
KARAMBUNAI CORP BERHAD
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PRESS EMBARGO

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KARAMBUNAI CORP BHD reports a 17.2% rise in full year revenue for financial year ended 31 March 2008

Thursday, 29 May 2008: Karambunai Corp Bhd (“KCB”) reported an increase in revenue of 17.2% for its financial year ended 31 March 2008. The Group registered revenue of RM168.3 mil as compared to RM143.6 mil for the previous corresponding period.

The Chief Executive Officer, Datuk Robin Loh said, “We are very pleased that the various strategies employed by the Group and the vibrant economic performance of Sabah has contributed towards the improvement in the financial performance of the Group.”

During the period under review, the tourism activities in Sabah reached an unprecedented level where tourist arrivals reached 2.48 mil in the year 2007 as compared to 2.09 mil in 2006. (Source: Sabah Tourism Board). Sabah also experienced rapid economic developments especially in Kota Kinabalu town as evidenced by the development of several iconic projects including the One Borneo hyper-mall and the shifting of the Federal Administrative Centre of Sabah to the northern side of Kota Kinabalu in the early part of 2007. All of these developments contributed positively towards the Group given that it is involved in the leisure & tourism and property development sectors.

The Group’s flagship asset, Nexus Resort Karambunai, a 5-star international resort continues to contribute a steady recurring income to the KCB Group. The Group’s foray into the development of luxury beachfront villas, the Nexus Residence Karambunai project, is also successful given the high take-up rate in the first precinct (i.e. Dillenia precinct), mainly by foreign buyers under the “Malaysia My Second Home” programme.

During the financial year ended 31 March 2008, the Group achieved an operating profit of RM2.0 mil as compared to RM70.6 mil in the preceding year. Excluding the one-time profit of RM85

mil from the restructuring of the Redeemable Secured Bonds (“Bonds”) in financial year ended 31 March 2007, the Group’s RM2.0 mil operating profit is an improvement over the previous corresponding period as a result of higher revenue and improved profit contributions from its various subsidiaries.

The Group recorded a pre-tax loss of RM30.5 mil after taking into account total financing cost of RM32.8 mil for the financial year.

Recent developments in the global economy including high commodity prices as well as volatility in the global financial markets has resulted in greater inflationary pressure as well as possible tightening of credit markets. As an open economy, Malaysia will also be exposed to any possible adverse economic conditions.

Conversely, the various efforts to develop Sabah by both the private and public sector including the expansion of the Kota Kinabalu International Airport, the implementation of the Sabah Development Corridor and various other initiatives is expected to act as a buffer for any global economic slowdown.

Datuk Robin Loh also said that the KCB Group is aware of the macro-economic developments and has taken that into consideration when the Group was preparing for its strategies and business plans in the coming financial year.

Following the success of the Nexus Residence and Bandar Sierra projects thus far, the Group in going forward, will launch the new “Amabilis” precinct comprising luxury villas and the “Nexus Residence Commercial” comprising commercial lots under the Nexus Residence project.

KCB will also target new launches for its Bandar Sierra township in Kota Kinabalu comprising 3 phases (i.e. landed properties, apartments and commercial lots) to meet the growing demands in the northern growth corridor of Kota Kinabalu. The total Gross Development Value (“GDV”) for the above-mentioned

developments in Nexus Residence and Bandar Sierra is estimated to be in the region of RM500 mil.

The Group intends to leverage on its world-class asset quality and projects in strategic locations to cushion any adverse economic conditions. Barring any unforeseen circumstances, the Group is optimistic that it will continue to perform satisfactorily in the next financial year.

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Background:

Karambunai Corporation Berhad (“KCB”) and its group of companies is a leading tourism player in Sabah, Malaysia with its world-class property popularly known as Karambunai in Kota Kinabalu, Sabah Borneo. KCB owns and operates Nexus Resort Karambunai, a multi-award winning 5-star resort located in Karambunai which attracts many visitors from all over the world. The Group’s latest development in Karambunai, Sabah, i.e. Nexus Residence Karambunai (“NRK”), features up-market beachfront resort villas and will comprise approximately 2,000 units when completed.

The KCB has a collective landbank of over 3,000 acres in Kota Kinabalu and Klang Valley.

KCB is also involved in property and resort development, construction activities, golf club operations and management, travel and tour agency as well as trading of wood products.

Contact:

Lim Tiong Jin, Chief Financial Officer
Tel: +603-7968-1222/+6012-2179268
tjongjin@karambunaicorp.com

Mak Ngan Hoe, Senior Manager (Investor Relations)
Tel:+603-7968-1222/+6012-2317559
nhmak@karambunaicorp.com

- Headquarters: 1 Nexus Drive East, Karambunai, Menggatal, Kota Kinabalu, Sabah
- KL Office: 2nd Floor, No. 118, Jalan Semangat, 46300 Petaling Jaya, Selangor

<http://www.karambunaicorp.com>

