

KURNIA ASIA BERHAD (539435-K)
(Incorporated in Malaysia)

Quarterly Report On Consolidated Results
For The 1st Quarter Ended 30 September 2008

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

| | Individual Quarter | | Cumulative Quarter | |
|---|---------------------------------------|---|---------------------------------------|---|
| | Current Year 30-Sep-2008 RM'000 | Preceding Year 30-Sep-2007 RM'000 | Current Year 30-Sep-2008 RM'000 | Preceding Year 30-Sep-2007 RM'000 |
| Revenue | 304,495 | 290,751 | 304,495 | 290,751 |
| (Deficit) / Surplus from General Insurance Revenue account | (9,466) | 21,383 | (9,466) | 21,383 |
| Investment income | - | 340 | - | 340 |
| Management expense | (2,976) | (664) | (2,976) | (664) |
| Other expense - Net | (47) | (328) | (47) | (328) |
| Operating (loss) / profit | (12,489) | 20,731 | (12,489) | 20,731 |
| Interest income | 409 | 187 | 409 | 187 |
| (Loss) / Profit before taxation | (12,080) | 20,918 | (12,080) | 20,918 |
| Taxation | (28) | (6,567) | (28) | (6,567) |
| Net (loss) / profit | (12,108) | 14,351 | (12,108) | 14,351 |
| (Loss) / Earnings per share (sen) - Basic | (0.81) | 0.96 | (0.81) | 0.96 |

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008

KURNIA ASIA BERHAD (539435-K)

(Incorporated in Malaysia)

Quarterly Report On Consolidated Results
For The 1st Quarter Ended 30 September 2008
 (The figures have not been audited)

CONDENSED GENERAL INSURANCE REVENUE ACCOUNTS

| | Individual Quarter Ended | | | | | | | | | |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Fire | | Motor | | Marine, Aviation & Transit | | Miscellaneous | | Total | |
| | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 |
| Gross Premium | 7,947 | 9,116 | 236,223 | 238,241 | 6,635 | 3,058 | 31,746 | 18,109 | 282,551 | 268,524 |
| Less: Reinsurance | (3,795) | (5,001) | (11,691) | (11,802) | (4,746) | (1,790) | (8,339) | (5,807) | (28,571) | (24,400) |
| Net Premium | 4,152 | 4,115 | 224,532 | 226,439 | 1,889 | 1,268 | 23,407 | 12,302 | 253,980 | 244,124 |
| UPR Decrease | (1,092) | 237 | 3,168 | 10,145 | (116) | 95 | (1,894) | 226 | 66 | 10,703 |
| Earned Premium | 3,060 | 4,352 | 227,700 | 236,584 | 1,773 | 1,363 | 21,513 | 12,528 | 254,046 | 254,827 |
| Commission (Net) | (246) | (380) | (21,290) | (22,365) | (61) | (86) | (4,071) | (1,858) | (25,668) | (24,689) |
| Net Claims Incurred | (2,132) | (2,272) | (162,423) | (182,487) | (1,855) | (627) | (6,456) | (6,789) | (172,866) | (192,175) |
| Underwriting surplus before management expense | 682 | 1,700 | 43,987 | 31,732 | (143) | 650 | 10,986 | 3,881 | 55,512 | 37,963 |
| Management expense | | | | | | | | | (52,842) | (51,441) |
| Underwriting surplus/ (deficit) | | | | | | | | | 2,670 | (13,478) |
| Investment income | | | | | | | | | 21,535 | 21,700 |
| Other (expense) /income - net | | | | | | | | | (29,523) | 13,161 |
| Finance expense | | | | | | | | | (4,148) | - |
| (Deficit) / Surplus transferred to Condensed Consolidated Income Statement | | | | | | | | | (9,466) | 21,383 |

| | Cumulative Quarter Ended | | | | | | | | | |
|--|--------------------------|----------------------|----------------------|----------------------|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Fire | | Motor | | Marine, Aviation & Transit | | Miscellaneous | | Total | |
| | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 | 30/09/2008 RM'000 | 30/09/2007 RM'000 |
| Gross Premium | 7,947 | 9,116 | 236,223 | 238,241 | 6,635 | 3,058 | 31,746 | 18,109 | 282,551 | 268,524 |
| Less: Reinsurance | (3,795) | (5,001) | (11,691) | (11,802) | (4,746) | (1,790) | (8,339) | (5,807) | (28,571) | (24,400) |
| Net Premium | 4,152 | 4,115 | 224,532 | 226,439 | 1,889 | 1,268 | 23,407 | 12,302 | 253,980 | 244,124 |
| UPR Decrease | (1,092) | 237 | 3,168 | 10,145 | (116) | 95 | (1,894) | 226 | 66 | 10,703 |
| Earned Premium | 3,060 | 4,352 | 227,700 | 236,584 | 1,773 | 1,363 | 21,513 | 12,528 | 254,046 | 254,827 |
| Commission (Net) | (246) | (380) | (21,290) | (22,365) | (61) | (86) | (4,071) | (1,858) | (25,668) | (24,689) |
| Net Claims Incurred | (2,132) | (2,272) | (162,423) | (182,487) | (1,855) | (627) | (6,456) | (6,789) | (172,866) | (192,175) |
| Underwriting surplus before management expense | 682 | 1,700 | 43,987 | 31,732 | (143) | 650 | 10,986 | 3,881 | 55,512 | 37,963 |
| Management expense | | | | | | | | | (52,842) | (51,441) |
| Underwriting surplus / (deficit) | | | | | | | | | 2,670 | (13,478) |
| Investment income | | | | | | | | | 21,535 | 21,700 |
| Other (exepnse) / income - net | | | | | | | | | (29,523) | 13,161 |
| Finance expense | | | | | | | | | (4,148) | - |
| (Deficit) / Surplus transferred to Condensed Consolidated Income Statement | | | | | | | | | (9,466) | 21,383 |

The Condensed Consolidated General Insurance Revenue Accounts should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008

KURNIA ASIA BERHAD (539435-K)
(Incorporated in Malaysia)

Quarterly Report On Consolidated Results
For The 1st Quarter Ended 30 September 2008
(The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEETS

| | As At 30-Sep-2008 RM'000 | (Audited) As At 30-Jun-2008 RM'000 |
|---|---|---|
| <u>Assets</u> | | |
| Property and equipment | 197,108 | 201,678 |
| Goodwill | 11,367 | 11,362 |
| Prepaid lease payment | 31,585 | 31,585 |
| Investment property | 7,500 | 7,500 |
| Investments | 1,920,544 | 1,625,235 |
| Deferred tax assets | 532 | 516 |
| Loans (secured) | 14,417 | 13,877 |
| Receivables | 84,149 | 93,778 |
| Current tax assets | 39,889 | 34,066 |
| Cash and cash equivalents | 111,047 | 95,692 |
| Total assets | <u>2,418,138</u> | <u>2,115,289</u> |
| <u>Liabilities</u> | | |
| Provision for outstanding claims | 1,345,055 | 1,433,136 |
| Payables and accruals | 66,514 | 64,282 |
| Current tax liabilities | 262 | 248 |
| Retirement benefits | 17,800 | 17,448 |
| Deferred tax liabilities | - | - |
| Term loan | 400,000 | - |
| | <u>1,829,631</u> | <u>1,515,114</u> |
| <u>Insurance reserve</u> | | |
| Unearned premium reserve | 448,334 | 448,178 |
| <u>Shareholders' equity</u> | | |
| Share capital | 375,000 | 375,000 |
| Reserves | (234,827) | (223,003) |
| Shareholders' equity | <u>140,173</u> | <u>151,997</u> |
| Total liabilities and shareholders' equity | <u>2,418,138</u> | <u>2,115,289</u> |
| Net Assets Value per ordinary share of RM0.25 each (SEN) | <u>9.42</u> | <u>10.21</u> |

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008

KURNIA ASIA BERHAD (539435-K)*(Incorporated in Malaysia)***Quarterly Report On Consolidated Results
For The 1st Quarter Ended 30 September 2008***(The figures have not been audited)***CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

| | Share Capital RM '000 | Share Premium RM '000 | Translation Reserve RM '000 | Distributable Retained profit RM '000 | Total RM '000 |
|--|-----------------------------|-----------------------------|-----------------------------------|---|------------------|
| <u>3 Months Ended 30/09/2008</u> | | | | | |
| Balance at 30 June 2008 | 375,000 | 607 | 189 | (223,799) | 151,997 |
| Net loss for the period | - | - | - | (12,108) | (12,108) |
| Foreign exchange translation differences | - | - | 284 | - | 284 |
| Balance as at 30 September 2008 | 375,000 | 607 | 473 | (235,907) | 140,173 |
| <u>3 Months Ended 30/09/2007</u> | | | | | |
| Balance at 30 June 2007 | 375,000 | 12,578 | (602) | 77,990 | 464,966 |
| Net profit for the period | - | - | - | 14,351 | 14,351 |
| Treasury shares | - | (11,971) | - | - | (11,971) |
| Foreign exchange translation differences | - | - | 151 | - | 151 |
| Balance as at 30 September 2007 | 375,000 | 607 | (451) | 92,341 | 467,497 |
| | | | | | |

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Reports for the year ended 30 June 2008

KURNIA ASIA BERHAD (539435-K)
(Incorporated in Malaysia)

Quarterly Report On Consolidated Results
For The 1st Quarter Ended 30 September 2008
(The figures have not been audited)

| CONDENSED CONSOLIDATED CASH FLOW STATEMENTS | | |
|---|---------------------|--------------------|
| | Year-To-Date | |
| | 30-Sep-2008 | 30-Sep-2007 |
| | RM'000 | RM'000 |
| <u>Cash flow from operating activities:</u> | | |
| (Loss) / Profit before tax | (12,080) | 20,918 |
| Adjustment for: | | |
| Depreciation on property & equipment and amortisation of prepaid lease | 6,032 | 4,883 |
| Decrease in unearned premium reserve | (66) | (10,704) |
| Investment income | (21,127) | (22,056) |
| Loss /(Gain) on disposal of investment | 3,631 | (13,724) |
| Loss on disposal of fixed assets/ fixed asset written off | 174 | 8 |
| Provision for diminution in value of investment | 26,107 | 645 |
| Allowance for doubtful debt / bad debt recovery | 244 | (81) |
| Provision for retirement benefits | 1,215 | 643 |
| Profit /(Loss) from operations before changes on operating assets and liabilities | 4,130 | (19,468) |
| Purchase of investments & fixed and called deposits | (379,722) | (169,665) |
| Proceeds from redemption and disposal of investments | 64,015 | 141,974 |
| Increase /(Decrease) in loans | (538) | 436 |
| Decrease in receivables | 4,402 | 14,218 |
| (Decrease) / Increase in outstanding claims | (88,193) | 26,568 |
| Increase / (Decrease) in payables | 1,493 | (2,252) |
| Cash used in operating activities | (394,413) | (8,189) |
| Tax paid | (5,845) | (11,235) |
| Investment income received: | | |
| Dividend | 5,801 | 5,848 |
| Interest | 11,847 | 12,073 |
| Retirement benefits paid | (864) | (111) |
| Net cash used in operating activities | (383,474) | (1,614) |
| <u>Investing activities</u> | | |
| Purchase of property and equipment | (1,601) | (4,320) |
| Placement in quoted securities | - | (155) |
| Acquisition of subsidiary, net of cash acquired | - | - |
| Others | 267 | 205 |
| Net cash used in investing activities | (1,334) | (4,270) |
| <u>Financing activity</u> | | |
| Repurchase of treasury shares | - | (11,971) |
| Drawdown of term loan | 400,000 | - |
| Net cash generated from /(used in) financing activity | 400,000 | (11,971) |
| Net decrease in cash and bank balances | 15,192 | (17,855) |
| Effect of exchange rate changes on cash & cash equivalent | 163 | (30) |
| Cash and bank balances at beginning of period | 95,692 | 70,104 |
| Cash and bank balances at end of period | 111,047 | 52,219 |

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2008