

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

Quarterly Report On Consolidated Results
For The Third Quarter Ended 30 September 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-Sep-2010	30-Sep-2009	30-Sep-2010	30-Sep-2009
	RM'000	RM'000	RM'000	RM'000
Operating revenue	300,616	254,966	865,054	800,245
Underwriting surplus before management expense	15,999	45,653	106,021	167,462
Management expense	(45,468)	(41,969)	(133,474)	(151,360)
Underwriting surplus (deficit)	(29,469)	3,684	(27,453)	16,102
Investment income	24,917	23,528	65,284	65,261
Other income - net	9,318	10,495	19,453	26,037
Total insurance fund	4,766	37,707	57,284	107,400
Management expense	(1,237)	(962)	(3,196)	(4,005)
Other expense - Net	(21)	9	200	(5,033)
Finance expense	(5,530)	(4,108)	(15,681)	(14,139)
Interest income	118	123	346	409
Share of profit of equity accounted associate	(482)	(146)	(316)	(977)
Total non-insurance fund	(7,152)	(5,084)	(18,647)	(23,745)
Profit (Loss) before taxation	(2,386)	32,623	38,637	83,655
Taxation	(1,361)	(408)	(15,338)	17,606
Net profit (loss) for the period	(3,747)	32,215	23,299	101,261
Other comprehensive income				
Foreign currency translation differences for foreign operation	(367)	746	(1,913)	243
Fair value of available-for-sale financial assets	6,280	-	10,800	-
Other comprehensive income for the period	5,913	746	8,887	243
Total comprehensive income for the period	2,166	32,961	32,186	101,504
Earnings per share (sen) - Basic	(0.25)	2.16	1.57	6.80

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 9 months results beginning 01 January 2010 and 01 January 2009 respectively,

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As At 30-Sep-2010 RM'000	(Audited) As At 31-Dec-2009 RM'000
<u>Assets</u>		
Property and equipment	207,155	213,108
Goodwill	4,579	5,061
Investment property	7,500	7,500
Investment in associates	15,548	16,537
Investments in debts and equity securities	1,850,639	1,785,580
Deferred tax assets	2,946	8,919
Loans (secured)	8,196	10,114
Insurance assets	17,988	33,880
Reinsurance assets	137,170	166,283
Other receivables, deposits and prepayments	43,288	27,333
Current tax assets	14,331	19,386
Cash and cash equivalents	33,182	57,496
Total assets	<u>2,342,522</u>	<u>2,351,197</u>
<u>Shareholders' equity</u>		
Share capital	375,000	375,000
Reserves	(34,232)	(74,915)
Minority interest	7	-
Shareholders' equity	<u>340,775</u>	<u>300,085</u>
<u>Liabilities</u>		
Insurance premium liabilities	418,111	368,444
Insurance claims liabilities	1,079,973	1,180,493
Insurance payables	40,075	26,304
Other payables and accruals	76,190	51,849
Current tax liabilities	234	237
Retirement benefits	27,164	23,785
Term loan	360,000	400,000
Total liabilities	<u>2,001,747</u>	<u>2,051,112</u>
Total liabilities and shareholders' equity	<u>2,342,522</u>	<u>2,351,197</u>
Net Assets Value per ordinary share of RM0.25 each (SEN)	<u>22.90</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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**Quarterly Report On Consolidated Results
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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		
9 Months Ended 30/09/2010							
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	-	-	(1,913)	10,800	23,299	-	32,186
Incorporation of subsidiary	-	-	-	-	-	7	7
Balance as at 30 September 2010	375,000	607	(2,731)	17,752	(49,860)	7	340,775
9 Months Ended 30/09/2009							
Balance at 31 December 2008-Restated	375,000	607	(1,450)	-	(195,170)	-	178,987
Total comprehensive income for the period	-	-	243	-	101,261	-	101,504
Balance as at 30 September 2009	375,000	607	(1,207)	-	(93,909)	-	280,491

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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW		
	Year-To-Date	
	30-Sep-2010	30-Sep-2009 #
	RM'000	RM'000
Cash flow from operating activities:		
Profit before tax	38,638	83,655
Adjustment for:		
Depreciation on property & equipment and amortisation of prepaid lease	12,581	17,130
Increase / (Decrease) in unearned premium reserve	49,897	(57,445)
Investment and interest income	(65,711)	(67,415)
Interest expense	15,681	14,139
(Gain) / Loss on disposal of investments	(10,755)	5,634
(Gain) / Loss on disposal of / writing off fixed assets	(483)	4,517
Impairment on purchase goodwill	-	4,999
Write-back of diminution in value of investment	(7,256)	(35,645)
Bad debt recovery	(2,888)	(2,452)
Provision for retirement benefits	4,682	3,727
Share of profit /(loss) of equity accounted associate	316	977
Profit/ (Loss) from operations before changes on operating assets and liabilities	34,702	(28,179)
Purchase of investments & fixed and called deposits	(720,685)	(229,550)
Proceeds from redemption and disposal of investments	695,869	287,339
Decrease in loans	1,919	2,543
Decrease / (Increase) in receivables	18,658	(9,798)
Decrease in outstanding claims	(77,426)	(152,830)
Increase in payables	38,492	52,713
Cash used in operating activities	(8,471)	(77,762)
Tax paid / (recovered)	(10,286)	30,035
Dividend received	22,859	6,816
Interest received	34,810	50,429
Retirement benefits paid	(1,303)	(253)
Net cash generated from operating activities	37,609	9,265
Investing activities		
Acquisition of property, plant and equipment	(7,960)	(11,281)
Proceeds from disposal of investments	-	17,050
Investment in associated company	-	(17,234)
Acquisition of subsidiary, net of cash acquired	-	(541)
Others	2,111	2,971
Net cash used in investing activities	(5,849)	(9,035)
Financing activity		
Term loan interest paid	(15,712)	(14,211)
Repayment of term loan	(40,000)	-
Incorporation of subsidiary-MI	6	-
Net cash used in financing activity	(55,706)	(14,211)
Net increase / (decrease) in cash and cash equivalent	(23,946)	(13,981)
Effect of exchange rate changes on cash & cash equivalents	(368)	(105)
Cash and cash equivalents at beginning of period	57,496	64,468
Cash and cash equivalents at end of period	33,182	50,382

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 9 months cash flow beginning 01 January 2010 and 01 January 2009 respectively.