

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

Quarterly Report On Consolidated Results
For The Quarter Ended 31 December 2009
(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter #	
	Current Year 31-Dec-2009 RM'000	Preceding Year 31-Dec-2008 RM'000	Current Year 31-Dec-2009 RM'000	Preceding Year 31-Dec-2008 RM'000
Revenue	262,578	287,945	517,544	592,440
Surplus / (Deficit) from General Insurance Revenue account	24,738	8,379	62,445	(1,087)
Investment income	-	-	-	-
Management expense	(1,370)	(2,640)	(2,332)	(4,853)
Other expense - Net	25	(270)	34	(317)
Finance expense	(5,012)	(5,751)	(9,120)	(6,514)
Operating profit / (loss)	18,381	(282)	51,027	(12,771)
Interest income	122	398	245	807
Share of profit of equity accounted associates	195	-	49	-
Profit / (Loss) before taxation	18,698	116	51,321	(11,964)
Taxation	(7,838)	(4)	(8,246)	(32)
Net profit / (loss)	10,860	112	43,075	(11,996)
Earnings / (Loss) per share (sen) - Basic	0.73	0.01	2.89	(0.81)

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009

Cumulative quarters consist of 6 months results beginning 01 July 2009 and 01 July 2008 respectively. The Group has changed its financial year end from 30 June to 31 December. Accordingly, the next financial statements will be for the six months ended 31 December 2009.

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For The Quarter Ended 31 December 2009

(The figures have not been audited)

CONDENSED GENERAL INSURANCE REVENUE ACCOUNTS

	Individual Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross Premium	11,945	7,816	195,153	217,266	4,457	1,088	31,068	40,099	242,623	266,269
Less: Reinsurance	(7,710)	(6,072)	(11,593)	(10,412)	(3,138)	(4,475)	(7,375)	(13,252)	(29,816)	(34,211)
Net Premium	4,235	1,744	183,560	206,854	1,319	(3,387)	23,693	26,847	212,807	232,058
UPR Decrease / (Increase)	(165)	40	3,641	20,178	496	(75)	(2,400)	561	1,572	20,704
Earned Premium	4,070	1,784	187,201	227,032	1,815	(3,462)	21,293	27,408	214,379	252,762
Commission (Net)	(51)	869	(19,957)	(19,874)	(236)	(917)	(4,607)	(3,543)	(24,851)	(23,465)
Net Claims Incurred	(1,846)	(3,275)	(153,511)	(164,417)	331	2,680	2,431	(7,285)	(152,595)	(172,297)
Underwriting surplus / (deficit) before management expense	2,173	(622)	13,733	42,741	1,910	(1,699)	19,117	16,580	36,933	57,000
Management expense									(36,351)	(51,267)
Underwriting surplus/ (deficit)									582	5,733
Investment income									19,833	21,278
Other (expense) / income - net									4,323	(18,632)
Surplus transferred to Condensed Consolidated Income Statement									24,738	8,379

	Cumulative Quarter Ended #									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008	31/12/2009	31/12/2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Gross Premium	21,287	15,763	386,280	453,489	11,404	7,723	54,967	71,845	473,938	548,820
Less: Reinsurance	(13,847)	(9,867)	(21,576)	(22,103)	(8,759)	(9,221)	(13,560)	(21,591)	(57,742)	(62,782)
Net Premium	7,440	5,896	364,704	431,386	2,645	(1,498)	41,407	50,254	416,196	486,038
UPR Decrease	973	(1,052)	16,764	23,346	700	(191)	1,915	(1,333)	20,352	20,770
Earned Premium	8,413	4,844	381,468	454,732	3,345	(1,689)	43,322	48,921	436,548	506,808
Commission (Net)	66	623	(37,318)	(41,164)	(181)	(978)	(7,853)	(7,614)	(45,286)	(49,133)
Net Claims Incurred	(2,676)	(5,407)	(298,532)	(326,840)	(758)	825	(6,710)	(13,741)	(308,676)	(345,163)
Underwriting surplus / (deficit) before management expense	5,803	60	45,618	86,728	2,406	(1,842)	28,759	27,566	82,586	112,512
Management expense									(78,320)	(104,109)
Underwriting surplus / (deficit)									4,266	8,403
Investment income									43,361	42,813
Other (expense) / income - net									14,818	(52,303)
Surplus / (Deficit) transferred to Condensed Consolidated Income Statement									62,445	(1,087)

The Condensed Consolidated General Insurance Revenue Accounts should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009

Cumulative quarters consist of 6 months results beginning 01 July 2009 and 01 July 2008 respectively. The Group has changed its financial year end from 30 June to 31 December. Accordingly, the next financial statements will be for the six months ended 31 December 2009.

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CONDENSED CONSOLIDATED BALANCE SHEETS

	As At 31-Dec-2009 RM'000	(Audited) As At 30-Jun-2009 RM'000
<u>Assets</u>		
Property and equipment	182,151	183,162
Goodwill	5,061	4,654
Prepaid lease payment	30,957	31,166
Investment property	7,500	7,500
Investment in associates	16,537	16,403
Investments	1,785,580	1,865,582
Deferred tax assets	8,919	17,025
Loans (secured)	10,114	11,348
Receivables	77,960	84,040
Current tax assets	19,386	17,941
Cash and cash equivalents	57,496	58,075
Total assets	<u>2,201,661</u>	<u>2,296,896</u>
<u>Liabilities</u>		
Provision for outstanding claims	1,030,957	1,180,210
Payables and accruals	78,153	100,119
Current tax liabilities	237	-
Retirement benefits	23,785	21,192
Deferred tax liabilities	-	-
Term loan	400,000	400,000
	<u>1,533,132</u>	<u>1,701,521</u>
<u>Insurance reserve</u>		
Unearned premium reserve	<u>368,444</u>	<u>388,470</u>
<u>Shareholders' equity</u>		
Share capital	375,000	375,000
Reserves	(74,915)	(168,095)
Shareholders' equity	<u>300,085</u>	<u>206,905</u>
Total liabilities and shareholders' equity	<u>2,201,661</u>	<u>2,296,896</u>
Net Assets Value per ordinary share of RM0.25 each (SEN)	<u>20.16</u>	<u>13.90</u>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009

The Group has changed its financial year end from 30 June to 31 December. Accordingly, the next financial statements will be for the six months ended 31 December 2009.

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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
6 Months Ended 31/12/2009					
Balance at 30 June 2009	375,000	607	(1,953)	(166,749)	206,905
Prior year adjustments@	-	-	-	48,970	48,970
Balance at 30 June 2009-Restated	375,000	607	(1,953)	(117,779)	255,875
Net profit for the period	-	-	-	43,075	43,075
Foreign exchange translation differences	-	-	1,135	-	1,135
Balance as at 31 December 2009	375,000	607	(818)	(74,704)	300,085
6 Months Ended 31/12/2008					
Balance at 30 June 2008	375,000	607	189	(223,799)	151,997
Prior year adjustments@	-	-	-	74,065	74,065
Balance at 30 June 2008-Restated	375,000	607	189	(149,734)	226,062
Loss for the period	-	-	-	(11,996)	(11,996)
Foreign exchange translation differences	-	-	(1,639)	-	(1,639)
Prior year adjustments@	-	-	-	(33,440)	(33,440)
Balance as at 31 December 2008-Restated	375,000	607	(1,450)	(195,170)	178,987

@ Prior year adjustments relate to the change in the accounting policy on the valuation methodology of claims reserves, which are applied retrospectively. Resulting from this accounting policy change, the net impact is a credit of RM48.970million and RM74.065million as at 30 June2009 and 30 June2008 respectively. In relation to closing balance as at 31 December 2008, the net impact arising from this change in accounting policy amounted to RM33.440million.

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Reports for the year ended 30 June 2009

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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS		
	Year-To-Date	
	31-Dec-2009	31-Dec-2008
	RM'000	RM'000
<u>Cash flow from operating activities:</u>		
Profit / (Loss) before tax	51,320	(11,964)
Adjustment for:		
Depreciation on property & equipment and amortisation of prepaid lease	10,238	11,919
Decrease in unearned premium reserve	(20,351)	(20,770)
Investment and interest income	(43,605)	(36,766)
Interest expense	9,120	-
Loss /(Gain) on disposal of investments	(5,050)	35,710
Loss on disposal of / impairment on / writing off fixed assets	(373)	165
Impairment on purchase goodwill	-	-
(Write-back of) / Allowance of diminution in value of investment	(9,766)	13,179
Allowance for doubtful debt / bad debt recovery	2,702	1,112
Provision for retirement benefits	2,593	2,431
Share of profit of equity accounted associate	(49)	-
Loss from operations before changes on operating assets and liabilities	(3,221)	(4,984)
Purchase of investments & fixed and called deposits	(160,462)	(620,095)
Proceeds from redemption and disposal of investments	256,576	300,339
Increase /(Decrease) in loans	1,234	723
Decrease in receivables	2,147	21,896
(Decrease) / Increase in outstanding claims	(100,521)	(115,027)
Increase / (Decrease) in payables	(22,423)	(16,784)
Cash used in operating activities	(26,670)	(433,932)
Tax paid	(1,296)	(13,566)
Dividend received	6,748	11,477
Interest received	37,952	32,859
Retirement benefits paid	-	(864)
Net cash (used in)/ generated from operating activities	<u>16,734</u>	<u>(404,026)</u>
<u>Investing activities</u>		
Acquisition of property, plant and equipment	(9,039)	(3,350)
Investment in associated company	-	(17,050)
Others	729	541
Net cash (used in) / generated from investing activities	<u>(8,310)</u>	<u>(19,859)</u>
<u>Financing activity</u>		
Drawdown of term loan	-	400,000
Term loan interest paid	(8,831)	(5,788)
Net cash generated from /(used in) financing activity	<u>(8,831)</u>	<u>394,212</u>
Net (decrease) / increase in cash and cash equivalents	(407)	(29,673)
Effect of exchange rate changes on cash & cash equivalents	(172)	(1,551)
Cash and cash equivalents at beginning of period	58,075	95,692
Cash and cash equivalents at end of period	<u>57,496</u>	<u>64,468</u>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2009

Year-to-date figures consist of 6 months cash flow beginning 01 July 2009 and 01 July 2008 respectively. The Group has changed its financial year end from 30 June to 31 December. Accordingly, the next financial statements will be for the six months ended 31 December 2009.