

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

**Quarterly Report On Consolidated Results**  
**For The Second Quarter Ended 30 June 2010**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Individual Quarter		Cumulative Quarter #	
	Current Year	Preceding Year	Current Year	Preceding Year
	30-Jun-2010	30-Jun-2009	30-Jun-2010	30-Jun-2009
	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	289,478	264,656	564,438	545,279
Underwriting surplus before management expense	42,078	72,544	90,022	121,809
Management expense	(50,823)	(64,251)	(88,006)	(109,391)
Underwriting surplus	(8,745)	8,293	2,016	12,418
Investment income	20,330	19,062	40,367	41,733
Other income - net	591	8,629	10,135	15,542
<b>Total insurance fund</b>	12,176	35,984	52,518	69,693
Management expense	(1,080)	(1,535)	(1,959)	(3,043)
Other income (expense) - Net	23	(5,060)	221	(5,042)
Finance expense	(5,213)	(4,683)	(10,151)	(10,031)
Interest income	119	122	228	286
Share of profit (loss) of equity accounted associate	(47)	(254)	166	(831)
<b>Total non-insurance fund</b>	(6,198)	(11,410)	(11,495)	(18,661)
<b>Profit before taxation</b>	5,978	24,574	41,023	51,032
Taxation	(2,741)	18,081	(13,977)	18,014
<b>Net profit for the period</b>	3,237	42,655	27,046	69,046
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operation	(240)	(358)	(1,546)	(503)
Fair value of available-for-sale financial assets	3,919	-	4,520	-
<b>Other comprehensive income for the period</b>	3,679	(358)	2,974	(503)
<b>Total comprehensive income for the period</b>	6,916	42,297	30,020	68,543
<b>Earnings per share (sen) - Basic</b>	0.22	2.87	1.82	4.64

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2009

# The Group has changed its financial year from 30 June to 31 December. Cumulative quarters consist of 6 months results beginning 01 January 2010 and 01 January 2009 respectively,

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 30-Jun-2010 RM'000	(Audited) As At 31-Dec-2009 RM'000
<b><u>Assets</u></b>		
Property and equipment	208,851	213,108
Goodwill	4,899	5,061
Investment property	7,500	7,500
Investment in associates	15,830	16,537
Investments in debts and equity securities	1,817,942	1,785,580
Deferred tax assets	5,076	8,919
Loans (secured)	8,979	10,114
Insurance assets	17,439	33,880
Reinsurance assets	159,934	166,283
Other receivables, deposits and prepayments	58,894	27,333
Current tax assets	6,053	19,386
Cash and cash equivalents	59,180	57,496
<b>Total assets</b>	<u>2,370,577</u>	<u>2,351,197</u>
<b><u>Shareholders' equity</u></b>		
Share capital	375,000	375,000
Reserves	(36,398)	(74,915)
Equity attributable to equity holders of the parent	338,602	300,085
Minority interest	5	-
<b>Total shareholders' equity</b>	<u>338,607</u>	<u>300,085</u>
<b><u>Liabilities</u></b>		
Insurance premium liabilities	405,172	368,444
Insurance claims liabilities	1,117,481	1,180,493
Insurance payables	26,031	26,304
Other payables and accruals	57,075	51,849
Current tax liabilities	203	237
Retirement benefits	26,008	23,785
Term loan	400,000	400,000
<b>Total liabilities</b>	<u>2,031,970</u>	<u>2,051,112</u>
<b>Total liabilities and shareholders' equity</b>	<u>2,370,577</u>	<u>2,351,197</u>
<b>Net Assets Value per ordinary share of RM0.25 each (SEN)</b>	<u>22.75</u>	<u>20.16</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2009

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the parent					Minority Interest RM '000	Total Equity RM '000
	Share Capital RM '000	Share Premium RM '000	Translation Reserve RM '000	Fair value Reserve RM '000	Distributable Retained profit RM '000		
<b>6 Months Ended 30/06/2010</b>							
Balance at 31 December 2009	375,000	607	(818)	-	(74,704)	-	300,085
Adoption of FRS 139	-	-	-	6,952	1,545	-	8,497
Balance at 31 December 2009-Restated	375,000	607	(818)	6,952	(73,159)	-	308,582
Total comprehensive income for the period	-	-	(1,546)	4,520	27,046	-	30,020
Incorporation of subsidiary	-	-	-	-	-	5	5
Balance as at 30 June 2010	375,000	607	(2,364)	11,472	(46,113)	5	338,607
<b>6 Months Ended 30/06/2009</b>							
Balance at 31 December 2008-Restated	375,000	607	(1,450)	-	(195,170)	-	178,987
Total comprehensive income for the period	-	-	(503)	-	69,046	-	68,543
Balance as at 30 June 2009	375,000	607	(1,953)	-	(126,124)	-	247,530

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Statements for the period ended 31 December 2009

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<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW</b>		
	<b>Year-To-Date</b>	
	<b>30-Jun-2010</b>	<b>30-Jun-2009 #</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flow from operating activities:</u></b>		
Profit before tax	41,023	51,031
Adjustment for:		
Depreciation on property	8,750	11,847
Increase / (Decrease) in premium liabilities	36,807	(38,666)
Investment and interest income	(40,840)	(42,987)
Interest expense	10,151	10,031
(Gain) / Loss on disposal of investments	(9,113)	8,207
(Gain) / Loss on disposal of / writing off fixed assets	(73)	4,841
Write-back of diminution in value of investment	(267)	(28,347)
Bad debt recovery	(4,881)	(2,280)
Provision for retirement benefits	2,743	2,430
Share of profit / (loss) of equity accounted associate	(166)	831
Profit/ (Loss) from operations before changes on operating assets and liabilities	44,134	(18,062)
Purchase of investments & fixed and called deposits	(645,773)	(115,850)
Proceeds from redemption and disposal of investments	614,995	176,223
Decrease in loans	1,135	1,807
Decrease / (Increase) in receivables	15,934	(17,692)
Decrease in claims liabilities	(57,877)	(137,871)
Increase in payables	5,230	51,928
Cash used in operating activities	(22,222)	(59,517)
Tax (recovered) / paid	(664)	30,918
Dividend received	9,100	1,333
Interest received	30,613	37,543
Retirement benefits paid	(521)	(253)
Net cash generated from operating activities	16,306	10,024
<b><u>Investing activities</u></b>		
Acquisition of property, plant and equipment	(5,765)	(7,838)
Proceeds from disposal of investments	-	17,050
Investment in associated company	-	(17,234)
Acquisition of subsidiary, net of cash acquired	-	(541)
Others	1,543	2,434
Net cash used in investing activities	(4,222)	(6,129)
<b><u>Financing activity</u></b>		
Term loan interest paid	(10,187)	(10,282)
Incorporation of subsidiary-Minority Interest	6	-
Net cash used in financing activity	(10,181)	(10,282)
<b>Net increase / (decrease) in cash and cash equivalent</b>	1,903	(6,387)
<b>Effect of exchange rate changes on cash &amp; cash equivalents</b>	(219)	(6)
<b>Cash and cash equivalents at beginning of period</b>	57,496	64,468
<b>Cash and cash equivalents at end of period</b>	59,180	58,075
	-	-

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statements for the period ended 31 December 2009

# The Group has changed its financial year from 30 June to 31 December. Year-to-date figures consist of 6 months cash flow beginning 01 January 2010 and 01 January 2009 respectively.