

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

**Quarterly Report On Consolidated Results**  
**For The Fourth Quarter Ended 31 December 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
	31-Dec-2010	31-Dec-2009	31-Dec-2010	31-Dec-2009
	RM'000	RM'000	RM'000	RM'000
<b>Operating revenue</b>	274,084	257,012	1,069,178	1,082,917
Gross premium-Written	259,329	242,623	1,058,753	977,198
Gross premium -Unearned	(1,370)	(499)	(52,665)	55,583
Gross premium -Earned	257,959	242,124	1,006,088	1,032,781
Reinsurance Outwards - Earned	(51,435)	(30,741)	(153,811)	(122,729)
<b>Earned premium - Net</b>	206,524	211,383	852,277	910,052
Other income	55,870	30,546	157,479	126,960
Net claims incurred	(179,106)	(152,595)	(647,091)	(611,809)
Other expenses	(90,054)	(70,831)	(330,478)	(322,068)
<b>Operating profit</b>	(6,766)	18,503	32,187	103,135
Share of profit after tax of equity accounted associate	(2,464)	195	(2,780)	(782)
<b>Profit before taxation</b>	(9,230)	18,698	29,407	102,353
Tax expense	714	(7,838)	(14,624)	9,768
<b>Net profit for the period</b>	(8,516)	10,860	14,783	112,121
<b>Other comprehensive income</b>				
Foreign currency translation differences for foreign operation	(139)	1,135	(1,685)	632
Fair value of available-for-sale financial assets	1,363	-	5,883	-
<b>Other comprehensive income for the period</b>	1,224	1,135	4,198	632
<b>Total comprehensive income for the period</b>	(7,292)	11,995	18,981	112,753
<b>Earnings per share (sen) - Basic</b>	(0.57)	0.73	0.99	7.53

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 12 months results beginning 01 January 2010 and 01 January 2009 respectively

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

**Quarterly Report On Consolidated Results**  
**For The Fourth Quarter Ended 31 December 2010**  
(The figures have not been audited)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As At 31-Dec-2010 RM'000	(Audited) As At 31-Dec-2009 RM'000
<b>Assets</b>		
Property and equipment	202,236	213,108
Goodwill	-	5,061
Investment property	7,500	7,500
Investment in associates	13,279	16,537
Investments in debts and equity securities	1,785,930	1,785,580
Deferred tax assets	1,172	8,919
Loans (secured)	7,732	10,114
Insurance assets	36,599	33,880
Reinsurance assets	188,190	187,378
Other receivables, deposits and prepayments	27,192	27,333
Current tax assets	30,613	19,386
Cash and cash equivalents	38,816	57,496
<b>Total assets</b>	<u>2,339,259</u>	<u>2,372,292</u>
<b>Shareholders' equity</b>		
Share capital	375,000	375,000
Reserves	(47,437)	(74,915)
Minority interest	7	-
<b>Shareholders' equity</b>	<u>327,570</u>	<u>300,085</u>
<b>Liabilities</b>		
Insurance premium liabilities	355,085	368,444
Insurance claims liabilities	1,075,747	1,201,588
Insurance payables	98,242	26,304
Other payables and accruals	90,876	51,849
Current tax liabilities	198	237
Deferred tax liabilities	5,928	-
Retirement benefits	25,613	23,785
Term loan	360,000	400,000
<b>Total liabilities</b>	<u>2,011,689</u>	<u>2,072,207</u>
<b>Total liabilities and shareholders' equity</b>	<u>2,339,259</u>	<u>2,372,292</u>
<b>Net Assets Value per ordinary share of RM0.25 each (SEN)</b>	<u>22.01</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

**KURNIA ASIA BERHAD (539435-K)**

(Incorporated in Malaysia)

**Quarterly Report On Consolidated Results  
For The Fourth Quarter Ended 31 December 2010**

(The figures have not been audited)

**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>12 Months Ended 31/12/2010</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	-	-	(1,685)	5,883	14,783	-	18,981
Incorporation of subsidiary	-	-	-	-	-	7	7
Balance as at 31 December 2010	375,000	607	(2,503)	12,835	(58,376)	7	327,570
<b>12 Months Ended 31/12/2009</b>							
Balance at 31 December 2008-Restated	375,000	607	(1,450)	-	(195,170)	-	178,987
Total comprehensive income for the period	-	-	632	-	112,121	-	112,753
Prior year adjustments @	-	-	-	-	8,345	-	8,345
Balance as at 31 December 2009	375,000	607	(818)	-	(74,704)	-	300,085

@ Prior year adjustments relate to the change in accounting policy on the valuation methodology of claims reserves, which are applied retrospectively. Resulting from this change, the net impact for the period from 01 January 2009 to 31 December 2009 amounted to RM8.345 million

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

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

**Quarterly Report On Consolidated Results**  
**For The Fourth Quarter Ended 31 December 2010**  
(The figures have not been audited)

<b>CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW</b>			
	<b>Year-To-Date</b>		<b>#</b>
	<b>31-Dec-2010</b>	<b>31-Dec-2009</b>	
	<b>RM'000</b>	<b>RM'000</b>	
<b>Cash flow from operating activities:</b>			
Profit before tax	29,407	102,352	
Adjustment for:			
Depreciation on property & equipment and amortisation of prepaid lease	16,310	22,085	
Increase / (Decrease) in unearned premium reserve	(13,083)	(59,017)	
Investment and interest income	(86,701)	(86,592)	
Interest expense	20,864	19,151	
(Gain) / Loss on disposal of investments	(14,356)	3,157	
(Gain) / Loss on disposal of / writing off fixed assets	458	4,468	
Impairment on purchase goodwill	4,372	4,999	
Write-back of diminution in value of investment	(11,044)	(38,113)	
Bad debt recovery	(2,992)	422	
Provision for retirement benefits	3,079	5,023	
Share of profit /(loss) of equity accounted associate	2,780	782	
Profit/ (Loss) from operations before changes on operating assets and liabilities	(50,906)	(21,283)	
Purchase of investments & fixed and called deposits	(790,477)	(276,312)	
Proceeds from redemption and disposal of investments	831,158	432,799	
Decrease in loans	2,382	3,041	
Decrease / (Increase) in receivables	(5,690)	(15,545)	
Decrease in outstanding claims	(125,709)	(238,392)	
Increase in payables	111,330	29,505	
Cash used in operating activities	(27,912)	(86,187)	
Tax paid / (recovered)	(16,562)	29,622	
Dividend received	44,122	8,081	
Interest received	51,976	75,495	
Retirement benefits paid	(1,252)	(253)	
Net cash generated from operating activities	<u>50,372</u>	<u>26,758</u>	
<b>Investing activities</b>			
Acquisition of property, plant and equipment	(8,899)	(16,877)	
Proceeds from disposal of investments	-	17,050	
Investment in associated company	(2,206)	(17,234)	
Acquisition of subsidiary, net of cash acquired	-	(541)	
Others	3,285	3,163	
Net cash used in investing activities	<u>(7,820)</u>	<u>(14,439)</u>	
<b>Financing activity</b>			
Term loan interest paid	(20,845)	(19,113)	
Repayment of term loan	(40,000)	-	
Incorporation of subsidiary-MI	6	-	
Net cash used in financing activity	<u>(60,839)</u>	<u>(19,113)</u>	
<b>Net increase / (decrease) in cash and cash equivalent</b>	<b>(18,287)</b>	<b>(6,794)</b>	
<b>Effect of exchange rate changes on cash &amp; cash equivalents</b>	<b>(393)</b>	<b>(178)</b>	
<b>Cash and cash equivalents at beginning of period</b>	<b>57,496</b>	<b>64,468</b>	
<b>Cash and cash equivalents at end of period</b>	<b><u>38,816</u></b>	<b><u>57,496</u></b>	

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