465,194
	340,687,743	104,298,671

Amount owing by/to subsidiary companies are non-trade in nature, unsecured, interest free and with no fixed term of repayment.

Loans from subsidiary companies amounting to RM261,422,825/- (2006 : RM24,465,194/-) which bear interest at rates ranging from 4.25% to 10% (2006 : 10%) per annum.

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16. AMOUNT OWING BY ASSOCIATED COMPANIES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount owing by associated companies	24,580,620	24,579,569	8,680,620	8,679,569

Amount owing by associated companies are unsecured, interest free and with no fixed term of repayment except for an amount of RM15,900,000/- (2006 : RM15,900,000/-) owing by the associated company, Beribu Ukiran Sdn. Bhd. which is assigned as security for Term Loan IV as disclosed in note 37 to the financial statements.

17. CASH ON DEPOSITS WITH LICENSED BANKS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash deposits	2,011,420	4,406,160	-	237,318

Cash deposits of the Group totalling RM2,011,420/- (2006 : RM4,168,842/-) are pledged for bank guarantee facilities granted to certain subsidiary companies of the Group.

In previous year, cash deposits amounting to RM237,318/- of the Group and of the Company is placed in the Sinking Fund Account in accordance with the Trust Deed dated 19 March 2001 executed between PB Trustee Services Berhad and the Company on the issuance of the Company's Bonds 2001/2005 amounting to a nominal value of RM420,000,000/-. On 29 December 2007, the Company had fully settled and redeemed the bonds 2001/2005.

The maturity profile and effective interest rates of the cash deposits with licensed banks are as follows:-

	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
GROUP					
2007					
Financial Assets					
Cash deposits with licensed banks	2.90 - 4.70	2,011,420	2,011,420	-	-
2006					
Financial Assets					
Cash deposits with licensed banks	2.80 - 4.10	4,406,160	4,406,160	-	-

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17. CASH ON DEPOSITS WITH LICENSED BANKS (CONT'D)

	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
COMPANY					
2006					
Financial Assets					
Cash deposits with licensed banks	2.80	237,318	237,318	-	-

The foreign currency exposure profile is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	630,508	641,857

18. SHARE CAPITAL

	GROUP/COMPANY	
	2007 RM	2006 RM
Ordinary shares of RM0.50 each		
Authorised:	2,000,000,000	2,000,000,000
Issued and fully paid:	1,015,029,840	1,015,029,840

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18. SHARE CAPITAL (CONT'D)

As at year end, the number of unexercised warrants of the Company are as follow:-

	NUMBER OF WARRANTS	
	2007	2006
Warrants 1997/2007	-	7,376,800
Warrants 2002/2007	-	852,739,964
	-	860,116,764

The exercise price of Warrants 1997/2007 is at RM1.21 per new ordinary share of the Company whereas, the exercise prices of the Warrants 2002/2007 are as follows:-

Exercise Period	Exercise Price Per New Ordinary Share RM
Between 4.1.2002 to 11.1.2005	0.54
Between 12.1.2006 to 3.1.2007	0.66

The exercise period of warrants 1997/2007 expired on 27 March 2007, whereas exercise period of warrants 2002/2007 expired on 3 January 2007.

19. RESERVES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Accumulated losses	(254,384,871)	(312,764,972)	(6,573,479)	(66,585,231)
NON-DISTRIBUTABLE				
Share premium	111,535,799	111,535,799	111,535,799	111,535,799
Reserve on consolidation	-	3,630,037	-	-
Foreign exchange translation reserve	1,031,516	1,030,098	-	-
	112,567,315	116,195,934	111,535,799	111,535,799
	(141,817,556)	(196,569,038)	104,962,320	44,950,568

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20. HIRE PURCHASE AND LEASE PAYABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
HIRE PURCHASE PAYABLES				
Payable within 1 year				
Total instalment payments	2,821,628	2,610,854	16,923	22,284
Less: Future finance charges	(200,578)	(140,986)	(800)	(3,118)
Present value of hire purchase payables	2,621,050	2,469,868	16,123	19,166
Payable after 1 year but not later than 5 years				
Total instalment payments	2,505,719	2,006,373	20,548	37,471
Less: Future finance charges	(175,686)	(209,615)	(1,721)	(2,521)
Present value of hire purchase payables	2,330,033	1,796,758	18,827	34,950
	4,951,083	4,266,626	34,950	54,116
LEASE PAYABLES				
Payable within 1 year				
Minimum instalment payments	13,971	13,971	-	-
Less: Future finance charges	(221)	(221)	-	-
Present value of lease payables	13,750	13,750	-	-
Total principal sum payable				
- within 1 year	2,634,800	2,483,618	16,123	19,166
- after 1 year but not later than 5 years	2,330,033	1,796,758	18,827	34,950
	4,964,833	4,280,376	34,950	54,116

The hire purchase and lease payables of the Group and of the Company bear interest rates ranging from 3.30% to 11.30% (2006 : 3.30% to 11.30%) and 7.08% to 7.47% (2006 : 7.08% to 7.47%) per annum respectively.

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21. BANK BORROWINGS - SECURED

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current				
Term loans (note 37)	68,635,871	89,014,141	-	-
Bridging loan	2,760,376	5,306,549	-	-
Revolving credit	12,000,000	17,000,000	12,000,000	17,000,000
Bills payable	147,391	1,444,107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	83,543,638	112,764,797	12,000,000	17,000,000
Non-current				
Term loans (note 37)	285,000,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	368,543,638	112,764,797	12,000,000	17,000,000

The secured bridging loan bears interest at 9.50% (2006 : 9.50%) per annum and are secured by a fixed charge over the leasehold land of a subsidiary company, Dapan Holdings Sdn. Bhd., and a corporate guarantee by the Company.

The secured revolving credit facilities bear interest at a rate 7.00% (2006 : 6.00% to 6.50%) per annum and is secured on fixed charge over the Company's leasehold land.

The secured bills payable facility bears interest at rates ranging from 5.01% to 7.01% (2006: 5.01% to 7.01%) per annum and is secured and supported as follows:-

- (a) assignment of export credit insurance policies; and
- (b) corporate guarantee of the Company and a subsidiary company, Scanply International Wood Products Ltd..

The interest rates, securities and repayment terms of the term loans of the Group are disclosed in note 37 to the financial statements.

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21. BANK BORROWINGS - SECURED (CONT'D)

The mature profile and effective interest rates are as follows:-

	Effective Interest Rate %	Total RM	Maturities		
			Within 1 Year RM	Within 1 - 5 Years RM	Over 5 Years RM
GROUP					
2007					
Financial Liabilities					
Bridging loan	9.50	2,760,376	2,760,376	-	-
Revolving credit	7.00	12,000,000	12,000,000	-	-
Bills payable	5.01 - 7.01	147,391	147,391	-	-
2006					
Financial Liabilities					
Bridging loan	9.50	5,306,549	5,306,549	-	-
Revolving credit	6.00 - 6.50	17,000,000	17,000,000	-	-
Bills payable	5.01 - 7.01	1,444,107	1,444,107	-	-
COMPANY					
2007					
Financial Liability					
Revolving credit	7.00	12,000,000	12,000,000	-	-
2006					
Financial Liability					
Revolving credit	6.00 - 6.50	17,000,000	17,000,000	-	-

The foreign currency exposure profile is as follows:-

	GROUP	
	2007 RM	2006 RM
Bills payable		
United States Dollar	147,391	1,444,107

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22. DEFERRED TAXATION

	GROUP	
	2007	2006
	RM	RM
At beginning of the year	131,815,053	129,112,857
Transferred (to)/from income statement (note 30)	(6,573,856)	2,702,196
At end of the year	125,241,197	131,815,053

This is in respect of estimated tax liabilities/(assets) arising from temporary differences as follows:-

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Differences between the carrying amount of property, plant and equipment and its tax base	15,080,620	14,296,350	6,700	64,200
Fair value adjustment in respect of acquisition of subsidiary companies	118,127,697	132,297,653	-	-
Unrelieved tax losses	(3,941,100)	(7,310,400)	-	-
Others	259,000	(96,850)	-	-
Unabsorbed capital allowances	(4,285,020)	(7,371,700)	(6,700)	(64,200)
	125,241,197	131,815,053	-	-

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:-

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Unrelieved tax losses	254,838,900	242,099,600	27,968,800	21,079,900
Unabsorbed capital allowance	14,142,920	13,802,010	3,031,000	2,719,400
Deductible temporary differences in respect of expenses and others	5,633,800	7,644,800	-	-
	274,615,620	263,546,410	30,999,800	23,799,300

The estimated unrelieved tax losses and unabsorbed capital allowances are subject to agreement by the Inland Revenue Board and the tax authority of the foreign subsidiary companies and are not available for set-off within the Group.

The availability of the unrelieved tax losses, unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiary companies in Malaysia are subject to no substantial changes in shareholdings of these subsidiary companies under Section 44(5A) and (5B) of Income Tax Act, 1967.

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23. PROMISSORY NOTE - SECURED

	GROUP/COMPANY	
	2007 RM	2006 RM
Issuance of promissory note	130,000,000	-
Promissory note interest accrual	1,638,356	-
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	131,638,356	-
	<hr/>	

Promissory note totalling RM130,000,000/- was issued as partial settlement sum for the redemption of Bonds 2001/2005 as mentioned in note 26 to the financial statements.

The promissory note which bears interest at a rate of 5% per annum is payable on demand on the third anniversary of the first payment date and is secured and supported as follows:-

- (i) third party first legal charge over the land held for property development and prepaid land lease payments of certain subsidiary companies of the Company namely, Bukit Unggul Golf and Country Resort Sdn. Bhd., FACB Marketing And Sales Services Sdn. Bhd. and Bukit Unggul Tele-Suburb Sdn. Bhd.;
- (ii) debenture comprising fixed and floating charges on all assets of the Company and of certain subsidiary companies of the Company namely, Bukit Unggul Golf and Country Resort Sdn. Bhd., FACB Construction Sdn. Bhd., Composites Technology Development Corporation Sdn. Bhd. and FACB Marketing And Sales Services Sdn. Bhd.;
- (iii) memorandum of deposit and charge over the entire issued and paid-up shares capital of Bukit Unggul Golf and Country Resort Sdn. Bhd. and FACB Marketing And Sales Services Sdn. Bhd.; and
- (iv) purchased guarantee of a director of the Company in accordingly to the settlement agreement on the settlement of the bonds 2001/2005.

24. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-current				
Long term payables (note 36)	622,180	622,180	-	-
<hr/>				
Current				
Trade payables				
Third parties	74,406,355	96,483,593	-	-
Progress billings in respect of property development costs	21,677,185	6,921,906	-	-
	<hr/>			
	96,083,540	103,405,499	-	-
Amount due to customers for contract works (Note 35)	421,850	1,198,521	-	-
Trade payables, net	96,505,390	104,604,020	-	-

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24. TRADE AND OTHER PAYABLES (CONT'D)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables				
Other payables	51,214,892	48,462,735	9,169,658	8,943,609
Refundable deposits	619,141	1,953,802	550,500	490,500
Tax penalty accrued	10,687,927	10,687,927	-	-
Accruals	33,762,195	35,055,704	9,105,144	8,206,206
Provision for employee benefits	328,272	340,379	-	-
Other payables, net	96,612,427	96,500,547	18,825,302	17,640,315
Amount owing to a director	2,058,516	1,407,483	2,058,516	1,407,483
	98,670,943	97,908,030	20,883,818	19,047,798
	195,176,333	202,512,050	20,883,818	19,047,798

The normal trade credit term granted to the Group ranges from 30 to 90 days.

The foreign currency exposure profile of trade payables is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	2,812,271	2,676,838

The foreign currency exposure profile of other payables is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	39,484	69,540
Singapore Dollar	145,252	91,825
Hong Kong Dollar	2,271,458	2,282,516
Chinese Renminbi	652,370	652,370
	3,108,564	3,096,251

The amount owing to a director, Tan Sri Dr. Chen Lip Keong, is non-trade in nature, unsecured, interest free and with no fixed term of repayment.

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25. BANK OVERDRAFTS - SECURED

The secured bank overdrafts bear effective interest at 8.50% (2006: 8.50%) per annum and are secured and supported as follows:-

- (a) fixed charges on the leasehold properties of the subsidiary company concerned;
- (b) second debenture comprising fixed and floating charges on all assets of certain subsidiary companies;
- (c) corporate guarantee of the Company; and
- (d) personal guarantee by a director of the Company.

26. REDEEMABLE BONDS - SECURED

	GROUP/COMPANY	
	2007 RM	2006 RM
4 years zero coupon redeemable secured bonds 2001/2006 ("Bonds 2001/2005")	432,333,333	420,000,000
Add : Bond interest	2,666,667	12,333,333
	435,000,000	432,333,333
Less:		
Waiver of bond liabilities	85,000,000	-
Final settlement	220,000,000	-
Issuance of promissory note (Note 23)	130,000,000	-
	(435,000,000)	-
	-	432,333,333
Repayment due within twelve months	-	(432,333,333)
	-	-
Repayment due after twelve months	-	-

Bonds 2001/2005 totalling RM420,000,000/- nominal value was issued under a Trust Deed dated 19 March 2001, as consideration for the purchase and cancellation of RM250,000,000/- nominal value of Bonds 1997/2002 together with the unpaid interest thereon.

The securities for the bonds are as follow:-

Bonds 2001/2005

- (a) First legal charge on land and buildings of two subsidiary companies, KRSB and BUGCR, with a security coverage of at least 1.8 times of the nominal value of the outstanding Bonds 2001/2005;
- (b) Second legal charge on land and buildings of a subsidiary company, KRSB;
- (c) A debenture comprising fixed and floating charges on assets of the Company and of four subsidiary companies, namely BUGCR, KRSB, FACBC and CTDC, to the extent of RM420 million; and
- (d) A charge over a sinking fund in favour of the trustee.

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26. REDEEMABLE BONDS - SECURED (CONT'D)

The Bonds 2001/2005 are required to be redeemed by the Company at its nominal amount on the day preceding the fourth anniversary of the date of issuance of these bonds which falls on 11 April 2005.

On 29 December 2006, the Company had fully redeemed the Bonds 2001/2005 by way of a cash settlement of RM220,000,000/- and issuance of promissory note amounting to RM130,000,000/- to Abrar Discounts Berhad in accordance with the terms and conditions of the settlement agreement as supplemented by the First and Second Supplement Settlement Agreement. As a result, a waiver of bond liability amounting to RM85,000,000/- was granted to the Company.

In previous year, the Bonds 2001/2005 of the Group and of the Company bear effective interest rate of 9.26% per annum.

27. REVENUE

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Revenue comprises the following:-				
Attributable revenue from construction contract	(727,240)	30,285,905	-	-
Attributable revenue from development properties	28,412,544	39,421,876	-	-
Revenue arising from disposal of development property	10,000,000	6,195,222	-	-
Sales of goods and services	28,168,335	46,143,143	-	-
Hotel and golfing revenue	76,805,893	73,307,483	-	-
Rental revenue	963,813	915,806	963,813	915,806
	143,623,345	196,269,435	963,813	915,806

28. DIRECT COSTS

	GROUP	
	2007	2006
	RM	RM
Direct costs comprise the following:-		
Attributable construction contract cost	(618,154)	18,964,867
Attributable property development costs	19,447,948	30,100,259
Cost arising from disposal of development property	14,971,483	-
Cost of sales and services	77,323,539	90,833,197
	111,124,816	139,898,323

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29. PROFIT/(LOSS) BEFORE TAXATION

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

(a) Other items

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Amortisation of discount on bonds	-	1,081,245	-	1,081,245
Amortisation of prepaid land lease payments	1,532,266	215,034	59,410	59,413
Amortisation of upfront fee for a bank facility	500,021	-	500,021	-
Allowance for doubtful debts	174,137	796,403	-	-
Amortisation of goodwill	-	2,388,178	-	-
Auditors' remuneration				
- current year	319,747	297,728	38,000	38,000
Bad debts written off	484,871	150,436	-	-
Bank guarantee commission	1,931,507	-	1,931,507	-
Depreciation of property, plant and equipment	11,867,451	11,301,821	279,288	290,100
Goodwill written off	8,343,394	-	-	-
Impairment loss on investment in subsidiary companies	-	-	3,837,699	22,802,340
Interest expense	16,610,313	22,108,547	10,955,640	16,218,603
Loss on disposal of investment in an associated company	-	57,455	-	497,966
Property, plant and equipment written off	91,446	994,385	186	30,653
Rental of equipment	211,058	205,395	-	-
Rental of motor vehicles	5,771	92,693	-	-
Rental of premises	1,076,032	922,501	104,784	29,600
Allowance for doubtful debts no longer required	(44,342)	(158,389)	-	-
Amortisation of reserves on consolidation	-	(236,672)	-	-
Loss/(Gain) on disposal of property, plant and equipment	42,278	(15,661)	-	-
Gain on foreign exchange				
- realised	(131,622)	(147,150)	-	-
- unrealised	(23,547)	(334,201)	-	-
Gain on insurance claim	(7,108)	(345,519)	-	-
Interest revenue	(206,958)	(116,698)	(5,598)	(6,899)
Rental revenue	(1,068,811)	(1,024,161)	(963,813)	(915,806)
Waiver of redeemable bonds liabilities	(85,000,000)	-	(85,000,000)	-

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29. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)

(b) Staff costs

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Staff costs	28,564,626	25,205,360	2,870,192	756,947
Included in staff costs are:-				
Remuneration of full time directors	963,751	892,749	836,634	402,840
Contribution to defined contribution plan and Social Security Contribution	2,749,643	1,886,314	606,445	4,198

(c) Directors' Remuneration

The Directors of the Company in office since the date of last report are as follows:-

Non-Independent Executive Directors

Tan Sri Dr. Chen Lip Keong
Datuk Robin Loh Hoon Loi
Datuk Abdul Ghani bin Abdul Rashid (Resigned on 1.4.07)
Lee Wai Tuck Philip (Resigned on 10.1.07)

Independent Non-Executive Directors

Datuk Wan Kassim bin Ahmed
Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir
Tuan Haji Zainal Abidin bin Ali
Leow Ming Fong @ Leow Min Fong
Dr. Heng Aik Cheng (Resigned on 1.4.07)

The aggregate amount of emoluments receivable by directors of the Company during the financial year are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Non-Independent Executive Directors				
- other emoluments	963,751	828,749	836,634	338,840
Independent Non-Executive Directors				
- other emoluments	-	64,000	-	64,000
- fees	372,194	378,000	336,194	252,000

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30. TAXATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Based on result for the year	1,088,254	6,071,423	-	-
(Reversal)/Origination of temporary differences (note 22)	(6,573,856)	2,702,196	-	-
	(5,485,602)	8,773,619	-	-
Underprovision of taxation in prior years	37,144	173,003	-	-
Tax (credit)/expense	(5,448,458)	8,946,622	-	-

The reconciliation of the tax amount at statutory tax rate to the Group's and the Company's tax credit are as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Accounting Profit/(Loss) before taxation	49,200,888	(3,911,722)	60,011,752	(49,181,493)
Tax at the Malaysian statutory income tax rate:-				
- at 27%	13,284,300	-	16,203,200	-
- at 28%	-	(1,095,300)	-	(13,770,800)
Effect of lower tax rate of Malaysian subsidiary companies with issued and paid-up capital below RM2,500,000/-	(27,700)	(57,200)	-	-
Tax effect on non-deductible expenses	10,485,400	8,786,521	4,742,500	12,873,800
Depreciation of non-qualifying property, plant and equipment	409,300	404,100	55,100	31,100
Tax effect on non-taxable revenue	(22,970,802)	(173,300)	(22,950,000)	-
Deferred tax assets not recognised during the year	2,487,800	1,801,838	1,401,000	865,900
Utilisation of deferred tax assets not recognised in previous year	(1,010,000)	(893,040)	-	-
Adjustment on deferred tax resulting reduction in tax rates	(8,237,800)	-	548,200	-
(Over)/Underprovision in prior years				
- current taxation	37,144	173,003	-	-
- deferred taxation	93,900	-	-	-
Tax (credit)/expense	(5,448,458)	8,946,622	-	-

The Company has estimated tax credit of approximately RM27,711,000/- (2006 : RM27,711,000/-) under Section 108 of the Income Tax Act, 1967, to frank future payment of dividends of approximately RM74,922,000/- (2006 : RM71,256,000/-), without incurring additional tax liability, subject to agreement by the Inland Revenue Board.

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30. TAXATION (CONT'D)

The Company has undistributed tax exempt income of RM758,000/- (2006 : RM758,000/-) available for distribution by way of tax exempt dividend subject to agreement by the Inland Revenue Board.

The Group and the Company have the following estimated unrelieved tax losses and unabsorbed capital allowances available for set off against future taxable profits subject to agreement by the Inland Revenue Board:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unrelieved tax losses	267,583,400	272,540,400	27,968,800	21,079,900
Unabsorbed capital allowances	30,609,020	40,151,702	3,075,500	2,948,700
	<u>298,192,420</u>	<u>312,692,102</u>	<u>31,044,300</u>	<u>24,028,600</u>

The estimated unrelieved tax losses and unabsorbed capital allowances are not available for set-off within the Group.

31. EARNINGS/(LOSS) PER ORDINARY SHARE

Basic

The basic earnings/(loss) per ordinary share has been calculated based on the Group's profit/(loss) attributable to shareholders of RM54,649,346/- [2006 : (RM12,846,161/-)] divided by the number of ordinary share in issue during the financial year of 2,030,059,680 (2006 : 2,030,059,680) ordinary shares of RM0.50 each.

Dilute

In previous year, the diluted per ordinary share was not presented in the financial statements as the effect of the assumed conversion of outstanding warrants during the financial year was anti-dilutive.

32. ACQUISITION OF SUBSIDIARY COMPANY

During the financial year, the Company acquired Karambunai Corp International Ltd. (formerly known as Citix Ltd.).

(a) Effect of acquisition of subsidiary company, net of cash acquired

The fair value of the assets and liabilities assumed are as follows:-

	GROUP	
	2007 RM	2006 RM
Cash in hand	2	-
Goodwill on consolidation (note 11)	9,370	-
Total purchase consideration	<u>9,372</u>	-
Cash balance of subsidiary company acquired	(2)	-
Effect of acquisition of subsidiary company, net of cash acquired	<u>9,370</u>	-

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32. ACQUISITION OF SUBSIDIARY COMPANY (CONT'D)

(b) Effect on Consolidated Income Statement

There is no effect on the consolidated results of the Group from their effective date of acquisition.

(c) Effect on Consolidated Balance Sheet

The effect on the consolidated financial position of the Group as at year end are as follows:-

	GROUP	
	2007 RM	2006 RM
Other receivables and deposits	443,881	-
Cash and bank balances	2	-
	<hr/>	<hr/>
	443,883	-

33. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group and the Company acquired property, plant and equipment with aggregate cost of RM7,582,197/- (2006 : RM6,268,818/-) and RM535,154/- (2006 : RM43,589/-) respectively which are satisfied as follows:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Hire purchase financing	2,048,163	1,866,892	-	-
Cash payments	5,534,034	4,401,926	535,154	43,589
	<hr/>	<hr/>	<hr/>	<hr/>
	7,582,197	6,268,818	535,154	43,589

34. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following balance sheet amounts:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash held under housing development accounts	732,073	27,967	-	-
Cash and bank balances	7,798,793	3,111,299	143,054	124,958
	<hr/>	<hr/>	<hr/>	<hr/>
	8,530,866	3,139,266	143,054	124,958
Cash on deposits with licensed banks	2,011,420	4,406,160	-	237,318
Bank overdrafts	(75,248)	(25,038,281)	-	-
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	10,467,038	(17,492,855)	143,054	362,276

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34. CASH AND CASH EQUIVALENTS (CONT'D)

Cash and cash equivalents of the Group which are not freely available for the Group's use are as follows:-

- (a) cash held under housing development accounts are maintained pursuant to the requirements of the Housing Developers (Housing Development Account) Regulations, 1991;
- (b) cash deposits of the Group amounting to RM2,011,420/- (2006 : RM4,168,842/-) pledged for banking facilities granted to certain subsidiary companies. These deposits can only be utilised to repay the said facilities; and
- (c) cash deposits of the Group and of the Company amounting to Nil (2006 : RM237,318/-) are placed in the Sinking Fund Account which shall be utilised solely for the redemption of the Company's Bonds 2001/2005.

The foreign currency exposure profile is as follows:-

	GROUP	
	2007	2006
	RM	RM
Cash and cash equivalents		
Chinese Renminbi	417,735	417,735
Euro	12,621	-
Hong Kong Dollar	11,203	11,303
Singapore Dollar	264,967	648,568
Sterling Pound	145,038	-
United States Dollar	1,679,757	25,661
	2,531,321	1,103,267

35. AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORKS

	GROUP	
	2007	2006
	RM	RM
Contract costs	85,950,016	131,968,614
Add: Portion of profit attributable to contract work performed to date	7,689,160	15,939,944
	93,639,176	147,908,558
Less: Progress billings	(48,360,004)	(103,988,078)
	45,279,172	43,920,480
Represented by:-		
Amount due from customers for contract works (note 14)	45,701,022	45,119,001
Amount due to customers for contract works (note 24)	(421,850)	(1,198,521)
	45,279,172	43,920,480

The total retention sums included in the progress billings amounted to RM3,209,999/- (2006 : RM3,209,999/-).

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36. LONG TERM PAYABLES

This amount is in respect of lease premium less advances on a subsidiary company, Karabunai Resorts Sdn. Bhd.'s leased land and not expected to be settled within one year.

37. TERM LOANS - SECURED

	GROUP	
	2007 RM	2006 RM
Term Loan I		
8.50% term loan repayable in 28 quarterly instalments commencing on the 39th months from the date of first drawdown	-	37,690,620
Term Loan II		
7.75% to 8.40% (2006 : 7.75% to 8.40%) term loan repayable commencing September 1996	18,133,162	18,133,162
Term Loan III		
10% fixed rate term loan repayable commencing April 2004	4,999,069	4,725,165
Term Loan IV		
10% fixed rate term loan repayable commencing September 2002	26,956,795	24,465,194
Term Loan V		
10% term loan repayable in full at the end of June 2004	3,546,845	4,000,000
Term Loan VI		
4.25% term loan repayable		
- in 12 half yearly instalments commencing in June 2007	150,000,000	
- by sale proceeds of Nexus Residence Karabunai project	150,000,000	-
	353,635,871	89,014,141
Repayment due within twelve months (note 21)	(68,635,871)	(89,014,141)
Repayment due after twelve months (note 21)	285,000,000	-

37. TERM LOANS - SECURED (CONT'D)

The term loans are secured as follows:-

- (a) fixed charges on certain development properties of certain subsidiary companies;
- (b) debenture comprising fixed and floating charges over all present and future assets of certain subsidiary companies;
- (c) deed of mortgage on the Company's entire investment in the shares of a subsidiary company;
- (d) corporate guarantee of the Company and of a subsidiary company;
- (e) assignment of debt on a trade balance owing by Beribu Ukiran Sdn. Bhd., an associated company;
- (f) personal guarantee by a director of the Company; and
- (g) Syndicated Standby Letter of Credit ("SBLC") for up to RM300 million.

The RM300 million Syndicated SBLC facility is secured and supported as follow:-

- (a) fixed and floating charge over the assets and undertaking of the subsidiary company, Hartamas Group Berhad ("HGB"). However, the Syndicated Lenders shall disclaim all its right over FACB Marketing And Sales Services Sdn. Bhd. ("FMSS") and the assets including landed properties of FMSS;
- (b) charge over shares (and all rights thereto) issued by the subsidiary company, HGB, but excluding share currently charged to Malaysian Assurance Alliance and PT Bank Mandiri, amounting to RM5 million and RM42 million shares respectively issued by the HGB;
- (c) charge over shares (and all rights thereto) issued by a subsidiary company, Karambunai Resorts Sdn. Bhd. ("KRSB");
- (d) first ranking, fixed charge and registered mortgage by the subsidiary company, HGB, over the Nexus Resort Karambunai Hotel ("NRKH") with a valuation of RM380 million;
- (e) first ranking, third party fixed charge and registered mortgage by a subsidiary company, KRSB over its land bank in Karambunai with a total valuation not less than RM533 million;
- (f) assignment of the rights and benefits of sales proceeds under the Sale and Purchase Agreement entered into between KRSB and Nexus Bay Resort Karambunai Sdn. Bhd. ("NBRK") with purchasers of the Nexus Residences project;
- (g) assignment of all project insurance and proceeds thereof;
- (h) assignment of the designated accounts (NRKH revenue account, NRKH operating account, Nexus Residences project account, Debts Service Reserve accounts);
- (i) assignment of the rights title, interest and benefit of KRSB and NBRK over the joint venture agreement;
- (j) corporate guarantee of the Company; and
- (k) corporate guarantee of the subsidiary companies, namely KRSB, NBRK and Nexus Resort Karambunai Sdn. Bhd..

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37. TERM LOANS - SECURED (CONT'D)

The term loans of the Group bear interest rates ranging from 4.25% to 10.00% (2006 : 7.75% to 10.00%) per annum and mature within one year.

The foreign currency exposure profile is as follows:-

	GROUP	
	2007 RM	2006 RM
United States Dollar	18,133,162	18,133,162

38. SIGNIFICANT RELATED PARTIES TRANSACTIONS

(a) Significant intra-group transactions are as follows:-

	COMPANY	
	2007 RM	2006 RM
Purchases of air tickets and tour from a subsidiary company:-		
- First Travel and Tours (M) Sdn. Bhd.	137,503	289,351
Staff costs allocated to a subsidiary company:-		
- Bukit Unggul Tele-Suburb Sdn. Bhd.	(814,342)	(1,302,231)
Term loan interest charges by subsidiary companies:-		
- Hartamas Group Berhad	2,544,097	-
- Dapan Holdings Sdn. Bhd.	2,491,600	2,491,600
Management fee received and receivable from subsidiary companies:-		
- Arosa Development Sdn. Bhd.	-	(25,000)
- FACB Land Sdn. Bhd.	-	(10,000)

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38. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONT'D)

(b) The significant transactions with companies in which certain directors and persons connected to the Directors have substantial financial interests are as follows:-

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM	RM	RM	RM
Received and receivable from public listed companies and companies in which a director of the Company, Tan Sri Dr. Chen Lip Keong, has substantial financial interest and is also a director				
Petaling Tin Berhad				
- Office rental revenue	(300,000)	(300,000)	(300,000)	(300,000)
- Ticketing and tour revenue	(12,669)	(22,348)	-	-
Resourceful Petroleum Ltd.				
- Ticketing and tour revenue	(256,417)	(188,491)	-	-
Ariston Sdn. Bhd.				
- Office rental revenue	(33,813)	(9,684)	(33,813)	(9,684)
Naga Resorts and Casino Ltd.				
- Ticketing and tour revenue	(422,833)	(490,493)	-	-
Received and receivable from public listed company in which a director of the Company, Tan Sri Dr. Chen Lip Keong and person connected to him have substantial financial interest and are also a director				
FACB Industries Incorporated Berhad				
- Ticketing and tour revenue	-	(39,232)	-	-

The above transactions have been entered into in the normal course of business and have been established under terms mutually agreed upon between the parties involved.

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38. SIGNIFICANT RELATED PARTIES TRANSACTIONS (CONT'D)

(c) Compensation of key management personnel

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	1,335,945	1,270,749	1,172,828	654,840

Included in the total compensation of key management personnel is:-

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors' remuneration	1,335,945	1,270,749	1,172,828	654,840

39. SIGNIFICANT EVENTS

- (a) On 29 May 2006, the Company announced that a letter has been submitted to the Securities Commission ("SC") on compliance of all the terms and conditions imposed by the SC on the Proposed Extension Bonds 2001/2005 as stipulated in its approval letter dated 20 January 2006.
- (b) Abrar Discount Berhad ("ADB") had vide its letter dated 26 May 2006 agreed to further extend the Bonds 2001/2005 from 31 May 2006 to 31 August 2006 ("Proposed Second Extension") with an extension fee of RM200,000/-. An application to SC for the Proposed Second Extension of Bonds 2001/2005 was made on 31 May 2006.
- (c) On 28 July 2006, the subsidiary company, HGB, accepted the syndicated SBLC facility of up to the maximum aggregate principal sum of United State Dollars equivalent of Ringgit Malaysia three hundred million severally made available by a group of financial institutions, DBS Bank Ltd., Labuan branch and Oversea-Chinese Banking Corporation Ltd., Labuan branch.
- (d) On 16 August 2006, the subsidiary company, HGB, accepted the term loan facility of RM300 million against the syndicated SBLC facility granted by DBS Bank Ltd., Labuan branch and OCBC Bank (Malaysia) Berhad, Labuan branch.

The term loan facility purpose was used:-

- (i) to refinance the Company's existing indebtedness such as the following:-
- to redeem the existing Company's RM420 million Zero Coupon Redeemable Secured Bonds (2001/2005) for RM220 million;
 - to repay subsidiary company, Karambunai Resorts Sdn. Bhd. outstanding RM60 million of credit facilities from CIMB Bank Berhad;
- (ii) for the payment of RM10 million upfront fee to the syndicated SBLC facility; and
- (iii) for general working capital purposes.

39. SIGNIFICANT EVENTS (CONT'D)

- (e) ADB had vide its letter dated 25 August 2006 agreed to further extend the Bonds 2001/2005 from 31 August 2006 to 30 September 2006 ("Proposed Third Extension"). An application to SC for the Proposed Third Extension of Bonds 2001/2005 was made on 29 August 2006.
- (f) On 19 September 2006, the SC has approved the Proposed Second and Third Extension of Bonds 2001/2005 from 31 May 2006 to 30 September 2006.
- (g) ADB had vide its letter dated 28 September 2006 agreed to further extend the Bonds 2001/2005 from 30 September 2006 to 31 October 2006 ("Proposed Fourth Extension"). An application to SC for the Proposed Fourth Extension of Bonds 2001/2005 was made on 29 September 2006.
- (h) On 29 September 2006, the Company announced that a letter has been submitted to the SC on compliance of all the terms and conditions imposed by the SC on the Proposed Second and Third Extension Bonds 2001/2005 as stipulated in its approval letter dated 19 September 2006.
- (i) ADB had vide its letter dated 27 October 2006 agreed to further extend the Bonds 2001/2005 from 31 October 2006 to 15 December 2006 ("Proposed Fifth Extension"). An application to SC for the Proposed Fifth Extension of Bonds 2001/2005 was made on 31 October 2006.
- (j) On 1 November 2006, KCB and ADB entered into the Settlement Agreement for the settlement of the existing Bonds 2001/2005 by way of payment of a sum of RM350,000,000 by KCB to ADB in accordance with the following terms, conditions and manner:
 - (i) KCB shall pay an upfront payment of RM220,000,000 only to ADB in cash ("Upfront Payment") on or before 15 December 2006 or such earlier date upon fulfillment of all of the conditions precedent set out in Section 3(iv) of settlement agreement; and
 - (ii) the balance of the Settlement Sum of RM130,000,000 only shall be settled by issuance of a promissory note with the principal sum of RM130,000,000 by KCB to ADB ("Promissory Note") in the form and substance acceptable to ADB, upon obtaining all necessary approvals required. The Promissory Note shall be payable on demand on the third anniversary of the First Payment Date ("Maturity Date"). Upon issue of the Promissory Note and payment of the Upfront Payment on the First Payment Date and receipt of the Purchase Guarantee (as detailed in Section 3(ii)(d) of settlement agreement) by ADB, the Bonds 2001/2005 shall be cancelled in accordance with the terms of the Settlement Agreement.
- (k) On 9 November 2006, the SC has approved the Proposed Extension of Bonds 2001/2005 from 31 October 2006 to 15 December 2006.
- (l) On 17 November 2006, the SC has approved the following:-
 - (i) proposed revision to the terms of the Bonds 2001/2005;
 - (ii) proposed issue of a promissory note with the principal sum of RM130.0 million by KCB to ADB; and
 - (iii) proposed waiver from complying with the SC's Guidelines on the Offering of Private Debt Securities for the Proposed Issue.

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39. SIGNIFICANT EVENTS (CONT'D)

- (m) On 20 November 2006, KCB and ADB entered into a supplemental settlement agreement for the purpose of varying some of the terms and conditions of the Settlement Agreement ("First Supplemental Settlement Agreement").
- (n) ADB had vide its letter dated 14 December 2006 agreed to further extend the redemption and maturity date of Bonds 2001/2005 from 15 December 2006 to 29 December 2006 ("Proposed Extension"). An application to SC for the Proposed Extension of Bonds 2001/2005 was made on 14 December 2006.
- (o) On 22 December 2006, KCB and ADB entered into a second supplemental settlement agreement for the purpose of varying some of the terms and conditions of the Settlement Agreement as supplemented by the First Supplemental Agreement ("Second Supplemental Settlement Agreement").
- (p) On 26 December 2006, the SC has approved the Proposed Extension of the redemption and maturity date of Bonds 2001/2005 from 15 December 2006 to 29 December 2006.
- (q) On 29 December 2006, KCB had fully settled and redeemed the Bonds 2001/2005 in accordance with the terms and conditions of the Settlement Agreement as supplemented by the First Supplemental Settlement Agreement and Second Supplemental Settlement Agreement.
- (r) On 27 January 2007, KCB acquired 2 ordinary shares of HK\$1/- each, representing 100% of the issued and paid-up capital in Karambunai Corp International Limited ("KCIL") (formerly known as Citix Limited) for a cash consideration of HK\$2/-. As a result, KCIL became a wholly-owned subsidiary company of KCB.

40. SEGMENT INFORMATION - GROUP

Segment information is presented in respect of the Group's business and geographical segments.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interest-earning assets and revenue, interest bearing loans and expenses and other items that cannot be reasonably allocated to any segment.

Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Business Segments

The Group comprises the following main business segments:-

Management services, venture capital and investment holdings and others	Investment holding, provision of management services, information technology, consultancy and money lending.
Property development and construction	Property development, construction and project contractor.
Leisure and tourism	Travel and tours agency, golf and country club operation and management and resort hotel operation and management.
Trading	Trading of wood products and purchasing and sourcing of timber for sale.

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40. SEGMENT INFORMATION - GROUP (CONT'D)

Geographical Segments

The businesses of the Group are solely operated in Malaysia except for the trading of wood products and purchasing and sourcing of timber for sale which are operated in Hong Kong, Singapore and United Kingdom.

(a) Primary Reporting Format - Major Business Segments

2007	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
REVENUE						
External revenue	1,575,799	38,868,443	84,652,517	18,664,089	(137,503)	143,623,345
Inter-segment revenue	-	-	(137,503)	-	137,503	-
Total revenue	1,575,799	38,868,443	84,515,014	18,664,089	-	143,623,345
RESULT						
Segment result	(17,788,040)	(13,061,065)	12,273,126	(913,968)	-	(19,489,947)
Interest expenses	(8,423,105)	(4,649,035)	(3,530,793)	(7,380)	-	(16,610,313)
Interest revenue	5,598	165,054	7,940	28,366	-	206,958
Waiver of redeemable bonds	85,000,000	-	-	-	-	85,000,000
Share of results of associated companies	-	94,190	-	-	-	94,190
Taxation						5,448,458
Profit for the year						54,649,346
Minority interest						-
Profit attributable to shareholders						54,649,346

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(a) Primary Reporting Format - Major Business Segments (cont'd)

2007	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
OTHER INFORMATION						
Segment Assets	91,895,030	1,349,090,411	364,640,485	6,495,434	-	1,812,121,360
Amount owing by associated companies	-	24,580,620	-	-	-	24,580,620
Interest in associated companies	-	2,378,960	-	-	-	2,378,960
Unallocated corporate assets						20,461,254
Consolidated total assets						1,859,542,194
Segment liabilities	25,966,501	150,915,771	23,629,044	3,159,797	-	203,671,113
Taxation	2,987,008	150,345,921	6,696,468	38,728	-	160,068,125
Deferred taxation	350,000	114,687,297	10,203,900	-	-	125,241,197
Unallocated corporate liabilities						497,349,475
Consolidated total liabilities						986,329,910
Capital expenditure	548,155	413,601	6,617,261	3,180	-	7,582,197
Depreciation of property, plant and equipment	429,750	666,636	10,679,076	91,989	-	11,867,451

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(a) Primary Reporting Format - Major Business Segments (cont'd)

2007	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
Significant non-cash expenses other than depreciation						
Property, plant and equipment written off	10,510	16,200	64,584	152	-	91,446
Amortisation of prepaid land lease payments	59,410	1,442,580	30,276	-	-	1,532,266
Bad debts written off	-	164,642	320,229	-	-	484,871
Allowance for doubtful debts	-	-	174,137	-	-	174,137
Goodwill written off	8,343,394	-	-	-	-	8,343,394
Amortisation of upfront fee	500,021	-	-	-	-	500,021
Loss on disposal of property, plant and equipment	-	3,601	38,677	-	-	42,278
2006						
REVENUE						
External revenue	1,204,895	78,000,271	90,914,691	26,149,578	-	196,269,435
Inter-segment revenue	-	-	-	-	-	-
Total revenue	1,204,895	78,000,271	90,914,691	26,149,578	-	196,269,435

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(a) Primary Reporting Format - Major Business Segments (cont'd)

2006	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
RESULT						
Segment result	(10,608,204)	21,279,455	9,762,342	408,835	-	20,842,428
Amortisation of discount on bonds						(1,081,245)
Amortisation of goodwill on consolidation	(159,564)	(1,404,437)	(140,081)	(684,096)	-	(2,388,178)
Interest revenue	7,491	72,660	16,861	19,686	-	116,698
Interest expenses	(16,232,433)	(5,764,140)	(111,974)	-	-	(22,108,547)
Share of results of associated companies	-	527,905	-	-	-	527,905
Loss on disposal of investment in an associated company						(57,455)
Amortisation of reserve on consolidation						236,672
Taxation						(8,946,622)
Loss for the year						(12,858,344)
Minority interest						12,183
Loss attributable to shareholders						(12,846,161)

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(a) Primary Reporting Format - Major Business Segments (cont'd)

2006	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
OTHER INFORMATION						
Segment Assets	83,583,131	1,368,726,717	367,018,433	9,288,940	-	1,828,617,221
Amount owing by associated companies	-	24,579,569	-	-	-	24,579,569
Interest in associated companies	-	2,184,052	-	-	-	2,184,052
Unallocated corporate assets						31,190,018
Consolidated total assets						1,886,570,860
Segment liabilities	32,538,395	159,089,685	22,007,300	4,529,882	-	218,165,262
Taxation	2,986,967	149,134,600	6,583,707	38,714	-	158,743,988
Deferred taxation	-	124,905,053	6,910,000	-	-	131,815,053
Unallocated corporate liabilities						559,385,755
Consolidated total liabilities						1,068,110,058
Capital expenditure	206,470	1,275,314	4,777,002	10,032	-	6,268,818
Depreciation of property, plant and equipment	497,026	762,924	10,162,495	94,410	-	11,516,855

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(a) Primary Reporting Format - Major Business Segments (cont'd)

2006	Management Services, Venture Capital & Investment Holdings & Others RM	Property Development & Construction RM	Leisure & Tourism RM	Trading RM	Eliminations RM	Consolidated RM
Significant non-cash expenses other than depreciation						
Property, plant and equipment written off	31,088	10,131	949,957	3,209	-	994,385
Amortisation of goodwill	159,564	1,404,437	140,081	684,096	-	2,388,178
Amortisation of discount on bonds	1,081,245	-	-	-	-	1,081,245
Bad debts written off	-	-	150,436	-	-	150,436
Allowance for doubtful debts	-	-	796,403	-	-	796,403

Inter-segment revenue which are eliminated upon consolidation, are entered in the ordinary course of business and have been established under terms mutually agreed between the parties concerned.

(b) Secondary Reporting Format - Geographical Segments

2007	Malaysia RM	Asia Pacific RM	Eliminations RM	Consolidated RM
Total revenue from external customers	124,959,256	18,664,089	-	143,623,345
Segment assets	1,805,625,926	6,495,434	-	1,812,121,360
Amount owing by associated companies	24,580,620	-	-	24,580,620
Interest in associated companies	2,378,960	-	-	2,378,960
Unallocated corporate assets				20,461,254
Consolidated total assets				1,859,542,194
Capital expenditure	7,579,017	3,180	-	7,582,197

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40. SEGMENT INFORMATION - GROUP (CONT'D)

(b) Secondary Reporting Format - Geographical Segments (cont'd)

2006	Malaysia RM	Asia Pacific RM	Eliminations RM	Consolidated RM
Total revenue from external customers	170,119,857	26,149,578	-	196,269,435
Segment assets	1,819,328,281	9,288,940	-	1,828,617,221
Amount owing by associated companies	24,579,569	-	-	24,579,569
Interest in associated companies	2,184,052	-	-	2,184,052
Unallocated corporate assets				31,190,018
Consolidated total assets				1,886,570,860
Capital expenditure	6,258,786	10,032	-	6,268,818

All inter-segment revenue comprises inter-segment sales which were priced at cost plus a percentage profit mark-up.

41. MATERIAL LITIGATIONS

GROUP

- (i) A minority shareholder of a subsidiary company, First Travel and Tours (M) Sdn. Bhd. ("FTT"), has presented a legal petition against FTT, the Company and a director of the Company ("Respondents") to wind-up FTT pursuant to Section 181 of the Companies Act, 1965, on allegation that the affairs of FTT were being conducted in a manner oppressive to him and in disregard of his interest as shareholder. The petitioner lawyers have yet to file summons for directors in court to set the petition down for hearing.

No provision has been made for possible losses arising from the above legal proceedings as the legal proceedings are still pending.

- (ii) The PT Bank Mandiri (Persero) Tbk, Singapore branch ("the Petitioner") has presented a winding up petition ("the Petition") against the Company. Whereby the Company is a corporate guarantor for the loan granted to Sunnyland Industries Ltd., a wholly-owned subsidiary company of the Company. The subject amount being claimed is USD5,357,151/-inclusive of interest.

The Company disputed the debts and commenced proceedings against the Petitioner in the High Court of Kota Kinabalu ("the Suit"), however, the Suit was set aside on the ground that the jurisdiction to try the Suit lies more properly with the Singapore Court, however, the Company had filed an appeal to the Court of Appeal against the decision to set aside the service on the Petitioner of the Writ of Summons for the Suit. Currently, the Company's solicitors are seeking a postponement of the hearing of the Petition until after the appeal to the Court of Appeal had been disposed off. The Company is also opposing the Petition and have filed an Affidavit in Opposition.

High Court of Sabah and Sarawak at Kota Kinabalu had on 20 June 2007 dismissed the Winding-up Petition filed by the Petitioner with costs and further ordered that the said Petitioner pay damages to be assessed to the Company.

No provision has been made for possible losses arising from the above legal proceedings as it has been fully accounted for in the Group's financial statements, although the amount is being disputed.

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42. CONTINGENT LIABILITIES - UNSECURED

	COMPANY	
	2007 RM	2006 RM
Corporate guarantee given by the Company to financial institutions and third parties for banking and outstanding credit facilities of the following subsidiary companies:-		
- Hartamas Group Berhad	300,000,000	-
- Dapan Holdings Sdn. Bhd.	34,716,200	34,496,900
- First Travel & Tours (M) Sdn. Bhd.	1,500,000	1,500,000
- Karambunai Resorts Sdn. Bhd.	-	62,728,900
- Scanply International Wood Products (Singapore) Pte. Ltd.	147,400	1,444,100
- Composites Technology Development Corporation Sdn. Bhd.	3,546,900	4,000,000
- Karambunai Golf Management Berhad	800,100	897,900
- Sunnyland Industries Ltd.	18,133,000	18,133,000
	<hr/>	<hr/>
	358,843,600	123,200,800

43. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The main risks and corresponding management policies arising from the Group's normal course of business are as follows:-

i. Foreign Exchange Risk

The Group is exposed to foreign currency risk as a result of its normal trade activities when the currency denomination differs from its functional currencies. Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

ii. Interest Rate Risk

The Group's exposure to interest rate risk relates to interest bearing financial assets and financial liabilities.

- Interest bearing financial assets

Cash on deposits with licensed banks are short term in nature and are not held for speculative purposes but are placed to satisfy conditions for bank guarantee and borrowing facilities granted to the Group and for better yield returns than cash at banks.

- Interest bearing financial liabilities

Interest bearing financial liabilities included bank overdrafts, term loans, bridging loan, revolving credits, bills payable, promissory note and hire purchase and lease payables.

43. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

ii. Interest Rate Risk (cont'd)

The Group manages its interest exposure by maintaining of prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

iii. Credit Risk

The Group's exposure to credit risk arises from its receivable and the maximum risk associated with the recognised financial assets is the carrying amounts as presented in the balance sheet.

The Group has a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

The Group does not have any significant exposure to any individual customer.

iv. Liquidity and Cash Flow Risks

The Group actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

As part of overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

(b) Fair Values

The methods and assumptions used to estimate the fair values of the following classes of financial assets and liabilities are as follows:-

i. Cash on Deposits with Licensed Banks, Cash And Cash Equivalents

The carrying amounts approximate fair values due to the relatively short term maturities of these financial assets.

ii. Long Term Payables

The carrying amount of long term payables is reasonable estimate of fair values because they are based on agreed settlement sum.

iii. Trade and Other Receivables and Payables

The carrying amounts of trade receivables and payables are subject to normal trade credit terms. The carrying amounts of these receivables and payables are reasonable estimate of fair values due to the relatively short term maturities of these financial assets and liabilities.

notes to the financial statements

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43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (cont'd)

iv. Lease and Hire Purchase Payables

The fair values of lease and hire purchase are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangement.

v. Borrowings

The carrying amounts of bank overdrafts, bridging loan, revolving credit and bills payable approximate fair values due to the relatively short term maturities of these financial liabilities.

The fair values of term loans and promissory notes are estimated using discounted cash flow analysis, based on current lending rates for similar types of borrowing arrangements.

The carrying amounts of financial assets and liabilities recognised in the balance sheet approximate to their fair values except for the following:-

	GROUP		COMPANY	
	Carrying Amount RM	Fair Values RM	Carrying Amount RM	Fair Values RM
2007				
Financial Asset				
Other investments	522,001	# -	310,000	# -
Financial Liabilities				
Term loans	353,635,871	304,576,805	-	-
Promissory notes	131,638,356	129,143,721	-	-
Hire purchase and lease payables	4,964,833	4,959,373	34,950	34,690
2006				
Financial Asset				
Other investments	522,001	# -	310,000	# -
Financial Liabilities				
Hire purchase and lease payables	4,280,376	4,299,487	54,116	66,895

It is not practical to estimate the fair value of golf club membership and unquoted shares in other investments due to the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

notes to the financial statements

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43. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair Values (cont'd)

The nominal amount and fair value of financial instruments not recognised in the Company's balance sheets are as follows:-

	Nominal Amount RM	Fair Value RM
2007		
Contingent liabilities	358,843,600	# -
2006		
Contingent liabilities	123,200,800	# -

It is not practical to estimate the fair value of the contingent liabilities reliably due to uncertainties of timing, costs and eventual outcome.

44. CHANGES IN ACCOUNTING POLICIES

The adoption of the FRS as set out in Note 3 of the financial statements does not have any material financial impact on the Group and on the Company or any significant changes in accounting policies of the Group and of the Company except as follows:-

(i) FRS 3 : Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

Goodwill

Prior to 1 April 2006, goodwill is stated at cost less accumulated amortisation and accumulated impairment losses. Goodwill on consolidation is amortised through the income statement over a period of 20 years or the expected useful life.

The adoption of the FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually or when indication of impairment exists.

In accordance with the transitional provision of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 January 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 April 2006 amounting to RM7,164,533/- against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 April 2006 of RM26,783,858/- ceased to be amortised thereafter.

notes to the financial statements

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44. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(i) FRS 3 : Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (cont'd)

Negative Goodwill

Prior to 1 April 2006, negative goodwill (formerly known as Reserve on consolidation) was stated at cost less accumulated amortisation. Negative goodwill on consolidation is amortised through the income statement over a period of between 9 to 25 years or the expected useful life.

With the adoption of the FRS 3, the shortfall of cost of acquisition over the fair value of identifiable assets, liabilities and contingent liabilities acquired is credited to income statement in the year of acquisition.

In accordance with the transitional provision of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 April 2006. The transitional provisions of FRS 3 also required the Group derecognised the negative goodwill as at 1 April 2006 of RM3,630,037/- with a corresponding decrease in accumulated losses.

(ii) FRS 128 : Investments in Associates and FRS 3 : Business Combinations

Prior to 1 April 2006, goodwill and negative goodwill (formerly known as Reserve on consolidation) relating to an associated company is included in the carrying amount of the investment and is not amortised.

With adoption of FRS 128, goodwill relating to an associated company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the fair value of the associated company's net identifiable assets and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the results of the associated company in the period in which the investment is required.

In accordance with the transitional provision of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from 1 April 2006. The transitional provisions of FRS 3 also required the Group derecognised the negative goodwill included in the carrying amount of investment in associated companies as at 1 April 2006 amounting to RM100,718/- with a corresponding decrease in accumulated losses.

(iii) FRS 117 : Leases

Prior to 1 April 2006, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses.

The adoption of the revised FRS117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Lease of land classified as operating or finance lease in the same way as lease of other assets. Leasehold land held for own use is now classified as operating lease at the inception of the lease. The up-front payment represents prepaid lease payment and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS117. At 1 April 2006, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payment as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and disclosed in Note 45, certain comparatives have been restated.

notes to the financial statements

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44. CHANGES IN ACCOUNTING POLICIES (CONT'D)

(iv) FRS 101 : Presentation of Financial Statements

Prior to 1 April 2006, minority interest at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interest are now presented within total equity. In the consolidated income statement, minority interest are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosures, on the face of the statement of changes in equity, total recognised income and expense for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

The changes in presentation are applied retrospectively and the comparative amounts have been restated.

45. COMPARATIVE FIGURES

Certain comparative figures have been reclassified where necessary to conform with the current year presentation and as a result of a change in accounting policies as stated in note 44 and to conform with the newly adoption of FRS.

	Previously Stated RM	Increase/ (Decrease) RM	Restated RM
		FRS 117 Note 44	
Description of change			
As at 31 March 2006			
GROUP			
Capital work-in-progress	418,216,302	(368,442,387)	49,773,915
Property, plant and equipment	352,398,822	(40,997,717)	311,401,105
Prepaid land lease payments	-	409,440,104	409,440,104
COMPANY			
Property, plant and equipment	5,579,645	(3,369,127)	2,210,518
Prepaid land lease payments	-	3,369,127	3,369,127
For the year ended 31 March 2006			
GROUP			
Amortisation of leasehold land	215,034	(215,034)	-
Amortisation of prepaid land lease payments	-	215,034	215,034
COMPANY			
Amortisation of leasehold land	59,413	(59,413)	-
Amortisation of prepaid land lease payments	-	59,413	59,413

group properties

AS AT 31ST MARCH, 2007

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Location	Area (Hectares)	Description	Tenure	Year of Expiry	Age of Building	Carrying Value RM'000
CL. 045091174 Mukim Menggatal Kota Kinabalu Sabah	242.81	Resort Development	Leasehold: 999 years	2897	–	880,944
CL. 045091174 Mukim Menggatal Kota Kinabalu Sabah	364.10	Resort Development	Leased: 99 years	2093	–	258,955
Lots P.T. 2180 2181 & 2182 Mukim of Dengkil District of Sepang Selangor	551.59	Resort Development	Leasehold: 99 years	2087	–	346,767
H.S. (D) 38228 Lot P.T. 6 Mukim Ampang District of Ulu Langat Selangor	0.96	Mixed Development	Leasehold: 99 years	2078	–	4,873
Country Lease No. 015414972 Mile 13 Tuaran Road District of Kota Kinabalu Sabah	116.41	Mixed Development	Leasehold: 999 years	2905	–	42,486
Lot No.4, Section 36 Town of Petaling Jaya Selangor	0.82	Four storey office/ showroom building and annexed factory	Leasehold: 99 years	2060	10 years	5,027
H.S. (M) 808 813 & 814 Lots P.T. 6032 - 35, 6037 & 6038, 6040 & 6041 Mukim Batu Berendam Melaka	21.34	Mixed Development	Leasehold: 99 years	2095	–	7,007

shareholders' information

AS AT 31 JULY, 2007

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Authorised Share Capital : RM2,000,000,000.00 divided into 4,000,000,000 ordinary shares of RM0.50 each

Issued & Fully Paid-up : RM1,015,029,840.00 divided into 2,030,059,680 ordinary shares of RM0.50 each

Class of Shares : Ordinary Shares of RM0.50 each

Voting Rights : Every member present in person or by proxy has one (1) vote on a show of hands and on a poll, every member present in person or by proxy has one(1) vote for each share he holds

Size of Holdings	No. of Shareholders	%	No. of Shares	%
1 - 99	365	0.576	14,337	0.00
100 - 1,000	12,367	19.514	12,108,413	0.597
1,001 - 10,000	38,105	60.127	178,452,409	8.791
10,001 - 100,000	11,348	17.906	352,973,610	17.387
100,001 to less than 5% of issued shares	1,186	1.872	645,299,749	31.787
5% and above of issued shares	3	0.005	841,211,162	41.438
Total	63,374	100.000	2,030,059,680	100.000

TOP THIRTY SHAREHOLDERS AS AT 31 JULY, 2007

Name of Shareholders	No. of Shares	%
1. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chen Lip Keong	483,794,566	23.831
2. HSBC Nominees (Tempatan) Sdn Bhd Exempt An For JPMorgan Chase Bank, National Association (Chen Lip Keong)	224,481,763	11.058
3. HDM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Chen Lip Keong	132,934,833	6.548
4. UOBM Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Berhad for Lipkland Holdings Sdn Bhd	20,911,321	1.030
5. AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation S/B	20,636,900	1.016
6. CIMB Group Nominees (Tempatan) Sdn Bhd Tan Sri Dato' Dr Chen Lip Keong for Lipkland Holdings Sdn Bhd	19,000,000	0.936
7. HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Asian Emerging Countries Fund	13,839,000	0.682
8. Lee Chin Yong	10,410,700	0.513

shareholders' information

AS AT 31 JULY, 2007

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TOP THIRTY SHAREHOLDERS AS AT 31 JULY, 2007 (CONT'D)

Name of Shareholders	No. of Shares	%
9. HDM Nominees (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for River Estates Incorporated	10,000,000	0.493
10. CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Sec Account for Chen Lip Keong	10,000,000	0.493
11. CIMSEC Nominees (Asing) Sdn Bhd Exempt An For CIMB-GK Securities Pte Ltd	9,301,313	0.458
12. Menteri Kewangan Malaysia	8,879,374	0.437
13. Tan Chong Hin	7,700,000	0.379
14. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Koay Ley Hee	7,300,000	0.360
15. CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Fund	6,839,800	0.337
16. TCL Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ng Chai Hock	6,615,000	0.326
17. Quah Choo Chunn	6,534,700	0.322
18. HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	6,122,500	0.302
19. Affin Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chung Kin Chuah	6,000,000	0.296
20. Ong Loo Choon	5,914,900	0.291
21. Yeoh Kean Hua	5,600,000	0.276
22. CitiGroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	5,564,900	0.274
23. CitiGroup Nominees (Asing) Sdn Bhd Exempt An for Mellon Bank (Mellon)	5,431,700	0.268
24. Ng Chee Peng	5,355,000	0.264
25. CitiGroup Nominees (Tempatan) Sdn Bhd Uni Asia Life Assurance Berhad (Life Fund)	5,260,300	0.259

shareholders' information

AS AT 31 JULY, 2007

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TOP THIRTY SHAREHOLDERS AS AT 31 JULY, 2007 (CONT'D)

Name of Shareholders	No. of Shares	%
26. Quantum Symbol Sdn Bhd	4,650,000	0.229
27. OSK Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Tow Fock	4,585,600	0.226
28. CitiGroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Funds II PLC	4,133,500	0.204
29. HLG Nominee (Asing) Sdn Bhd Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)	4,070,028	0.200
30. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Lee Yoon Sing (MY0318)	3,622,700	0.178
Total	1,065,490,398	52.486

SUBSTANTIAL SHAREHOLDINGS

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY, 2007

Name of Substantial Shareholder	Direct No. of Ordinary Shares Held	%	Indirect No. of Ordinary Shares Held	%
Tan Sri Dr Chen Lip Keong	851,211,195 (a)	41.93	39,911,321 (b)	1.97

Notes :

(a) Held through CIMB Group Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd, HDM Nominees (Tempatan) Sdn Bhd and HSBC Nominees (Tempatan) Sdn Bhd

(b) Deemed interested by virtue of Tan Sri Dr Chen Lip Keong's interest in Lipkland Holdings Sdn Bhd

directors' shareholdings

AS AT 31 JULY, 2007

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Name of Directors	Number of Shares Direct	Deemed	Percentage of Issued Capital
1. Tan Sri Datuk Seri Panglima Abdul Kadir bin Haji Sheikh Fadzir	-	-	-
2. Tan Sri Dr Chen Lip Keong	(a) 851,211,195	(b) 39,911,321	43.90
3. Datuk Wan Kassim bin Ahmed	-	-	-
4. Tuan Haji Zainal Abidin bin Ali	-	-	-
5. Datuk Robin Loh Hoon Loi	-	-	-
6. Leow Ming Fong @ Leow Min Fong	-	-	-

Notes :

(a) Held through CIMB Group Nominees (Tempatan) Sdn Bhd, OSK Nominees (Tempatan) Sdn Bhd, HDM Nominees (Tempatan) Sdn Bhd and HSBC Nominees (Tempatan) Sdn Bhd

(b) Deemed interested by virtue of Tan Sri Dr Chen Lip Keong's interest in Lipkland Holdings Sdn Bhd

request form

KARAMBUNAI CORP BHD (6461-P)

Dear Shareholders,

Please complete your particulars below and return this form through mail or fax to +6088 412 111 or +603 7958 8013 should you wish to receive a hardcopy of the Annual Report 2007 of Karambunai Corp Bhd. You may also contact Mr Goh Chin Koon at Tel No. +603 7968 1222 or Ms Joanne Yew at Tel No. +6088 499 934 / 411 111 or email your request to joaneyew@karambunaicorp.com

The hardcopy of the Annual Report will be posted to you within four (4) market days from the date of receipt of your verbal or written request.

Particulars of Shareholders

Name of Shareholder(s)
I/C No./Passport No. or Company No.
CDS Account No.
Correspondence Address
Telephone Number

Dated this _____ day of _____, 2007

Signature

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AFFIX STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD

1 NEXUS DRIVE EAST, KARAMBUNAI
PPM NO 200 MENGGATAL
88450 KOTA KINABALU
SABAH, MALAYSIA

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proxy form

KARAMBUNAI CORP BHD (6461-P)

Number of Shares		CDS Account No.	
------------------	--	-----------------	--

I/We, _____
(Please use block letters)

of _____
(Full address)

being a member/members of KARAMBUNAI CORP BHD hereby appoint _____

NRIC _____ of _____

or failing him/her _____ NRIC _____ of _____

_____ or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Forty-First Annual General Meeting of the Company to be held at the Sigunting, Nexus Resort Karambunai, off Jalan Sepangar, No. 1, Nexus Drive West, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia on Friday, 28 September 2007 at 10.00 a.m. and any adjournment thereof.

Please indicate with "X" in the space provided below how you wish your votes to be cast on the resolutions specified in the Notice of the Annual General Meeting. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his discretion.

No.	Ordinary Resolutions	For	Against
No. 1	Adoption of Audited Financial Statements and Reports		
No. 2	Approval of Directors' fees		
No. 3	Re-election of Tuan Haji Zainal Abidin Bin Ali as Director		
No. 4	Re-election of Datuk Robin Loh Hoon Loi as Director		
No. 5	Re-election of Mr Chen Yiy Fon as Director		
No. 6	Re-election of Mr Chen Yiy Hwuan as Director		
No. 7	Re-appointment of Messrs Moore Stephens as Auditors		
No. 8	Authority pursuant to Section 132D of the Companies Act, 1965		
	Special Resolution		
No. 1	Proposed Amendments to the Articles of Association		

Signed this _____ day of _____, 2007

 Signature/Seal of Shareholder

 Telephone No. (during office hours)

NOTES:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote, in his stead. A proxy may but need not be a member of the Company and the provisions of Section 149 (1)(b) of the Companies Act, 1965 shall not apply.
2. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specified the proportions of his shareholdings to be represented by each proxy.
3. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under seal, or the hand of an officer or attorney duly authorised.
4. The instrument appointing a proxy and the power of attorney or other authority (if any) under which the instrument is signed or a notarily certified copy of that power or authority, shall be deposited at the Company's Registered Office, No. 1, Nexus Drive East, Karambunai, Menggatal, 88450 Kota Kinabalu, Sabah, Malaysia not less than forty-eight (48) hours before the time for holding the Meeting or adjourned meeting.

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AFFIX STAMP

THE COMPANY SECRETARIES

KARAMBUNAI CORP BHD
1 NEXUS DRIVE EAST, KARAMBUNAI
PPM NO 200 MENGGATAL
88450 KOTA KINABALU
SABAH, MALAYSIA

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