

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

Quarterly Report On Consolidated Results
For The 2nd Quarter Ended 31 December 2008
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current Year 31-Dec-2008 RM'000	Preceding Year 31-Dec-2007 RM'000	Current Year 31-Dec-2008 RM'000	Preceding Year 31-Dec-2007 RM'000
Revenue	287,945	302,312	592,440	593,063
(Deficit) / Surplus from General Insurance Revenue account	8,379	19,459	(1,087)	40,842
Investment income	-	307	-	647
Management expense	(2,640)	(1,480)	(4,853)	(2,144)
Other expense - Net	(270)	(22)	(317)	(350)
Finance expense	(5,751)	-	(6,514)	-
Operating (loss) / profit	(282)	18,264	(12,771)	38,995
Interest income	398	140	807	327
(Loss) / Profit before taxation	116	18,404	(11,964)	39,322
Taxation	(4)	(6,035)	(32)	(12,602)
Net (loss) / profit	112	12,369	(11,996)	26,720
(Loss) / Earnings per share (sen) - Basic	0.01	0.83	(0.81)	1.79

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 2nd Quarter Ended 31 December 2008**
(The figures have not been audited)

CONDENSED GENERAL INSURANCE REVENUE ACCOUNTS

	Individual Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Gross Premium	7,816	6,712	217,266	243,960	1,088	4,299	40,099	27,056	266,269	282,027
Less: Reinsurance	(6,072)	(3,708)	(10,412)	(12,180)	(4,475)	(2,794)	(13,252)	(7,870)	(34,211)	(26,552)
Net Premium	1,744	3,004	206,854	231,780	(3,387)	1,505	26,847	19,186	232,058	255,475
UPR Decrease	40	437	20,178	3,833	(75)	(26)	561	(5,825)	20,704	(1,581)
Earned Premium	1,784	3,441	227,032	235,613	(3,462)	1,479	27,408	13,361	252,762	253,894
Commission (Net)	869	(156)	(19,874)	(20,634)	(917)	(94)	(3,543)	(2,283)	(23,465)	(23,167)
Net Claims Incurred	(3,275)	(335)	(164,417)	(187,137)	2,680	(542)	(7,285)	(6,174)	(172,297)	(194,188)
Underwriting surplus before management expense	(622)	2,950	42,741	27,842	(1,699)	843	16,580	4,904	57,000	36,539
Management expense									(51,267)	(53,081)
Underwriting surplus/ (deficit)									5,733	(16,542)
Investment income									21,278	19,838
Other (expense) /income - net									(18,610)	16,163
Finance expense									(22)	-
Surplus transferred to Condensed Consolidated Income Statement									8,379	19,459

	Cumulative Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000	31/12/2008 RM'000	31/12/2007 RM'000
Gross Premium	15,763	15,828	453,489	482,201	7,723	7,357	71,845	45,165	548,820	550,551
Less: Reinsurance	(9,867)	(8,709)	(22,103)	(23,982)	(9,221)	(4,584)	(21,591)	(13,677)	(62,782)	(50,952)
Net Premium	5,896	7,119	431,386	458,219	(1,498)	2,773	50,254	31,488	486,038	499,599
UPR Decrease	(1,052)	674	23,346	13,978	(191)	69	(1,333)	(5,599)	20,770	9,122
Earned Premium	4,844	7,793	454,732	472,197	(1,689)	2,842	48,921	25,889	506,808	508,721
Commission (Net)	623	(536)	(41,164)	(42,999)	(978)	(180)	(7,614)	(4,141)	(49,133)	(47,856)
Net Claims Incurred	(5,407)	(2,607)	(326,840)	(369,624)	825	(1,169)	(13,741)	(12,963)	(345,163)	(386,363)
Underwriting surplus before management expense	60	4,650	86,728	59,574	(1,842)	1,493	27,566	8,785	112,512	74,502
Management expense									(104,109)	(104,522)
Underwriting surplus / (deficit)									8,403	(30,020)
Investment income									42,813	41,538
Other (exepnse) / income - net									(48,133)	29,324
Finance expense									(4,170)	-
(Deficit) / Surplus transferred to Condensed Consolidated Income Statement									(1,087)	40,842

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 2nd Quarter Ended 31 December 2008
(The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEETS

	As At 31-Dec-2008 RM'000	(Audited) As At 30-Jun-2008 RM'000
<u>Assets</u>		
Property and equipment	192,940	201,678
Goodwill	11,364	11,362
Prepaid lease payment	31,376	31,585
Investment property	7,500	7,500
Investment in associates	17,050	-
Investments	1,903,571	1,625,235
Deferred tax assets	461	516
Loans (secured)	13,155	13,877
Receivables	84,077	93,778
Current tax assets	47,433	34,066
Cash and cash equivalents	64,468	95,692
Total assets	<u>2,373,395</u>	<u>2,115,289</u>
<u>Liabilities</u>		
Provision for outstanding claims	1,317,718	1,433,136
Payables and accruals	71,737	64,282
Current tax liabilities	51	248
Retirement benefits	19,015	17,448
Deferred tax liabilities	-	-
Term loan	400,000	-
	<u>1,808,521</u>	<u>1,515,114</u>
<u>Insurance reserve</u>		
Unearned premium reserve	426,512	448,178
<u>Shareholders' equity</u>		
Share capital	375,000	375,000
Reserves	(236,638)	(223,003)
Shareholders' equity	<u>138,362</u>	<u>151,997</u>
Total liabilities and shareholders' equity	<u>2,373,395</u>	<u>2,115,289</u>
Net Assets Value per ordinary share of RM0.25 each (SEN)	<u>9.30</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 2nd Quarter Ended 31 December 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>6 Months Ended 31/12/2008</u>					
Balance at 30 June 2008	375,000	607	189	(223,799)	151,997
Net loss for the period	-	-	-	(11,996)	(11,996)
Foreign exchange translation differences	-	-	(1,639)	-	(1,639)
Balance as at 31 December 2008	375,000	607	(1,450)	(235,795)	138,362
<u>6 Months Ended 31/12/2007</u>					
Balance at 30 June 2007	375,000	12,578	(602)	77,990	464,966
Net profit for the period	-	-	-	26,720	26,720
Treasury shares	-	(11,971)	-	-	(11,971)
Foreign exchange translation differences	-	-	(330)	-	(330)
Balance as at 31 December 2007	375,000	607	(932)	104,710	479,385

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 2nd Quarter Ended 31 December 2008
(The figures have not been audited)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS		
	Year-To-Date	
	31-Dec-2008	31-Dec-2007
	RM'000	RM'000
<u>Cash flow from operating activities:</u>		
(Loss) / Profit before tax	(11,964)	20,918
Adjustment for:		
Depreciation on property & equipment and amortisation of prepaid lease	11,919	4,883
Decrease in unearned premium reserve	(20,770)	(10,704)
Investment income	(36,766)	(22,056)
Loss /(Gain) on disposal of investment	35,710	(13,724)
Loss on disposal of fixed assets/ fixed asset written off	165	8
Provision for diminution in value of investment	13,179	645
Allowance for doubtful debt / bad debt recovery	1,112	(81)
Provision for retirement benefits	2,431	643
Loss from operations before changes on operating assets and liabilities	(4,984)	(19,468)
Purchase of investments & fixed and called deposits	(620,095)	(169,665)
Proceeds from redemption and disposal of investments	300,339	141,974
Decrease in loans	723	436
Decrease in receivables	21,896	14,218
(Decrease) / Increase in outstanding claims	(115,027)	26,568
Decrease in payables	(16,784)	(2,252)
Cash used in operating activities	(433,932)	(8,189)
Tax paid	(13,566)	(11,235)
Investment income received:		
Dividend	11,477	5,848
Interest	32,859	12,073
Retirement benefits paid	(864)	(111)
Net cash used in operating activities	(404,026)	(1,614)
<u>Investing activities</u>		
Purchase of property and equipment	(3,350)	(4,320)
Placement in quoted securities	-	(155)
Investment in associated company	(17,050)	-
Others	541	205
Net cash used in investing activities	(19,859)	(4,270)
<u>Financing activity</u>		
Repurchase of treasury shares	-	(11,971)
Drawdown of term loan	400,000	-
Term loan interest paid	(5,788)	-
Net cash generated from /(used in) financing activity	394,212	(11,971)
Net decrease in cash and bank balances	(29,673)	(17,855)
Effect of exchange rate changes on cash & cash equivalent	(1,551)	(30)
Cash and bank balances at beginning of period	95,692	70,104
Cash and bank balances at end of period	64,468	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