
VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS

I. Directors

1.1 The profiles of the Directors of KAB are as follows:

(i) Datuk Kua Sian Kooi

Datuk Kua Sian Kooi, aged 52, was appointed to the Board of KAB on 12 April 2004 and the Board of KIMB in February 1999. He is currently the Executive Chairman and Chief Executive Officer of KAB. Between 1974 to 1982, he was attached to Inshouse Sdn Bhd in Alor Setar as an insurance agent. Between 1982 and the late 80's, he moved on to join Wellead Sdn Bhd, an underwriter. During this period, he was exposed to and accumulated extensive hands on knowledge in agency management and the workings of insurance operations and systems. With 28 years of direct experience in the insurance business from ground-level activities as an agent, to owning and building an insurance business at both the agency and principal level, he is qualified to sit at the helm of KIMB.

In January 1991, he acquired and became the controller of KIMB, then an ailing negligible insurance company, known as Industrial & Commercial Insurance (M) Berhad. Through determination and diligence, he engineered the transformation of the company into the leader of the general insurance industry in Malaysia, whether measured in terms of profits, policyholders, premiums or assets. This remarkable turnaround feat was accomplished in less than a decade.

He has since expanded his business activities to the ASEAN region by taking control of Kurnia Insurance (Thailand) Co, Ltd., an insurance company incorporated in Thailand, where he currently serves as the company's Chairman. He is also the Board and Executive Chairman of the KDSB group of companies as well as a director of several other private companies.

Apart from business, he has been and is actively involved in the community and serves on the Board of Trustees for the Perdana Leadership Foundation. He is also a director of Kurnia Foundation, formerly known as Yayasan Kurnia, a recently incorporated charitable organisation established for the purpose of fostering, developing and improving education. For his contributions to the nation and society, he was awarded the Jaksa Pendamai (J.P.) by Duli Yang Maha Mulia ("DYMM") Tuanku Sultan Kedah on 17 February 1999 and the Darjah Mulia Seri Melaka (D.M.S.M) by Tuan Yang Terutama Yang DiPertua Negeri Melaka on 16 October 1999.

(ii) Datuk Kua Chung Sen

Datuk Kua Chung Sen, aged 44, was appointed to the Board of KAB on 12 April 2004. He is currently the Deputy Executive Chairman of KAB and Managing Director of the KDSB group of companies and is also a member of the Executive Committee.

Together with Datuk Kua Sian Kooi, he has served in the top management position of KIMB since 1991 when the present management took over what was then an insolvent insurer, Industrial & Commercial Insurance (M) Berhad. He was also instrumental in turning around KIMB into the leader in the general insurance industry today. He was responsible for overseeing the establishment and strengthening of the financial and investment division of KIMB in the early years. He also led in the re-engineering of operational procedures of critical processes. Following that, he spearheaded the implementation of ISO procedures, resulting in KIMB being ISO accredited in 1996. He is also very involved in the strategic direction of KIMB as well as in ensuring that business strategies are accurately and effectively implemented. Under his guidance, KIMB has strengthened all aspects of its operations.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

For his contributions to the industry and the nation, he was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) by Tuan Yang Terutama Yang Dipertua Negeri Melaka on 12 October 2002.

(iii) Dato' Low Heong Chow @ Loh Heong Chow

Dato' Low Heong Chow @ Loh Heong Chow, Adrian, aged 54, was appointed to the Board of KAB on 12 April 2004 and the Board of KIMB in 1997. Presently he is the Chairman of KIMB. He holds a Bachelor of Economics (Hons.) from University Malaya in 1974 and a Master of Business Administration from the International Management Institute, Geneva, Switzerland in 1983. Upon graduation, he started with an entry-level position as an underwriter with People Insurance Co. (M) Sdn Bhd between 1974 to 1979 and from 1979 to 1982, he was the Deputy General Manager for South East Asia Insurance Berhad. Thereafter, he held various senior management positions within the Hong Leong group of companies including the Principal Officer/Managing Director of Hong Leong Assurance Berhad and Managing Director of the Hong Leong group of companies in Malaysia, a position he held until April 1997. He was previously the Managing Director and Chief Executive Officer of KIMB and under his stewardship, KIMB progressed tremendously in terms of performance, business portfolio and public awareness.

He has also served as the Chairman and Deputy Chairman of PIAM between 1994 to 1999. He is currently the director of Malaysian Insurance Institute and has served as the Chairman of both the Education & Training Committee and the Asean Insurance Training Fund Committee. He is a member of the Chartered Insurance Institute, British Institute of Management and the Institute of Marketing, London. He was also awarded fellowships by the Chartered Insurance Institute, the Federation Institute of Insurance and the Malaysian Insurance Institute.

He was awarded the Darjah Kebesaran Dato' Setia Di Raja Kedah (D.S.D.K.) by DYMM Tuanku Sultan of Kedah on 18 January 2004 in recognition for his service to the industry and society.

(iv) Dato' Othman bin Abdul

Dato' Othman bin Abdul, aged 53, was appointed to the Board of KAB on 13 April 2004 and the Board of KIMB on 17 December 2004. Presently, he is the Deputy Chairman of KIMB and also a shareholder of KDSB. He is a shareholder of KDSB. He is an alumnus from the University Kebangsaan Malaysia, majoring in sociology. Upon graduation in 1978, he served with the Family Planning Board and subsequently with the Kedah State Development Corporation. From 1980 to 1983, he was the Pendang District Assistant Officer. Subsequently, he became involved in politics and has 10 years of experience as a Parliamentary Secretary in the Prime Minister's Department. He is presently a Director of Kurnia Leisure Sdn Bhd and was formerly a director of MBF Card Services Sdn Bhd, MBF Discount Card Sdn Bhd and Westport Holdings Sdn Bhd. He was also a former Chairman of Westport Holdings Sdn Bhd.

He was prominently involved in social organisations where he was previously the Chairman of Majlis Amanah Rakyat ("MARA") and Yayasan Pelajaran MARA.

Dato' Othman bin Abdul was conferred the award of Darjah Kebesaran Sultan Salahuddin Abdul Aziz Shah (D.S.S.A.) which carries the title Dato', on 21 March 1996, by the DYMM Sultan of Selangor. Dato' Othman also received two (2) other awards from Negeri Kedah Darul Aman, the Setia Diraja Kedah (S.D.K.) and Ahli Mahkota Kedah (A.M.K.).

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

(v) Dato' Quah Teong Moo

Dato' Quah Teong Moo, aged 49, was appointed to the Board of KAB on 29 June 2004 and the Board of KIMB in April 2004. Previously he was the General Manager (Marketing) of KIMB. He is responsible for the overall business strategy, marketing plans and production performance of all 22 branch offices in Peninsular Malaysia. He has been with KIMB for 12 years since he first joined as an entry-level executive, and has been steadily promoted through the ranks to his current position. During this period, he has accumulated vast marketing experience and an in-depth knowledge of the general insurance industry in Malaysia. He has also established a very strong rapport with KIMB's agency base and enjoys close business and working relationships with all staff, agents and business associates.

He was conferred the Dato' Setia Di Raja Kedah (D.S.D.K.) award, which carries the title Dato' on 20 January 2002 by DYMM Sultan of Kedah, in recognition for his service to the State.

(vi) Dato' Yeoh Cheng Hooi

Dato' Yeoh Cheng Hooi, aged 59, was appointed to the Board of KAB on 12 April 2004. He is a shareholder and Director of KDSB. He completed his high school education in 1967. He has been in the general insurance business for more than 30 years. He joined United General Insurance Ltd upon graduation and between 1971 to 1976 he was an underwriter with American International Underwriter Limited. Subsequently he joined Brenald Beard Sdn Bhd before venturing on his own as an insurance agent. He is currently involved in investment, property holding and property development businesses comprising mainly of development projects located in the northern region of Peninsular Malaysia. In addition to the above, he has also expanded his business to manufacturing physical security equipments such as safes, fire resistant cabinets and strongroom doors for local end-users, banks, financial institutions as well as exports to Asian and Middle East countries. Currently he sits on the Boards of several private limited companies in Malaysia.

Apart from his business activities, he is also involved in charitable community work and is a member of the Lion Club of Georgetown.

For his contribution to society and the nation he was conferred the Darjah Setia Pangkuan Negeri (D.S.P.N.) by Tuan Yang Terutama Yang Di-Pertua Negeri Pulau Pinang on 10 July 2004.

(vii) Yuen Choong Lai

Yuen Choong Lai, aged 40, was appointed to the Board of KAB on 12 April 2004 and the Board of KIMB in April 1997. He graduated with a Bachelor in Accounting (Hons.) from University Utara Malaysia in 1988 and obtained an MBA in Finance in 1992 from University of Hull, London. He is and has been a member of the Malaysian Institute of Accountants since 1992. Prior to his appointment with the Company, he was an auditor with an international accounting firm, PriceWaterhouseCoopers before joining Hongkong & Shanghai Banking Corporation Limited, a financial services group, as Resident Officer from 1989 and 1994. Between 1994 and 1995, he served as an accountant with Bursa Securities. He is currently the director of Analabs Resources Berhad as well as the director of a local consulting firm. He is also the Chairman of the Audit Committee of KIMB.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

(viii) Datuk Mohd Saufi bin Abdullah

Datuk Mohd Saufi bin Abdullah, aged 66 was appointed to the Board of KAB on 21 December 2004. He graduated with a Bachelor of Arts (Hons.) from the University of Malaya in 1962 and Master of Science in Business Administration from the London Business School in 1979. He began his career with the Government of Malaysia starting with a short stint in the diplomatic service between 1962 to 1964. Subsequently, he went on to be involved in the state, district and local government administration in the State of Melaka from 1964 to 1968. From 1968 to 1970, he was the Principal Assistant Secretary at the Federal Treasury (now Ministry of Finance) until he was called upon to be the Coordinator of the Pahang Tenggara Regional Master-planning Study. On completion of the master-plan by a multidisciplinary international team he was selected to head the newly formed Pahang Tenggara Development Authority (DARA) as its first General Manager. He led the organization for more than five years until he was awarded a post-graduate scholarship to study at the London Business School (LBS) in 1977.

On returning to Malaysia in 1979 he was posted to the Ministry of Defence as the Deputy Secretary General. In 1981, he was seconded by the Government to The Heavy Industries Corporation of Malaysia Berhad (subsequently renamed to Hicom Holdings Berhad on being listed) as the first Executive Director. He was subsequently redesignated as the Vice President and promoted to Senior Vice President in 1993. At the end of 1995 he retired. During the currency of his tenure in HICOM, he was appointed director of most of HICOM's subsidiary and associate companies namely Edaran Otomobil Nasional Berhad (EON), Perusahaan Otomobil Nasional Berhad (PROTON), Kedah Cement Holdings Berhad, Uniphoenix Corporation Berhad and Mechmar Corporation Berhad.

He is currently a member of the Board of Directors of AMDB Berhad and several private limited companies. He also holds membership of several professional bodies including the Institute of Strategic & International Studies (ISIS) and Malaysian Institute of Management (MIM) Court of Fellows. For his contribution to the nation and society, he was awarded the Pingat Jaksu Kebaktian (P.J.K.) by Tuan Yang Terutama Yang DiPertua Negeri Melaka, Johan Setia Mahkota (J.S.M.) by DYMM SPB Yang DiPertuan Agung, Seri Mahkota Pahang (S.M.P.) by DYMM Sultan Pahang and on 14 October 1995 he was conferred the Darjah Mulia Seri Melaka (D.M.S.M.) which carried the title "Datuk" by Yang DiPertua Negeri Melaka.

None of the Executive Directors of KAB are involved in any full-time executive positions in other businesses.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

1.2 As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the Directors of KAB and their direct and/or indirect (as the case may be) shareholdings in KAB, before and after the Offer for Sale are as follows:

Name	Designation	Nationality	Before the Offer for Sale		After the Offer for Sale	
			No. of KAB Shares held	%	No. of KAB Shares held	%
Datuk Kua Sian Kooi	Executive Chairman/ Chief Executive Officer/ Executive Director	Malaysian	1,095,679,764	73.045	751,647,224	50.110
Datuk Kua Chung Sen	Deputy Executive Chairman/ Executive Director	Malaysian	117,221,292	7.815	11,722,000	0.781
Dato' Low Heong Chow @ Loh Heong Chow	Executive Director	Malaysian	-	-	1,000,000	0.067
Dato' Othman bin Abdul	Non-Independent Non-Executive Director	Malaysian	34,908,068	2.327	34,908,068	2.327
Dato' Quah Teong Moo	Non-Independent Non-Executive Director	Malaysian	-	-	1,000,000	0.067
Dato' Yeoh Cheng Hooi	Independent Non-Executive Director	Malaysian	61,215,241	4.081	38,527,318	2.568
Yuen Choong Lai	Independent Non-Executive Director	Malaysian	-	-	500,000	0.033
Datuk Mohd Saufi bin Abdullah	Independent Non-Executive Director	Malaysian	-	-	14,500,000	0.967
						10,000

Notes:

* Deemed interested by virtue of his interest in D.O.A Entrepreneur Sdn Bhd pursuant to Section 6A of the Act.

* Pending MoF's recognition of him as an approved Bumiputera investor.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 1.3 Save as disclosed below, none of the Directors of KAB has any previous or existing directorships and/or substantial shareholdings in other public companies for the past two (2) years up to 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus.

Name	Company	Date appointed	Date resigned	Substantial Shareholdings %
DKSK	KIG Asia Berhad	15 October 1994	20 December 2004	50.00
	Kurnia Foundation, formerly known as Yayasan Kurnia	26 December 2002	-	-
	Kurnia Damai Group Berhad	7 November 2003	20 December 2004	50.00
	Kurnia Damai Holdings Berhad	7 November 2003	20 December 2004	50.00
DKCS	KIG Asia Berhad	15 October 1994	20 December 2004	50.00
	Kurnia Damai Holdings Berhad	7 November 2003	20 December 2004	50.00
	Kurnia Damai Group Berhad	7 November 2003	20 December 2004	50.00
Dato' Low Heong Chow @ Loh Heong Chow	Kurnia Foundation, formerly known as Yayasan Kurnia	26 December 2002	-	-
Yuen Choong Lai	Analabs Resources Berhad	18 June 2001	-	-
Datuk Mohd Saufi bin Abdullah	AMDB Berhad	1 October 1996	-	-

- 1.4 The range of aggregate remuneration and benefits paid to the Directors of the Company for services rendered to the Group in all capacities for the financial year ended 30 June 2003 and 30 June 2004 amounted to RM3,264,193.11 and RM3,750,083.62 respectively. For the financial year ending 30 June 2005, the amount payable to the Directors of the Company for services rendered to the Group in all capacities is forecast to be approximately RM6,103,000.00.

The number of Directors of the Company in the range of remuneration and benefits per annum are set out below:

	Financial years ended / ending								
	<----- 30 June 2003 ----->			<----- 30 June 2004 ----->			<----- 30 June 2005 ----->		
	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total	Executive Directors	Non-executive Directors	Total
Below RM300,000	-	2	2	-	1	1	-	4	4
RM300,000 and above	3	-	3	3	1	4	3	1	4
			<u>5</u>			<u>5</u>			<u>8</u>

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

2. Audit Committee

The composition of the Audit Committee is as follows:

Name	Designation	Directorship
Yuen Choong Lai	Chairman of committee	Independent Non-Executive Director
Datuk Kua Sian Kooi	Member of committee	Executive Chairman/Chief Executive Officer /Executive Director
Dato' Yeoh Cheng Hooi	Member of committee	Independent Non-Executive Director

3. Key Management

3.1 The key management team of the Kurnia Group is headed by the Executive Committee consists of DKSK, DKCS and Dato' Low Heong Chow @ Loh Heong Chow. The profiles of the members of Executive Committee have been set out in Section VI(1.1) of this Prospectus.

The Executive Committee is assisted by a team of experienced key management and professional personnel, whose brief profiles are as follows:

i. Dato' Quah Teong Moo

The profile of DQTM is detailed in Section VI(1.1) of this Prospectus.

ii. Kong Shu Yin

Kong Shu Yin, aged 44, was appointed to the Board of KIMB on 17 December 2004 and presently he is the CEO of KIMB. He was previously the General Manager (Central Support) of KIMB. He has more than 19 years of experience in the insurance industry having worked for Jerneh Insurance Co. Sdn Bhd, Hong Leong Assurance Sdn Bhd and Perdana Cigna Insurance Bhd. He joined KIMB in 1997 as an Assistant General Manager before being promoted to General Manager. He holds a Bachelor of Engineering (Hons.) degree and was awarded a fellowship by the Chartered Insurance Institute, United Kingdom.

iii. Zainal bin Sehat

Zainal bin Sehat, aged 48, is the Senior General Manager (Central Marketing) of KIMB. He has extensive experience in the insurance industry having served in the industry for more than 25 years. Prior to his appointment with KIMB, he was the Head of Motor Department with Pacific & Orient Insurance Co. He joined KIMB in 1984 as an Underwriter before being promoted to his current position.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

iv. San Chee Kit

San Chee Kit, aged 44, is the Chief Financial Officer of KAB who has overall responsibility for the general accounting and investment functions the Kurnia Group. Mr. San is a Chartered Accountant (Malaysia) and Certified Public Accountant, and a registered member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants (MICPA), respectively, having first qualified as a CPA in 1984. He first joined KIMB in May 1997 as Financial Controller after a three-year attachment with the Hong Leong group of companies where he served as the Group Financial Controller for Hong Leong Credit Berhad and also for Hong Leong Assurance Berhad. Prior to the Hong Leong group of companies, he served in various capacities with KPMG, Malaysia for 15 years, including a short stint overseas with KPMG Boston, United States of America where he trained as a bank audit specialist.

v. Kho Liang Hing @ Khor Liang Hing

Kho Liang Hing @ Khor Liang Hing, aged 49, is the General Manager (Task Force) of KIMB. He has been with KIMB for 10 years having joined KIMB as an executive before assuming his current position.

vi. Ng Kok Piew

Ng Kok Piew, aged 54, is the General Manager (Underwriting and Claims) of KIMB. He holds a B.Sc (Hons) Degree from London University and a MBA (Finance) from University of Hull, United Kingdom. He is also a fellow member of the Australian And New Zealand Institute of Insurance And Finance. Before joining KIMB, he was at Aviva Insurance Berhad (formerly known as CGU Insurance Berhad), Pacific Insurance Berhad as well as Hong Leong Assurance Berhad in various senior capacities.

vii. Kamal Arifin bin Dato' Zakaria

Kamal Arifin bin Dato' Zakaria, aged 42, is the General Manager (Klang Valley) of KIMB. He has more than 18 years of experience in the insurance industry having worked for Merchantile Insurance Sdn Bhd as a Marketing Executive from 1986 to 1990 and subsequently joined KIMB in 1991 as a Senior Executive in Claims.

viii. Dr. Tee Kim Siong

Dr. Tee Kim Siong, aged 32, is the General Manager of Corporate Finance and Strategy for KAB. He holds a First Class Bachelor of Engineering (Hons.) Degree from Universiti Teknologi Malaysia and a Ph.D. from the University of Cambridge. Prior to his appointment with KIMB, he was a Senior Associate (based in Kuala Lumpur and New Jersey, USA) with McKinsey & Company, an international management strategy consulting firm. His experience ranges from corporate strategy to business performance transformation, productivity enhancement, organisational restructuring, talent management, capability building and new business ventures. He is a fellow of the Cambridge Commonwealth Society of the United Kingdom and is also a member of the Institution of Engineers, Malaysia.

ix. Lee Wai Kwon

Lee Wai Kwon, aged 39, is the Assistant General Manager (Information Technology) of KIMB. He holds a degree in Computer Science. Before joining KIMB, he was with ING Insurance Berhad as a programmer. He joined KIMB in 1990 as an Information Technology Executive before being appointed to his current position.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

x. Rosliza Mohd. Yusoff

Rosliza Md. Yusoff, aged 37, the Assistant General Manager (Claims) of KIMB. She has 15 years of experience in the insurance industry. She joined KIMB in 1991 as a Claims Executive after Tahan Insurance Malaysia Berhad (formerly known as Talasco Insurance) and Merchantile Insurance Sdn Bhd. She is an Associate of the Australian Insurance Institute and also the Chairman of the National Insurance Claims Society.

3.2 As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the direct and/or indirect (as the case may be) shareholdings of the key management of the Kurnia Group in KAB, before and after the Offer for Sale are as follows:

Name	Designation(s)	Before the Offer for Sale				After the Offer for Sale			
		Direct		Indirect		Direct		Indirect	
		No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%
Daruk Kua Sian Kooi	Executive Chairman/ Chief Executive Officer/Executive Director	1,095,679,764	73.045	-	-	751,647,224	50.110	-	-
Datuk Kua Chung Sen	Executive Director/ Deputy Executive Chairman	117,221,292	7.815	-	-	11,722,000	0.781	-	-
Dato' Low Heong Chow @ Loh Heong Chow	Executive Director/Chairman of KIMB	-	-	-	-	1,000,000	0.067	-	-
Dato' Quah Teong Moo	Non-Independent Non-Executive Director of KAB/ Executive Director of KIMB	-	-	-	-	1,000,000	0.067	-	-
Kong Shu Yin	Chief Executive Officer and Executive Director of KIMB	-	-	-	-	1,000,000	0.067	-	-
Zainal bin Sehat	Senior General Manager	-	-	-	-	500,000	0.033	-	-
San Chee Kit	Senior General Manager	-	-	-	-	500,000	0.033	-	-
Kho Liang Hing @ Khor Liang Hing	General Manager	-	-	-	-	500,000	0.033	-	-
Ng Kok Piew	General Manager	-	-	-	-	50,000	0.003	-	-
Kamal Arifin Bin Dato' Zakaria	General Manager	-	-	-	-	500,000	0.033	-	-
Dr. Tee Kim Siong	General Manager	-	-	-	-	300,000	0.020	-	-
Lee Wai Kwon	Assistant General Manager	-	-	-	-	96,000	0.006	-	-
Rosliza Mohd Yusoff	Assistant General Manager	-	-	-	-	92,000	0.006	-	-

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

3.3 Save for DKSK and DKCS whose interests are disclosed in Section VI(5) of this Prospectus, none of the key management of the Kurnia Group has any direct or indirect interest in KAB save for the Offer Shares reserved for the eligible Directors and employees of the Kurnia Group pursuant to the Offer for Sale as set out in Section III(4) of this Prospectus.

3.4 Save as disclosed in Section VI(3.1) of this Prospectus, none of the Group's key management is involved in other businesses and/or corporations as at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus.

None of the key management of the Kurnia Group is involved in any full-time employment in other businesses.

4. Promoters

4.1 As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the promoters of KAB together with their respective shareholdings in KAB, before and after the Offer for Sale are as follows:

Name	Nationality	← Before the Offer for Sale →				← After the Offer for Sale →			
		← Direct →		← Indirect →		← Direct →		← Indirect →	
		No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%
DKSK	Malaysian	1,095,679,764	73.045	-	-	751,647,224	50.110	-	-
DKCS	Malaysian	117,221,292	7.815	-	-	11,722,000	0.781	-	-

4.2 The profiles of DKSK and DKCS are set out in Section VI(1) of this Prospectus.

4.3 Save as disclosed in Section VI(1) of this Prospectus, DKSK and DKCS do not have any substantial shareholdings in other public corporations for the past two (2) years up to 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus.

4.4 The changes in the shareholdings of DKSK and DKCS in KAB for the past three (3) years up to 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus are set out in Section VI(5).

5. Substantial Shareholders

5.1 As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the substantial shareholders of KAB together with their respective shareholdings in the Company, before and after the Offer for Sale are as follows:

Name	← Before the Offer for Sale →				← After the Offer for Sale →			
	← Direct →		← Indirect →		← Direct →		← Indirect →	
	No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%
DKSK	1,095,679,764	73.045	-	-	751,647,224	50.110	-	-
DKCS	117,221,292	7.815	-	-	11,722,000	0.781	-	-
DTTL	190,975,163	12.732	-	-	120,194,918*	8.013	-	-
DOA	34,908,068	2.327	-	-	34,908,068	2.327	150,000,000*	10.000
D.O.A. Entrepreneur Sdn Bhd	-	-	-	-	150,000,000	10.000	-	-

Notes:

* Deemed interested by virtue of his interest in D.O.A. Entrepreneur Sdn Bhd pursuant to Section 6A of the Act.

To be held through CIMSEC Nominees (Tempatan) Sdn. Bhd.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

5.2 The changes in the direct and/or indirect shareholdings of the promoters and/or substantial shareholders of KAB for the past three (3) years up to 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus are as follows:

Name	As at 13 March 2001			As at 24 January 2002			As at 16 July 2002			As at 28 November 2003		
	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%	Direct	Indirect	%
	No. of ordinary shares of RM1.00 each held	No. of Ordinary Shares of RM1.00 each held		No. of ordinary shares of RM1.00 each held	No. of ordinary shares of RM1.00 each held		No. of ordinary shares of RM1.00 each held	No. of ordinary shares of RM1.00 each held		No. of ordinary shares of RM1.00 each held	No. of ordinary shares of RM1.00 each held	
Ismail Bin Rusmin	1	-	50.00	-	-	-	-	-	-	-	-	-
Zairina Binti Mohd Zainal Abidin	1	-	50.00	-	-	-	-	-	-	-	-	-
Rohani Binti Alui	-	-	-	1	50.00	-	-	-	-	-	-	-
Hamidah Bt. Abd Hamid	-	-	-	1	50.00	-	-	-	-	-	-	-
DQTM	-	-	-	-	-	-	1	50.00	-	-	-	-
Wong Mee Foong	-	-	-	-	-	-	1	50.00	-	-	-	-
KDSB	-	-	-	-	-	-	-	-	2	100.00	-	-

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

Name	As at 2 August 2004 ¹		After the Restructuring Exercise		After the Offer for Sale	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of KAB Shares held	%	No. of KAB Shares held	%	No. of KAB Shares held	%
KDSB	8	100.00	-	-	-	-
DKSK	-	-	1,095,679,764	73.045	751,647,224	50.110
DKCS	-	-	117,221,292	7.815	11,722,000	0.781
DTTL	-	-	190,975,163	12.732	120,194,918 ²	8.013
DOA	-	-	34,908,068	2.327	34,908,068	2.327
D.O.A. Entrepreneur Sdn Bhd	-	-	-	-	150,000,000	10.000

Notes:

¹ Being the date of completion of share split² Deemed interested by virtue of his interest in D.O.A. Entrepreneur Sdn Bhd pursuant to Section 6A of the Act³ To be held through CIMSEC Nominees (Tempatan) Sdn. Bhd.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

- 5.3 Save as disclosed below, none of the substantial shareholders of KAB have any previous or existing directorships and/or existing substantial shareholdings in other public corporations for the past two (2) years up to 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus.

Name	Company	Date Appointed	Date Resigned	Substantial Shareholdings %
DKSK	KIG Asia Berhad	15 October 1994	20 December 2004	50.00
	Kurnia Foundation, formerly known as Yayasan Kurnia	26 December 2002	-	-
	Kurnia Damai Group Berhad	7 November 2003	20 December 2004	50.00
	Kurnia Damai Holdings Berhad	7 November 2003	20 December 2004	50.00
DTTL	Dceil International Berhad	29 June 2004	-	-

- 5.4 The profiles of the substantial shareholders of KAB are as follows:

The profiles of DKSK, DKCS and DOA are detailed in Section VI(1) of this Prospectus.

(i) **DTTL**

Dato' Tee Tiam Lee, aged 46, is a shareholder and Director of KDSB. He completed his secondary education in 1976. He has been an insurance agent with various principals from 1970s to 1980s. Currently he sits in the Board of Dceil International Berhad and several private limited companies in Malaysia.

He was conferred the Darjah Indera Mahkota Pahang (D.I.M.P.) by DYMM Sultan of Pahang on 24 October 2002.

(ii) **D.O.A. Entrepreneur Sdn Bhd**

D.O.A. Entrepreneur Sdn Bhd was incorporated in Malaysia under the Act on 5th July 2004 and has not commenced business since the date of its incorporation. Its intended principal activity is investment holding.

As at 21 December 2004, the authorised share capital of D.O.A. Entrepreneur Sdn. Bhd. was RM100,000 comprising of 100,000 ordinary shares of RM1.00 each. The issued and paid-up share capital of D.O.A. Entrepreneur Sdn. Bhd. was RM10,000 comprising of 10,000 ordinary shares of RM1.00 each. The substantial shareholders of D.O.A. Entrepreneur Sdn. Bhd. and their shareholdings in D.O.A. Entrepreneur Sdn. Bhd. are as follows:

Name	As at 21 December 2004			
	Direct		Indirect	
	No. of ordinary shares of RM1.00 each held	%	No. of ordinary shares of RM1.00 each held	%
Dato' Othman bin Abdul	9,999	99.99	-	-
Datin Siti Aishah binti Md Ariff	1	0.01	-	-

Dato' Othman bin Abdul and Datin Siti Aishah binti Md Ariff are also the Directors of D.O.A. Entrepreneur Sdn Bhd.

VI. INFORMATION ON DIRECTORS, KEY MANAGEMENT, PROMOTERS AND SUBSTANTIAL SHAREHOLDERS (CONT'D)

6. Service Agreements

None of the Directors and the key management of the Kurnia Group has any existing or proposed service agreements with the Company or its subsidiary. The letters of employment entered into by certain directors and the key management contain the usual provisions.

7. Relationships and Association

Save for DKSK, DKCS and DQTM are brothers, there are no other relationships and association between the substantial shareholders, promoters, Directors of the Company and the key management of the Kurnia Group.

8. Declaration

Save as disclosed below, none of the Directors and key management of the Kurnia Group is or was involved in the following events (whether in or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or key personnel; or
- (ii) conviction in criminal proceedings or is a named subject of pending criminal proceedings; or
- (iii) the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or government body permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

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VII. APPROVALS AND CONDITIONS**Approvals of the Authorities**

The Restructuring and the Listing Scheme have been approved by:

- (i) the SC and SC (FIC) via its letter dated 12 May 2004;
- (ii) the SC via its letter dated 12 May 2004;
- (iii) BNM via its letter dated 5 May 2004; and
- (iv) MoF via its letters dated 13 August 2004, 11 September 2004, 28 September 2004 and 23 December 2004 in respect of recognition of Bumiputera shareholders of KAB without any condition imposed therein.

Under the Guidelines of the Foreign Investment Committee in relation to Acquisition of Assets, Mergers and Take-Overs 1974, the SC and SC (FIC) via its letter dated 12 May 2004, has no objection to the indicative equity structure of KAB after the Listing as follows:

Shareholders	Existing %	After proposed flotation exercise %
Bumiputera	-	30.03
Non-Bumiputera	100.00	69.97
Foreigners	-	-
	<u>100.00</u>	<u>100.00</u>

- (A) The conditions imposed by SC and SC (FIC) via its letter dated 12 May 2004 and the status of compliance are set out as follows:

Authority	Conditions	Status of compliance
SC and SC (FIC)	<p>(i) CIMB/KAB should submit for the SC's consideration the revised allocation of KAB Shares under KAB's proposed offer for sale and ensure that at least 75,000,000 KAB Shares are made available for public subscription via the balloting process. The KAB Shares allocated to public investors via balloting can only be clawed back and offered to other investors if there is an under-subscription under that category and the claw back should be limited to only the unsubscribed portion.</p> <p>The SC had, via its letter dated 26 October 2004, revised the minimum of 75,000,000 KAB Shares to 40,000,000 KAB Shares to be made available for public subscription via the balloting process.</p>	Complied.

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions	Status of compliance
	<p>(ii) KAB should make full disclosure in the prospectus of the following:</p> <ul style="list-style-type: none"> - details of the Group's management succession plan; - the risk factors associated with the Group's dependence on motor insurance and detailed explanation on the Group's measures to mitigate these risks; and - the detailed explanation on the high amount of trade receivables that are provided as doubtful debts and the directors' comments on the collectibility of the trade receivables. 	<p>The required disclosure has been made in Section V(3.3) of this Prospectus.</p> <p>The required disclosure has been made in Section V(3.1) and V(7) of this Prospectus</p> <p>The required disclosure has been made in Section IX(3) of this Prospectus</p>
	<p>(iii) DKSK and DKCS should submit written undertakings to the SC that they would remain active in the management of the Group for a period of at least 3 years from the date of KAB's listing on Bursa Securities;</p>	<p>Complied. The required written undertakings have been furnished to the SC on 29 November 2004.</p>
	<p>(iv) The directors and major shareholders of KAB should not be involved in any business which would be in conflict with the Group's existing core business. Detailed disclosure of their current involvement in similar businesses must be made in the prospectus.</p> <p>All future transactions between Group and these businesses in which the directors and major shareholders have interest must be conducted at arm's length basis, must not be to the disadvantage of the Group and should be subject to the scrutiny of the Audit Committee.</p>	<p>The required disclosure has been made in Section VIII of this Prospectus.</p> <p>To be complied with.</p>
	<p>(v) In relation to the proceeds from the proposed Non-Renounceable Rights Issue, KAB should make appropriate disclosure in its quarterly and annual reports regarding the status of the utilisation of proceeds until the proceeds have been fully utilised.</p>	<p>To be complied with.</p>
	<p>(vi) The proposed payment of special dividend to the existing shareholders of KIMB must be made based on the latest audited accounts of KIMB and the reporting accountant should provide confirmation that the company has sufficient cash generated internally to pay the dividend without the need to incur new borrowings. The reporting accountant should also provide confirmation that the NTA of KIMB after the payment of the special dividend will not be less than its NTA as at 30 June 2003 which is used as the basis for the purchase consideration by KAB.</p>	<p>Complied. The required confirmations have been furnished to the SC on 28 October 2004.</p>

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions	Status of compliance
	SC via its letter dated 17 December 2004 stipulated that the SC has no objection in respect of the declaration and payment of a net dividend by KIMB of RM75,000,000 on 2 November 2004 and 3 November 2004 respectively to its shareholders.	
	(vii) KAB should ensure that at least 30% of its share capital is held by Bumiputera investors approved by MoF in compliance with the National Development Policy (NDP).	To be complied with
	(viii) CIMB/KAB should inform the SC of the status of compliance with the NDP requirement upon completion of the flotation proposal.	To be complied with.
	(ix) KAB should comply with the relevant requirements for the implementation of the flotation proposal, as stipulated in the SC's Policies and Guidelines on Issue/Offer of Securities.	Complied/to be complied with, where applicable.

(B) The conditions imposed by the SC via its letter dated 12 May 2004 and the status of compliance are set out as follows:

Authority	Conditions imposed	Status of Compliance
SC	<p>The SC via its letter dated 12 May 2004 granted an exemption to KAB from the obligation to undertake the mandatory offer on the remaining 72 voting shares of KIMB under Practice Note 2.9.8 of the Malaysian Code on Take-Overs and Mergers 1998 upon acquisition of 199,999,928 ordinary shares of RM1.00 each in KIMB representing approximately 99.99% of the issued and paid-up share capital of KIMB.</p> <p>However, the compulsory acquisition by KAB on the remaining 72 voting shares in KIMB under Section 180 of the Act must be completed within six (6) months from 12 May 2004.</p>	<p>An offer was made to the Accountant General, being the trustee of the remaining 72 voting shares in KIMB on 2 August 2004 upon signing of the share sale agreement pertaining to the Acquisition of KIMB. The trustee accepted the aforesaid offer on 9 August 2004.</p> <p>Therefore, KAB is no longer required to invoke the power of compulsory acquisition pursuant to Section 180 of the Act to acquire the remaining 72 voting shares in KIMB.</p>

VII. APPROVALS AND CONDITIONS (CONT'D)

(C) The conditions imposed by BNM via its letter dated 5 May 2004 and the status of compliance are set out as follows:

Authority	Conditions imposed	Status of Compliance
BNM	(i) KIMB is required to write-off all the goodwill arising from the acquisition of Nusantara Worldwide (Malaysia) Berhad in 2000 prior to payment of special dividend and listing of KAB.	Complied.
	(ii) KAB is required to include a clear provision in the share sale agreement in relation to the Acquisition of KIMB to ensure that existing KIMB shareholders will account for any significant difference in KIMB's insurance liability as compared to the liability declared prior to listing. BNM via its letters dated 13 August 2004 and 4 November 2004 stipulated that the clause is to expressly provide that KDSB shall covenant with KAB to indemnify KIMB for all undisclosed liabilities as at KAB's date of listing that may arise within a three-year period from the date of listing.	Complied.
	(iii) KAB is required to submit its prospectus for BNM's review before the same being distributed to the public investors.	Complied.
	(iv) KAB must obtain approval from the relevant authorities including the SC and Bursa Securities.	Approval from the SC was obtained on 12 May 2004 and an application will be made to Bursa Securities within three (3) Market Days from the date of this Prospectus for admission to the Official List of the Main Board of Bursa Securities.

VII. APPROVALS AND CONDITIONS (CONT'D)

Authority	Conditions imposed	Status of Compliance														
	<p>(v) In relation to the special dividend payment, as the aforesaid special dividend is to be calculated based on the PAT accrued to KIMB in respect of the financial period commencing from 1 July 2003 up to the completion date of the Acquisition of KIMB, KIMB is required to submit the following information to enable BNM to process the application for the special dividend payment.</p> <table border="0" data-bbox="394 611 1052 913"> <thead> <tr> <th data-bbox="459 611 541 636">Details</th> <th data-bbox="807 611 943 636">Time frame</th> </tr> </thead> <tbody> <tr> <td data-bbox="394 640 787 696">(i) total dividend to be declared and paid</td> <td data-bbox="807 640 1052 730">For (i) – (v) as at date of completion of the Acquisition of KIMB</td> </tr> <tr> <td data-bbox="394 701 787 730">(ii) total fund assets</td> <td data-bbox="807 701 1052 730"></td> </tr> <tr> <td data-bbox="394 734 787 824">(iii) total fund liabilities including provision for incurred but not reported claims</td> <td data-bbox="807 763 1052 887">For (vi), period ends on completion date of the Acquisition of KIMB</td> </tr> <tr> <td data-bbox="394 826 787 855">(iv) total admitted assets</td> <td data-bbox="807 826 1052 855"></td> </tr> <tr> <td data-bbox="394 860 787 889">(v) solvency margin</td> <td data-bbox="807 860 1052 889"></td> </tr> <tr> <td data-bbox="394 893 787 922">(vi) PAT</td> <td data-bbox="807 893 1052 922"></td> </tr> </tbody> </table> <p>BNM had, via its letter dated 13 August 2004, allowed the cut-off date for all information required to be submitted to BNM for the proposed special dividend payment to be fixed as at the audited financial year ended 30 June 2004 instead of up to the completion date of the Acquisition of KIMB.</p> <p>BNM via its letter dated 1 November 2004 stipulated that BNM has no objection on KIMB's application in relation to the proposed declaration of a net final dividend of RM75,000,000 for the financial year ended 30 June 2004.</p>	Details	Time frame	(i) total dividend to be declared and paid	For (i) – (v) as at date of completion of the Acquisition of KIMB	(ii) total fund assets		(iii) total fund liabilities including provision for incurred but not reported claims	For (vi), period ends on completion date of the Acquisition of KIMB	(iv) total admitted assets		(v) solvency margin		(vi) PAT		Complied.
Details	Time frame															
(i) total dividend to be declared and paid	For (i) – (v) as at date of completion of the Acquisition of KIMB															
(ii) total fund assets																
(iii) total fund liabilities including provision for incurred but not reported claims	For (vi), period ends on completion date of the Acquisition of KIMB															
(iv) total admitted assets																
(v) solvency margin																
(vi) PAT																
	<p>(vi) KAB is required to obtain approval from BNM prior to appointing a chief executive officer or director pursuant to section 70 of the IA.</p> <p>BNM via its letter dated 26 November 2004 stipulated that BNM has no objection on KAB's application for appointments of Directors of KAB. However, the appointment of DKCS as Executive Director of KAB is subject to the following:</p> <table border="0" data-bbox="340 1585 1052 1800"> <tbody> <tr> <td data-bbox="340 1585 1052 1682">(i) DKCS is required to resign as Executive Adviser of KIMB and Non-Executive Director of Reward-link.com Sdn Bhd with immediate effect; and</td> <td data-bbox="1059 1585 1347 1682">Complied.</td> </tr> <tr> <td data-bbox="340 1711 1052 1800">(ii) DKCS is required to dispose of his shares in Reward-link.com. Sdn Bhd within three (3) months from 26 November 2004.</td> <td data-bbox="1059 1711 1347 1800">Complied.</td> </tr> </tbody> </table> <p>BNM via its letter dated 20 December 2004 stipulated that BNM has no objection on KAB's application for appointment of Datuk Mohd. Saufi bin Abdullah as Independent Non-Executive Director of KAB. However, the said approval would be withdrawn in the event the results of security and financial vetting currently carry out on Datuk Mohd. Saufi bin Abdullah, are unsatisfactory.</p>	(i) DKCS is required to resign as Executive Adviser of KIMB and Non-Executive Director of Reward-link.com Sdn Bhd with immediate effect; and	Complied.	(ii) DKCS is required to dispose of his shares in Reward-link.com. Sdn Bhd within three (3) months from 26 November 2004.	Complied.	Complied.										
(i) DKCS is required to resign as Executive Adviser of KIMB and Non-Executive Director of Reward-link.com Sdn Bhd with immediate effect; and	Complied.															
(ii) DKCS is required to dispose of his shares in Reward-link.com. Sdn Bhd within three (3) months from 26 November 2004.	Complied.															

VIII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS

1. Conflict of Interests

- 1.1 Save as disclosed below, none of the Directors or substantial shareholders of KAB and its subsidiary has any interest, direct or indirect, in any business carrying on a similar trade as the Group in Malaysia.

On 20 December 2004, DTTL (a substantial shareholder of KAB) together with two (2) other purchasers entered into a share sale agreement ("SSA") with Novimax (M) Sdn Bhd for the proposed acquisition of 29,506,932 ordinary shares of RM1.00 each representing 29.50% of the issued and paid-up share capital of MUI Continental Insurance Berhad ("MUI Continental") for an aggregate cash consideration of RM55,325,497.50 subject to the terms and conditions stated therein.

Under the terms of the SSA, DTTL agreed to acquire from Novimax (M) Sdn Bhd of 20,004,700 ordinary shares of RM1.00 each representing 20.00% of the issued and paid-up share capital of MUI Continental for a cash consideration of RM37,508,812.50 ("Proposed Acquisition").

The SSA is conditional upon the approvals from Foreign Investment Committee and shareholders of the vendor and purchasers, if required.

Pursuant to the SSA, the Proposed Acquisition is expected to complete by 31 December 2004, subject to the granting of additional period as described in the aforesaid SSA.

Given the similarity of both the Kurnia Group and MUI Continental's existing business, the Proposed Acquisition by DTTL is in conflict of interest. However, such conflict is being mitigated via the following declarations by DTTL:

- (i) he is not a Director of the Kurnia Group and he has not been involved/would not be involved in the day-to-day management and operations of the Kurnia Group;
 - (ii) he is not a person connected to the Directors and other substantial shareholders of KAB, namely DKSK and DKCS; and
 - (iii) he will dispose of at least 45,195,000 KAB Shares to reduce his equity interest in KAB from 8.013% (after the Offer for Sale) to less than 5.0% (and thereby ceasing to be a substantial shareholder of KAB) within six (6) months from the successful listing of KAB on Bursa Securities.
- 1.2 None of the Directors or substantial shareholders of KAB has any interest, direct or indirect, in the promotion of or in any assets acquired or proposed to be acquired or assets disposed of or proposed to be disposed of or leased to or proposed to be leased to the Company or its subsidiary within the two (2) years preceding the date of this Prospectus.
- 1.3 There is no potential interest and/or conflict of interest between the Company and its Adviser, Sole Bookrunner, Managing Underwriter and Underwriters, Reporting Accountants and Solicitors as set out in the Corporate Directory section of this Prospectus.

2. Related Party Transactions

- 2.1 Save as disclosed below, there are no other transactions existing or potential, which have been entered into or are proposed to be entered into by KAB and its subsidiary which involve the interest, direct or indirect, of Directors, substantial shareholders and/or persons connected with such Directors or such substantial shareholders (as defined in Section 122A of the Act) or the Group's key management personnel:

VIII. CONFLICT OF INTERESTS AND RELATED PARTY TRANSACTIONS (CONT'D)

- (i) A tenancy agreement dated 1 July 2002 was entered into between Kua Boon Chuan Realty Sdn Bhd ("KBC") and KIMB, pursuant to which KBC agreed to let to KIMB premises located at No. 20B-6-1 & 20B-6-2, Robson Heights Condominium, Persiaran Indah Robson Height, 50460 Kuala Lumpur for a period commencing 1 July 2002 and expiring 30 June 2004 for a monthly rental of RM8,000 per month. The tenancy is for a fixed term period of 2 years, and neither party may terminate the tenancy during this period. The option to renew has been exercised and the tenancy is renewed for a further two years period commencing on 1 July 2004 and expiring on 30 June 2006. DKSK, DKCS and DQTM are Directors and shareholders of KBC. DKSK and DQTM are also Directors of KIMB.
 - (ii) A tenancy agreement dated 30 December 2002 was entered into between KBC and KIMB, pursuant to which KBC agreed to let to KIMB premises located at B-344, Jalan Beserah, 25300, Kuantan, Pahang for a period commencing 1 January 2003 and expiring 31 December 2004 for a monthly rental of RM4,500 per month. The tenancy is for a fixed term period of 2 years, and neither party may terminate the tenancy during this period.
 - (iii) A Technical Assistance Agreement dated 23 July 2003 was entered into between KIMB and KDSB, pursuant to which KIMB agreed to provide technical assistance in the day-to-day running of operations to Kurnia Insurance (Thailand) Co. Ltd. ("KIT"). In consideration for the technical assistance, KDSB agreed to pay KIMB reimbursement of the contracted salary of any employee of KIMB seconded to KIT and all costs and expenses reasonably incurred in the provision of such technical assistance. The term of the agreement takes effect retrospectively from the time where the first technical assistance was rendered and shall terminate by mutual agreement. DKSK and DKCS are Directors and shareholders of KAB and KDSB. DKSK is also a Director of KIMB.
- 2.2 There are no unusual transactions involving goods, services, tangible or intangible assets to which KAB or its subsidiary was a party in respect of the past financial year and the financial period immediately preceding as at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus.
- 2.3 Save for the car and/or housing loans extended by KIMB to Directors and the key management of the Kurnia Group in accordance with KIMB's remuneration and staff benefit scheme, there are no outstanding loans and/or guarantees made by KAB or its subsidiary to or for the benefit of related parties.

IX. FINANCIAL INFORMATION**1. Historical Financial Information****1.1 Proforma Consolidated Financial Results of the Kurnia Group**

The following is a summary of the proforma consolidated financial results of the Kurnia Group for the past five (5) financial years ended 30 June 2004, prepared based on the audited financial statements of the Group and on the assumption that the current structure of the Group had been in existence throughout the financial years under review. The proforma consolidated financial results are presented for illustrative purposes only and should be read in conjunction with the accompanying notes and assumptions included in the Accountants' Report as set out in Section X of this Prospectus.

Income Statement

	←----- Financial Year Ended 30 June ----->				
	2000	2001	2002	2003	2004
	RM 000	RM 000	RM 000	RM 000	RM 000
Operating revenue	602,160	743,784	917,739	995,339	1,110,338
Surplus transferred from insurance revenue account	88,261	87,770	154,139	166,167	120,280
Administrative expenses	-	-	-	-	(5)
PBT	88,261	87,770	154,139	166,167	120,275
Tax expense	(29,000)	(21,540)	(47,979)	(47,503)	(35,524)
PAT	59,261	66,230	106,160	118,664	84,751
Number of KAB Shares assumed in issue (000) ¹	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Effective tax rate (%)	33	25	31	29	30
Pre-tax profit margin (%) ²	18	14	21	20	13
EPS ³ (sen) - gross	5.9	5.9	10.3	11.1	8.0
- net	4.0	4.4	7.1	7.9	5.7

Notes:

¹ The number of KAB Shares assumed in issue throughout the financial years under review is the number of KAB Shares in issue after the implementation of the share split, Acquisition of KIMB and Non-Renounceable Rights Issue.

² The pre-tax profit margin is computed based on earned premium for the respective financial years under review.

³ The gross and net EPS are computed based on the PBT and PAT respectively divided by the number of KAB Shares assumed in issue.

⁴ There were no exceptional or extraordinary items during the financial years under review except in the financial year ended 30 June 2004. During the financial year ended 30 June 2004, included in the increase in IBNR charge for 2004 of RM167 million was approximately RM87 million for additional provisions made for previous years. The IBNR charge of RM167 million is included in the caption of net claims incurred shown in the insurance revenue account. The said additional provision had resulted from the changes in the projected numbers of cases made by the independent actuary based on actual development of claims pattern that become more obvious during the 2004 financial year.

IX. FINANCIAL INFORMATION (CONT'D)**Insurance Revenue Account**

	←----- Financial Year Ended 30 June ----->				
	2000	2001	2002	2003	2004
	RM 000	RM 000	RM 000	RM 000	RM 000
Gross premium	570,875	704,409	873,737	951,497	1,056,291
Less: Reinsurance	(48,375)	(54,155)	(84,330)	(87,302)	(92,522)
Net premium	522,500	650,254	789,407	864,195	963,769
Increase in unearned premium reserves	(42,061)	(41,972)	(58,688)	(27,340)	(65,631)
Earned premium	480,439	608,282	730,719	836,855	898,138
Net claims incurred	(273,337)	(347,936)	(428,800)	(480,318)	(610,864)
Net commission	(60,742)	(73,783)	(86,467)	(93,434)	(93,952)
Underwriting surplus before management expenses	146,360	186,563	215,452	263,103	193,322
Management expenses	(99,142)	(119,751)	(141,247)	(159,516)	(162,374)
Underwriting surplus	47,218	66,812	74,205	103,587	30,948
Investment income	31,285	39,375	44,002	43,842	54,047
Other income / (expenditure)-net	9,758	(18,417)	35,932	18,738	35,285
Transfer to income statement	88,261	87,770	154,139	166,167	120,280

1.2 Insurance Revenue Account

During the five (5) financial years under review, the Kurnia Group recorded remarkable growth on gross premium, with the highest year-on-year growth rate of approximately 24% in financial year ended 30 June 2002 and lowest of approximately 9% in financial year ended 30 June 2003 before recovering to double-digit growth rate in financial year ended 30 June 2004.

The motor gross premium contributed more than 90% to the total gross premium of the Kurnia Group for each of the financial years under review.

The substantial growth of motor gross premium for the three (3) financial years ended 30 June 2000 to 2002 was largely due to the Kurnia Group's aggressive efforts in the recruitment of agents and the increase in the average premium per policy. The slower growth rate achieved in 2003 was mainly due to a significant industry-wide slowdown in motor premium growth to 5.1% compared to 10.9% in 2002, following the slowdown in motor vehicles sales in anticipation of price adjustment under the AFTA Agreement. In year 2004, the Group recovered to double-digit growth rate of motor gross premium largely resulting from the implementation of an intensive marketing programme and the improvement in motor vehicle sales following the announcement made by the government in Budget 2004 of the new tariff structure which has substantially reduced the uncertainty of the AFTA Agreement.

The increase in management expenses was mainly in tandem with the increase in the gross premium underwritten over the financial years under review.

The Kurnia Group registered an underwriting margin ranging between approximately 9.8% to 12.4% for the financial years ended 30 June 2000 to 2003.

For the financial year ended 30 June 2004, the underwriting margin of the Kurnia Group was approximately 3.5%. The lower underwriting margin was mainly due to the higher net claims incurred in 2004 as a result of the higher increase in provision for IBNR claims.

IX. FINANCIAL INFORMATION (CONT'D)

With reference to the report dated 4 October 2004 issued by the independent actuary, William M Mercer Zainal Fraser Sdn. Bhd., the substantial increase in provision for IBNR claims as at 30 June 2004 can be attributed to an adjustment in prior years' provision for IBNR claims for motor act business amounting to RM87.568 million as a result of the changes in the projected number of cases made by the independent actuary based on the actual development of claims pattern that became more obvious during the financial year 2004. Such changes which have also impacted the estimate made on provision for IBNR claims relating to financial year 2004 could be analysed as follows:

Provision for IBNR claims

Financial year ended 30 June	RM 000 ⁽ⁱ⁾	RM 000 ⁽ⁱⁱ⁾
Current year - 2004	79,783	57,444
Previous years		
2003	11,539	8,308
2002	(4,085)	(2,941)
2001	39,661	28,556
2000	63,259	45,546
1999	15,162	10,917
Prior to 1998	(37,968)	(27,337)
	87,568	63,049
Total	167,351	120,493

Notes:

⁽ⁱ⁾ Before taking into account the effect of 28% statutory tax rate.

⁽ⁱⁱ⁾ After taking into account the effect of 28% statutory tax rate.

For illustrative purpose only, should the said additional provisions for IBNR claims of RM87.568 million relating to previous financial years be excluded from the financial year 2004, the proforma underwriting margin of the Kurnia Group would be approximately 13.2%. Investment income consists of interests earned from investments in long term bonds, fixed and called deposits and dividends received from quoted corporations. The Kurnia Group's investment policy by and large followed after guidelines as approved by BNM, with its existing private debts portfolio of minimum A flat / A2 rating and average of AA flat / AA2 rating coupled with an equity portfolio that is held with a view of long-term returns.

The net other income of the Kurnia Group for the financial years ended 30 June 2000, 2002, 2003 and 2004 were largely derived from profits on sales of quoted investments. The net other expenditure in the financial year ended 30 June 2001 was mainly attributed to the loss on sales of quoted investments.

IX. FINANCIAL INFORMATION (CONT'D)**1.3 Income Statement**

The effective tax rate of the Kurnia Group ranged from 25% to 33% for the financial years under review. The effective tax rate for financial years ended 30 June 2000, 2002, 2003 and 2004 were higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes. The effective rate for the financial year ended 30 June 2001 was lower than the statutory rate of 28% mainly due to the additional provision of deferred taxation in respect of previous financial years.

Over the financial years under review, the Kurnia Group recorded an upward trend in PAT except for the financial year 2004. The drop in PAT for the financial year 2004 was mainly due to the lower underwriting margin as a result of the higher increase in provision for IBNR claims as explained in Section 1.2 above.

For illustrative purpose only, should the said additional provisions for IBNR claims of RM87.568 million or RM63.049 million (net of 28% statutory rate) relating to the previous financial years be attributed to the respective financial years, the revised proforma results of the Kurnia Group from year 2000 to 2004 would be as follows:

	<-----Financial Year Ended 30 June----->				
	2000	2001	2002	2003	2004
	RM 000	RM 000	RM 000	RM 000	RM 000
Per proforma audited PAT	59,261	66,230	106,160	118,664	84,751
(Increase)/Decrease in provision for IBNR claims (net of 28% statutory tax rate)*	(45,546)	(28,556)	2,941	(8,308)	63,049
Revised proforma audited PAT	13,715	37,674	109,101	110,356	147,800

Note:

* The total additional provision for IBNR claims for previous years from 2000 to 2003 amounts to RM79.469 million (net of 28% statutory tax rate) and therefore, does not include the decrease in total provision for IBNR claims amounting to RM16.420 million (net of 28% statutory tax rate) in respect of financial years prior to 2000.

Based on the illustration above, the revised proforma PAT (after attributing the increase in provision for IBNR claims (net of 28% statutory tax rate) relating to previous years of RM63.049 million to those financial years prior to 2004) of the Kurnia Group has continued to register growth annually from financial years 2000 to 2004.

2. Working Capital, Contingent Liabilities, Material Capital Commitments, Indebtedness and Material Litigation**(i) Working Capital**

The Directors are of the opinion that, after taking into account the cashflow position of the Kurnia Group and the gross proceeds from the Non-Renounceable Rights Issue, the Kurnia Group will have sufficient working capital for the period of twelve (12) months from the date of this Prospectus.

(ii) Indebtedness

As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the Kurnia Group has no outstanding bank borrowings or overdraft.

IX. FINANCIAL INFORMATION (CONT'D)

(iii) Contingent Liabilities

As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, there are no contingent liabilities which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Kurnia Group.

(iv) Material Capital Commitments

As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, there are no material capital commitments contracted or known to be contracted which, upon becoming enforceable, may have a material impact on the profit or net assets value of the Kurnia Group.

(v) Material Litigation

As at 21 December 2004, being the latest practicable date prior to the issuance of this Prospectus, the Company and its subsidiary are not engaged in any material litigation and/or arbitration, either as plaintiff or defendant and the Directors of the Company do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of KAB and its subsidiary.

3. Trade Receivables and Provision for Doubtful Debts as at 30 June 2004

Based on the proforma audited consolidated balance sheets of KAB as at 30 June 2004, total trade receivables of the Kurnia Group amounted to RM122.907 million. Included in the trade receivables are mainly amounts due from brokers, co-insurers and reinsurers/ceding companies relating to outstanding premium as well as claim recoveries.

Based on the normal practice/trend of general insurance industry, settlement of such trade receivables generally requires a longer period.

As at 30 June 2004, RM62.028 million out of the total trade receivables of RM122.907 million have fallen overdue for more than six (6) months.

Pursuant to the Insurance Regulations 1996, sub-regulations 19(3) and 20(2), a licensed insurer shall provide for all balances which are outstanding for more than six (6) months as doubtful debts.

To comply with this requirement, the total of RM62.028 million (being overdue for more than six (6) months) has been provided for as doubtful debts as at 30 June 2004. Such provisions for doubtful debts are relatively minor in proportion to the annual gross premium underwritten by the Kurnia Group.

Notwithstanding the above, the Directors of the Group are of the opinion that the total trade receivables of RM122.907 million as at 30 June 2004 are substantially recoverable.

IX. FINANCIAL INFORMATION(CONT'D)**4. Consolidated Profit Forecast**

The Directors of KAB forecast that, in the absence of unforeseen circumstances, the consolidated profit before and after taxation for the financial year ending 30 June 2005 will be as follows:

	RM 000
Operating revenue	1,206,228
Consolidated PBT	216,022
Less: Taxation	(62,949)
Consolidated PAT	153,073
Less: Pre-acquisition profit ¹	(51,075)
Consolidated PAT attributable to shareholders	101,998
Net EPS (sen)	
- Based on weighted average number of KAB Shares	10.28 ²
- Based on the entire issued and paid-up share capital	10.20 ³
Net PE Multiple (based on the Retail Price) (times)	
- Based on weighted average number of KAB Shares	9.73 ²
- Based on the entire issued and paid-up share capital	9.80 ³

Notes:

¹ Based on the unaudited management accounts results of KIMB for the period from 1 July 2004 to 31 October 2004.

² Based on the consolidated PAT attributable to shareholders divided by the weighted average number of KAB Shares after taking into account the completion of share split on 2 August 2004, Acquisition of KIMB on 5 November 2004 as well as Non-Renounceable Rights Issue on 6 November 2004 and 17 November 2004.

³ Based on the consolidated PAT divided by the entire issued and paid-up share capital.

The consolidated profit forecast has been prepared on bases and accounting principles consistent with those previously adopted and disclosed by KAB and KIMB in their respective audited financial statements.

The principal assumptions upon which the above consolidated profit forecast have been made are set out in the Reporting Accountants' Letter on the Consolidated Profit Forecast set out in Section IX(6) of this Prospectus.

5. Directors' Analysis and Commentary on the Consolidated Profit Forecast

For the year ending 30 June 2005, the Kurnia Group is forecasted to achieve a consolidated PBT and PAT of RM216.0 million and RM153.1 million respectively, on the back of the Group's forecast gross premium of RM1.15 billion.

The Directors of KAB have reviewed and analysed the bases and assumptions used in arriving at the consolidated profit forecast of the Kurnia Group for the financial year ending 30 June 2005 and are of the opinion that the consolidated profit forecast is fair and reasonable in light of the future prospects of the insurance industry in which it operates and the competitive strengths as well as the future plans and business strategies of the Kurnia Group (as set out in Section V(7) of this Prospectus) and after taking into consideration the forecast gearing level, liquidity and working capital requirements of the Group.

IX. FINANCIAL INFORMATION(CONT'D)

6. Reporting Accountants' Letter on the Consolidated Profit Forecast



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Selangor Darul Ehsan

24 December 2004

Dear Sirs

Reporting accountants' letter on the consolidated profit forecast for the year ending 30 June 2005

We have reviewed the consolidated profit forecast of Kurnia Asia Berhad ("KAB") and its subsidiary ("Kurnia Group") for the year ending 30 June 2005 as set out in the accompanying statement (which we have stamped for the purpose of identification) in accordance with the Standard on Auditing (ISA 810) applicable to the review of forecasts. The consolidated profit forecast has been prepared for inclusion in the Prospectus to be dated 30 December 2004 in connection with the following and should not be relied on for any other purposes.

- i. Share split by KAB to split every one (1) ordinary share of RM1.00 each in KAB into four (4) ordinary shares of RM0.25 each in KAB;
- ii. Acquisition by KAB of the entire issued and paid up share capital of Kurnia Insurans (Malaysia) Berhad ("KIMB") comprising of 200,000,000 ordinary shares of RM1.00 each (after the payment of a net final dividend by KIMB in respect of financial year ended 30 June 2004 amounting to RM75 million) for a purchase consideration of RM328,007,000, fully satisfied by the issuance of 1,312,028,000 new ordinary shares of RM0.25 each at par in KAB;
- iii. Non-renounceable rights issue of 187,971,992 new ordinary shares of RM0.25 each at an issue price of RM0.33 per ordinary share to the shareholders of KAB;
- iv. Reduction of the enlarged issued and paid up share capital of Kurnia Damai Sdn. Bhd. ("KDSB"), the shareholder of KAB, for the purpose of distributing a total of 1,499,999,258 ordinary shares of RM0.25 each in KAB to KDSB's shareholders;

IX. FINANCIAL INFORMATION (CONT'D)



- v. Offer for sale of 543,000,000 ordinary shares of RM0.25 each at an offer price of RM1.00 each to eligible Directors in Malaysia, employees and registered agents of the Kurnia Group, the Malaysian public investors, Bumiputra investors approved by the Ministry of Finance, and institutional as well as identified investors; and
- vi. Listing of and quotation for the entire enlarged issued and paid up share capital of KAB comprising 1,500,000,000 ordinary shares of RM0.25 each on the Main Board of the Bursa Malaysia Securities Berhad.

Our review has been undertaken to enable us to form an opinion as to whether the consolidated profit forecast is, in all material respects, properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by KAB and KIMB in their audited financial statements for the year ended 30 June 2004. The Directors of KAB are solely responsible for the preparation and presentation of consolidated profit forecast and the assumptions on which the consolidated profit forecast is based.

Forecast, in this context, means prospective financial information prepared on the basis of assumptions as to future events which management expects to take place and the actions which management expects to take as of the date the information is prepared (best-estimate assumptions). While information may be available to support the assumptions on which a forecast is based, such information is generally future oriented and therefore uncertain. Thus, actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation could be material.

Subject to the matter stated in the preceding paragraph:-

- (i) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statement, do not provide a reasonable basis for the preparation of the consolidated profit forecast; and
- (ii) in our opinion, the consolidated profit forecast, so far as the calculations are concerned, is properly prepared on the basis of the assumptions made by the Directors and is presented on a basis consistent with the accounting policies adopted and disclosed by KAB and KIMB in their audited financial statements for the year ended 30 June 2004.

Yours faithfully

KPMG

Firm Number: AF 0758
Chartered Accountants

Khaw Hock Hoe

Partner

Approval Number: 2229/04/06(J)

IX. FINANCIAL INFORMATION (CONT'D)**KURNIA ASIA BERHAD
AND ITS SUBSIDIARY****CONSOLIDATED PROFIT FORECAST
FOR THE YEAR ENDING 30 JUNE 2005**

Barring unforeseen circumstances and based on the principal bases and assumptions set out below, the Board of Directors of KAB forecast that the consolidated profit after taxation for the financial year ending 30 June 2005 will be as follows:

	RM'000
Consolidated profit after taxation but before pre-acquisition profit	153,073
Less: Pre-acquisition profit ¹	<u>(51,075)</u>
Consolidated profit after taxation and pre-acquisition profit	<u>101,998</u>
Weighted average number of ordinary shares of RM0.25 each in issue ('000 units) ²	992,168
Net earnings per share (sen) ³	10.28

Notes:

- This represents the unaudited management accounts results of KIMB for the four months period ended 31 October 2004. The effective acquisition of KIMB by KAB was on 5 November 2004.*
- The weighted average number of ordinary shares in issue is calculated taking into consideration of the share split, acquisition of KIMB by KAB and non-renounceable rights issue, which were all completed by 17 November 2004.*
- Computed based on the consolidated profit after taxation and pre-acquisition profit divided by the weighted average number of ordinary shares of RM0.25 each in issue.*



IX. FINANCIAL INFORMATION (CONT'D)

The principal bases and assumptions upon which the above consolidated profit forecast have been made are as follows:

1. The Kurnia Group will achieve the forecast gross premium income which is expected to grow by 9% compared to year ended 30 June 2004.
2. There will be no significant change in the rate of return on investments which will adversely affect the Kurnia Group. The Kurnia Group forecasts a gain on sale of quoted investment currently owned amounting to RM25 million.
3. There will be no significant changes in the present legislation or regulations, tariff rates, commission rates, levies and taxes affecting the Kurnia Group.
4. There will be no conditions which will adversely affect claims against the Kurnia Group and the claims ratio of the Kurnia Group will not materially deviate from the ratio currently experienced by the Kurnia Group.
5. There will be no significant change in existing arrangements and reinsurer's terms which would affect the Kurnia Group.
6. There will be no significant changes in the prevailing economic and political conditions that will adversely affect the activities and performance of the Kurnia Group.
7. There will be no significant changes in the present legislation and governmental regulations which will adversely affect the operations of the Kurnia Group or the markets in which it operates.
8. There will be no changes in the accounting policies presently adopted by the Kurnia Group.
9. Interest and inflation rates will not change materially from its current levels.
10. The Kurnia Group's premium retention policy/level will not change materially.
11. There will be no significant changes in the principal activities, composition and structure of the Kurnia Group.
12. There will be no significant changes in the existing senior management and existing accounting, management and operational policies which will adversely affect the Kurnia Group.
13. There will be no industrial disputes or any other abnormal factors or changes that will significantly affect the Kurnia Group's operations or disrupt its planned operations.
14. Capital expenditure will be incurred as planned.



IX. FINANCIAL INFORMATION(CONT'D)**7. Dividend Forecast**

It is the policy of the Directors of KAB in recommending dividends to allow shareholders to participate in the profits of the Company as well as leaving adequate reserves for future growth of the Group.

In determining the size of any dividend recommendation, the Directors will take into account a number of factors, including its financial results, cashflow requirements, availability of distributable reserves and tax credits, future expansion plans, compliance with regulatory requirements and other factors deemed relevant by the Directors.

It is the intention of the Directors of KAB, subject to the above-mentioned considerations, to distribute a significant portion (40% to 60%) of its annual profit after taxation, to its shareholders by way of dividend.

The Directors of KAB expect to declare a net dividend of 4.00 sen per KAB Share for the financial year ending 30 June 2005 and the intended appropriation from the forecast consolidated PAT of the Group for the financial year ending 30 June 2005 is as follows:

Financial Year Ending 30 June 2005	RM 000
Consolidated PBT	216,022
Taxation	<u>(62,949)</u>
Consolidated PAT	153,073
Less: Pre-acquisition profit ¹	<u>(51,075)</u>
Consolidated PAT attributable to shareholders	101,998
Less: Proposed dividend of 4.00 sen per KAB Share	<u>(60,000)</u>
Unappropriated profits	<u>41,998</u>
Gross dividend per KAB Share ² (sen)	5.56
Gross dividend yield based on the Retail Price (%)	5.56
Net dividend per share ² (sen)	4.00
Net dividend yield based on the Retail Price (%)	4.00
Net dividend cover ³ (times)	1.70

Notes:

¹ Based on the unaudited management accounts results of KIMB for the period from 1 July 2004 to 31 October 2004.

² Based on the issued and paid-up share capital of 1,500,000,000 KAB Shares after the Restructuring and Listing Scheme.

³ Computed based on the consolidated PAT attributable to shareholders divided by the net dividend.

IX. FINANCIAL INFORMATION(CONT'D)**8. Sensitivity Analysis**

The principal bases and assumptions which have been varied for the purpose of the sensitivity analysis on the Group's forecast consolidated PAT are as follows:

- (a) Revenue, in terms of gross premium as well as investment and other income will vary +/- 5% and 10%;
- (b) Net claims incurred and management expenses will vary +/- 5% and 10%; and
- (c) Except for the selected variable items, the same assumptions for the other items as for the base case shall apply.

The following scenarios attempt to show the impact on the forecast consolidated PAT resulting from changes in revenue as well as claims incurred and management expenses.

(i) Variation in Revenue

A sensitivity analysis on KAB's forecasted PAT for the financial year ending 30 June 2005 based on a deviation of 5% to 10% on KAB's gross premium as well as investment and other income for the financial year is set out below:

	PAT (RM 000)	PAT (%)
Gross premium forecast	153,073	-
Deviation		
Up 10%	161,372	5.4
Up 5%	157,221	2.7
Down 5%	148,920	(2.7)
Down 10%	144,768	(5.4)

All other factors remain equal, an increase in gross premium by 5% and 10% will result in an increase in PAT by 2.7% and 5.4% respectively and similarly a decrease in gross premium by 5% and 10% will result in a decrease in the PAT by 2.7% and 5.4% respectively.

	PAT (RM 000)	PAT (%)
Investment & other income forecast	153,073	-
Deviation		
Up 10%	158,752	3.7
Up 5%	155,913	1.9
Down 5%	150,233	(1.9)
Down 10%	147,394	(3.7)

All other factors remain equal, an increase in investment and other income by 5% and 10% will result in an increase in PAT by 1.9% and 3.7% respectively and similarly a decrease in investment and other income by 5% and 10% will result in a decrease in the PAT by 1.9% and 3.7% respectively.

IX. FINANCIAL INFORMATION(CONT'D)**(ii) Variation in Expenses**

A sensitivity analysis on KAB's forecasted PAT for the financial year ending 30 June 2005 based on a deviation of 5% to 10% on KAB's net claims incurred as well as management expense for the financial year is set out below:

	PAT (RM 000)	PAT (%)
Net claims incurred forecast	153,073	-
Deviation		
Up 10%	109,824	(28.3)
Up 5%	131,448	(14.1)
Down 5%	174,696	14.1
Down 10%	196,320	28.3

All other factors remain equal, an increase in net claims incurred by 5% and 10% will result in a decrease in PAT by 14.1% and 28.3% respectively and similarly a decrease in net claims incurred by 5% and 10% will result in an increase in the PAT by 14.1% and 28.3% respectively.

	PAT (RM 000)	PAT (%)
Management expense forecast	153,073	-
Deviation		
Up 10%	140,108	(8.5)
Up 5%	146,593	(4.2)
Down 5%	159,556	4.2
Down 10%	166,039	8.5

All other factors remain equal, an increase in management expense by 5% and 10% will result in a decrease in PAT by 4.2% and 8.5% respectively and similarly a decrease in management expense by 5% and 10% will result in an increase in the PAT by 4.2% and 8.5% respectively.

The Directors of KAB have reviewed and analysed the bases and assumptions used upon which the sensitivity analysis of the Group's profit forecast has been made and are of the opinion that the sensitivity analysis is fair and reasonable. Importantly, the sensitivity analysis shows that the Group will still remain profitable over the forecast period despite a decrease in revenue by up to 10% or an increase in claims incurred or management expenses by up to 10%.

IX. FINANCIAL INFORMATION(CONT'D)**9. Proforma Consolidated Balance Sheets**

The proforma consolidated balance sheets of KAB as at 30 June 2004 as set out below are provided for illustrative purposes only to show the effects of the Restructuring Exercise, on the assumption that these transactions were completed on 30 June 2004 and are prepared on the basis consistent with the accounting policies adopted by the Kurnia Group:

	Audited as at 30.06.2004 RM 000	Proforma I After Share Split and Acquisition of KIMB RM 000	Proforma II After Proforma I and Non- Renounceable Rights Issue RM 000
Assets			
Property and equipment	-	241,394	241,394
Investments	-	1,206,564	1,206,564
Loans	-	19,525	19,525
Receivables	-	79,515	79,515
Tax recoverable	-	10,136	10,136
Cash and bank balances	.	34,336	94,367
Total assets	.	1,591,470	1,651,501
Liabilities			
Provision for outstanding claims	-	749,592	749,592
Payables	5	63,862	63,862
Staff retirement benefits	-	8,040	8,040
Deferred tax liability	-	5,730	5,730
Total liabilities	5	827,224	827,224
Insurance reserves			
Unearned premium reserves	-	426,488	426,488
Shareholders' equity			
Share capital	.	328,007	375,000
Share premium	-	-	13,038
Reserves	(5)	(5)	(5)
	(5)	328,002	388,033
Negative goodwill			
	-	9,756	9,756
Total liabilities and Shareholders' equity			
	.	1,591,470	1,651,501
Net tangible (liabilities)/assets per KAB Share (RM)	(2,720)	0.26	0.27
Number of KAB Shares in issue (000)	0.002**	1,312,028	1,500,000

Notes:

* Represents RM2.00.

** Represents two (2) ordinary shares of RM1.00 each in KAB before implementation of the share split.

The principal assumptions upon which the above proforma consolidated balance sheets have been made are set out in Reporting Accountants' Letter on the Consolidated Proforma Balance Sheets set in Section IX(10) of this Prospectus.

IX. FINANCIAL INFORMATION (CONT'D)

10. Reporting Accountants' Letter on the Proforma Consolidated Balance Sheets



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Selangor Darul Ehsan

24 December 2004

Dear Sirs

Reporting accountants' letter on the proforma consolidated balance sheets as at 30 June 2004

We have reviewed the presentation of the proforma consolidated balance sheets of Kurnia Asia Berhad ("KAB") and its subsidiary ("Kurnia Group") as at 30 June 2004, which have been prepared for illustrative purposes only, for which the Directors are solely responsible, as set out in the accompanying statement (which we have stamped for the purpose of identification), for inclusion in the Prospectus to be dated 30 December 2004 in connection with the following and should not be relied on for any other purposes.

- i. Share split by KAB to split every one (1) ordinary share of RM1.00 each in KAB into four (4) ordinary shares of RM0.25 each in KAB;
- ii. Acquisition by KAB of the entire issued and paid up share capital of Kurnia Insurans (Malaysia) Berhad ("KIMB") comprising of 200,000,000 ordinary shares of RM1.00 each (after the payment of a net final dividend by KIMB in respect of financial year ended 30 June 2004 amounting to RM75 million) for a purchase consideration of RM328,007,000, fully satisfied by the issuance of 1,312,028,000 new ordinary shares of RM0.25 each at par in KAB;
- iii. Non-renounceable rights issue of 187,971,992 new ordinary shares of RM0.25 each at an issue price of RM0.33 per ordinary share to the shareholders of KAB;
- iv. Reduction of the enlarged issued and paid up share capital of Kurnia Damai Sdn. Bhd. ("KDSB"), the shareholder of KAB, for the purpose of distributing a total of 1,499,999,258 ordinary shares of RM0.25 each in KAB to KDSB's shareholders;
- v. Offer for sale of 543,000,000 ordinary shares of RM0.25 each at an offer price of RM1.00 each to eligible Directors, employees and registered agents of the Kurnia Group in Malaysia, the Malaysian public investors, Bumiputra investors approved by the Ministry of Finance and institutional as well as identified investors; and

IX. FINANCIAL INFORMATION (CONT'D)

- vi. Listing of and quotation for the entire enlarged issued and paid up share capital of KAB comprising 1,500,000,000 ordinary shares of RM0.25 each on the Main Board of Bursa Malaysia Securities Berhad.

In our opinion,

- the proforma consolidated balance sheets have been properly compiled on the basis of preparation stated;
- such basis is consistent with the accounting policies of the Kurnia Group and
- the adjustments are appropriate for the purposes of the proforma consolidated balance sheets.

Yours faithfully



KPMG

Firm Number: AF 0758
Chartered Accountants



Khaw Hock Hoe

Partner

Approval Number: 2229/04/06(J)

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IX. FINANCIAL INFORMATION (CONT'D)

KURNIA ASIA BERHAD
AND ITS SUBSIDIARYPROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2004

	Note	Audited as at 30.06.2004	Proforma I After Share Split and Acquisition of KIMB	Proforma II After Proforma I and Non- Renounceable Rights Issue
		RM'000	RM'000	RM'000
Assets				
Property and equipment		-	241,394	241,394
Investments		-	1,206,564	1,206,564
Loans		-	19,525	19,525
Receivables		-	79,515	79,515
Tax recoverable		-	10,136	10,136
Cash and bank balances	5	*	34,336	94,367
Total assets		*	1,591,470	1,651,501
Liabilities				
Provision for outstanding claims		-	749,592	749,592
Payables	5	63,862	63,862	63,862
Staff retirement benefits		-	8,040	8,040
Deferred tax liability		-	5,730	5,730
Total liabilities		5	827,224	827,224
Insurance reserves				
Unearned premium reserves		-	426,488	426,488
Shareholders' equity				
Share capital	6	*	328,007	375,000
Share premium	7	-	-	13,038
Reserves		(5)	(5)	(5)
		(5)	328,002	388,033
Negative goodwill	8	-	9,756	9,756
Total liabilities and shareholders' equity		*	1,591,470	1,651,501
Net tangible (liabilities)/ assets per share (RM)		(2,720)	0.26	0.27
Number of shares in issue ('000)		0.002	1,312,028	1,500,000

* Represents RM2.00.



IX. FINANCIAL INFORMATION (CONT'D)

**KURNIA ASIA BERHAD
AND ITS SUBSIDIARY**

**NOTES TO THE PROFORMA CONSOLIDATED BALANCE SHEETS
AS AT 30 JUNE 2004**

1. The Proforma Consolidated Balance Sheets of the Kurnia Group are prepared based on the audited financial statements of KIMB and KAB as at 30 June 2004.
2. The Proforma Consolidated Balance Sheets of the Kurnia Group have been prepared using accounting principles and bases consistent with those previously adopted in the preparation of audited financial statements. The acquisition of the subsidiary company is accounted for using the acquisition method of accounting.
3. The final dividend recommended by the Directors of KIMB in respect of the financial year ended 30 June 2004 of approximately 52.08% less tax amounting to RM75 million to the shareholders of KIMB has been incorporated into the Proforma Consolidated Balance Sheets as the said final dividend was declared from the profit arising from the financial year ended 30 June 2004 and before the proposed acquisition of KIMB by KAB.
4. The Proforma Consolidated Balance Sheets are for illustrative purposes only to incorporate the following transactions as though they were effected on 30 June 2004.

Proforma I

Proforma I incorporates the effect of the following:

- Share split by KAB of every one (1) ordinary share of RM1.00 each in KAB into four (4) ordinary shares of RM0.25 each in KAB;
- Acquisition by KAB of the entire issued and paid up share capital of KIMB comprising of 200,000,000 ordinary shares of RM1.00 each (after the payment of the final dividend by KIMB amounting to RM75 million as explained in Note 3 above) for a purchase consideration of RM328,007,000 to be fully satisfied by the issuance of 1,312,028,000 new ordinary shares of RM0.25 each at par in KAB.

Proforma II

Proforma II incorporates the effect of Proforma I and the following:

- Non-renounceable rights issue of 187,971,992 new ordinary shares of RM0.25 each at an issue price of RM0.33 per ordinary share to the shareholders of KAB.



IX. FINANCIAL INFORMATION (CONT'D)

5. Movement in cash and bank balances:

	<i>RM'000</i>
Balance at 30 June 2004	*
Proforma I – Acquisition of KIMB	34,336
Proforma II - Proceeds from non-renounceable rights issue	62,031
Less: Estimated listing expenses	(2,000)
Balance after Proformas I and II	<u>94,367</u>

* Represents RM2.00

6. Movement in share capital account:

	<i>RM'000</i>
Balance at 30 June 2004	*
Proforma I – Acquisition of KIMB	328,007
Proforma II - From non-renounceable rights issue	46,993
Balance after Proformas I and II	<u>375,000</u>

* Issued and paid-up share capital of KAB of RM2, representing 8 ordinary shares of RM0.25 each after the implementation of the share split

7. Movement in share premium account:

	<i>RM'000</i>
Balance at 30 June 2004	-
Proforma I – Acquisition of KIMB	-
Proforma II – From non-renounceable rights issue	15,038
Less: Estimated listing expenses	(2,000)
Balance after Proformas I and II	<u>13,038</u>



IX. FINANCIAL INFORMATION (CONT'D)

8. Negative goodwill:

	<i>RM'000</i>
Audited net tangible assets of KIMB as at 30 June 2004	412,763
Less: Proforma adjustment to reflect payment of the net final dividend declared in respect of financial year ended 30 June 2004	(75,000)
	<hr/> 337,763
Less: Purchase consideration via issuance of ordinary shares of KAB	(328,007)
Negative goodwill	<hr/> 9,756



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