

Other income, lower net claims boost Kurnia Asia results

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KUALA LUMPUR: Kurnia Asia Bhd posted a net profit of RM15.01 million on the back of RM287.13 million in revenue for 2QFY11. In contrast to a year ago, net profits surged from RM3.24 million on revenue of RM269.73 million in 2QFY10.

During the quarter, Kurnia Asia's net claims incurred dipped to RM135.18 million from RM151.4 million in 2QFY10. In the same period, its other income strengthened to RM45.88 million from RM23.41 million a year ago, and earnings per share was 1.01 sen.

Net profit for the cumulative six-month period was RM29.3 million, up 8.3% from a year ago, aided by growth in the group's non-motor business segment. Revenue was RM573.98 million, up 8.46% from the corresponding period a year ago.

The company said yesterday during the six months, its gross written premiums increased by 1.5% year-on-year (y-o-y) to RM531.8 million, driven by a 16% y-o-y growth in the group's non-motor business.

Kurnia Asia's main subsidiary, Kurnia Insurans (M) Bhd, currently has a 21% non-motor contribution to the group's overall business portfolio, up from 18% a year ago.

Kurnia Insurans' non-motor business alone expanded by 18.5% y-o-y to reach RM109.5 million during the period.

Commenting on the results, Kurnia Asia executive chairman Tan Sri Kua Sian Kooi said its efforts in streamlining business operations and driving non-motor growth had shown the desired results.

"On top of that we are also pleased to see on an absolute basis, key elements of our cost structure are show-

ing positive trends with net claims incurred and management expenses trending lower," he added.

"Although we have received expressions of interest from certain parties to explore the possibility of acquiring an equity interest in Kurnia Insurans, the group's strategy to grow its business, specifically in the non-motor segment and comprehensive motor business, remains on track."

Kurnia Insurans' underwriting profit for the first half amounted to RM10.2 million against RM6.7 million in the previous year. Its underwriting business improved as total net claims incurred declined by RM9.7 million y-o-y while total management expenses and net commissions fell by RM5.2 million and RM20.9 million y-o-y respectively.

The insurance arm's underwriting performance for the six-month period was mainly impacted by a lower net earned premium, which fell by RM38.1 million.

Kurnia Insurans' investment income in 1H grew 2.9% to RM52.1 million on the back of a "defensive" nature of the investment portfolio. Net investment yield for the period stood at 5.7% against 5.4% from a year ago.

Kurnia Insurans carried out a Loss Portfolio Transfer exercise towards the end of 2QFY11, the one-time cost associated with the exercise, too, impacted the overall net profit for the period.

Additionally, the net asset value of the group improved to RM390.9 million from RM327.8 million as at Dec 31, 2010.

The increase in net asset was due to surplus on revaluation of properties amounting to RM30.7 million and RM29.3 million net profit recorded in 1H.