

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

**Quarterly Report On Consolidated Results**  
**For The 1st Quarter Ended 30 September 2006**

*(The figures have not been audited)*

**CONDENSED CONSOLIDATED INCOME STATEMENTS**

	Individual Quarter		Cumulative Quarter	
	Current Year 30-Sep-2006 RM'000	Preceding Year 30-Sep-2005 RM'000	Current Year 30-Sep-2006 RM'000	Preceding Year 30-Sep-2005 RM'000
<b>Revenue</b>	285,185	278,639	285,185	278,639
<b>Surplus from General Insurance Revenue account</b>	34,146	52,881	34,146	52,881
Investment income	187	399	187	399
Management expense	(1,071)	(791)	(1,071)	(791)
Other income net expenses	119	(120)	119	(120)
<b>Operating profit</b>	33,381	52,369	33,381	52,369
Interest income	464	496	464	496
<b>Profit before taxation</b>	33,845	52,865	33,845	52,865
Taxation	(10,084)	(15,678)	(10,084)	(15,678)
<b>Net profit</b>	23,761	37,187	23,761	37,187
<b>Earnings per share (sen) - Basic</b>	1.58	2.48	1.58	2.48

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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**CONDENSED GENERAL INSURANCE REVENUE ACCOUNTS**

	Individual Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000
Gross Premium	5,743	3,979	244,237	243,895	1,718	1,528	14,736	12,623	266,434	262,025
Less: Reinsurance	(2,348)	(1,266)	(11,870)	(12,072)	(451)	(445)	(3,721)	(2,850)	(18,390)	(16,633)
Net Premium	3,395	2,713	232,367	231,823	1,267	1,083	11,015	9,773	248,044	245,392
UPR( Increase)/Decrease	(554)	89	4,852	18,177	(62)	161	(764)	917	3,472	19,344
Earned Premium	2,841	2,802	237,219	250,000	1,205	1,244	10,251	10,690	251,516	264,736
Commission (Net)	(297)	(344)	(21,945)	(21,814)	(162)	(141)	(1,794)	(1,538)	(24,198)	(23,837)
Net Claims Incurred	(2,517)	(1,333)	(157,841)	(153,505)	(555)	(1,302)	(3,074)	(5,868)	(163,987)	(162,008)
Underwriting surplus /(loss) before management expense	27	1,125	57,433	74,681	488	(199)	5,383	3,284	63,331	78,891
Management expense									(51,013)	(42,960)
Underwriting surplus									12,318	35,931
Investment income									18,100	15,719
Other income / (expenditure) - net									3,728	1,231
Surplus transferred to Condensed Consolidated Income Statement									34,146	52,881

	Cumulative Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000	9/30/2006 RM'000	9/30/2005 RM'000
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The Condensed Consolidated General Insurance Revenue Accounts should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

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**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>As At 30-Sep-2006 RM'000</b>	<b>(Audited) As At 30-Jun-2006 RM'000</b>
<b><u>Assets</u></b>		
Property and equipment	259,167	259,136
Investments	1,560,789	1,464,005
Loans	19,711	20,039
Receivables	47,741	97,598
Tax recoverable	44,446	38,756
Cash and bank balances	87,553	96,400
<b>Total assets</b>	<b>2,019,407</b>	<b>1,975,934</b>
<b><u>Liabilities</u></b>		
Provision for outstanding claims	986,279	972,968
Payables	56,517	50,145
Provision for taxation	2	-
Staff retirement benefits	12,427	11,881
Deferred tax liability	12,876	9,923
	<b>1,068,101</b>	<b>1,044,917</b>
<b><u>Insurance reserve</u></b>		
Unearned premium reserve	444,504	447,976
<b><u>Shareholders' equity</u></b>		
Share capital	375,000	375,000
Share premium	12,578	12,578
Retained profits	119,224	34,632
<b>Shareholders' equity</b>	<b>506,802</b>	<b>422,210</b>
<b>Negative goodwill</b>	<b>-</b>	<b>60,831</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,019,407</b>	<b>1,975,934</b>
<b>Net Assets Value per ordinary share of RM0.25 each (SEN)</b>	<b>33.79</b>	<b>32.20</b>

The Condensed Consolidated Balance Sheets should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006

**KURNIA ASIA BERHAD (539435-K)***(Incorporated in Malaysia)***Quarterly Report On Consolidated Results  
For The 1st Quarter Ended 30 September 2006***(The figures have not been audited)***CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Share Capital RM '000	Share Premium RM '000	Distributable Retained profit RM '000	Total RM '000
<b><u>3 Months Ended 30/09/2006</u></b>				
Balance at 30 June 2006	375,000	12,578	34,632	422,210
Net profit for the period	-	-	23,761	23,761
Effect of adopting FRS 3 - Negative Goodwill	-	-	60,831	60,831
Balance as at 30 September 2006	375,000	12,578	119,224	506,802
<b><u>3 Months Ended 30/09/2005</u></b>				
Balance at 30 June 2005	375,000	12,631	102,313	489,944
Net profit for the period	-	-	37,187	37,187
Interim dividend paid for financial year ended 30 June 2006	-	-	(97,500)	(97,500)
Balance as at 30 September 2005	375,000	12,631	42,000	429,631

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Annual Financial Reports for the year ended 30 June 2006

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<b>CONDENSED CONSOLIDATED CASH FLOW STATEMENTS</b>		
	<b>Year-To-Date</b>	
	<b>30-Sep-2006</b>	<b>30-Sep-2005</b>
	<b>RM'000</b>	<b>RM'000</b>
<b><u>Cash flow from operating activities:</u></b>		
Profit before tax	33,845	52,865
Adjustment for:		
Depreciation	4,728	4,629
Increase in unearned premium reserve	(3,472)	(19,344)
Investment income	(18,751)	(16,495)
Profit on disposal of investment	(3,976)	1,130
(Gain)/loss on disposal of fixed assets/ fixed asset written off	20	(2)
Provision for/(write back of) diminution in value of investment	653	(1,837)
Allowance for doubtful debt	306	(29)
Provision for retirement benefits	645	594
Profit from operations before changes on operating assets and liabilities	13,998	21,511
Purchase of investments & fixed and called deposits	(263,355)	50,275
Proceeds from redemption and disposal of investments	225,235	45,438
Increase in loans	328	653
Increase in receivables	429	8,123
Increase in outstanding claims	13,311	16,881
Increase in payables	6,371	(4,181)
Cash generated from operating activities	(3,683)	138,701
Tax paid	(12,818)	(14,008)
Investment income received:		
Dividend	3,129	4,823
Interest	9,066	10,397
Retirement benefits paid	(99)	(67)
Net cash generated from operating activities	<u>(4,405)</u>	<u>139,846</u>
<b><u>Investing activities</u></b>		
Purchase of property and equipment	(4,808)	(10,935)
Placement in quoted securities	-	(45,000)
Others	366	616
Net cash used in investing activities	<u>(4,442)</u>	<u>(55,319)</u>
<b><u>Financing activity</u></b>		
Dividend paid	-	(97,500)
Net cash used in financing activity	<u>-</u>	<u>(97,500)</u>
<b>Net increase in cash and bank balances</b>	<b>(8,847)</b>	<b>(12,973)</b>
<b>Cash and bank balances at beginning of period</b>	<b>96,400</b>	<b>95,107</b>
<b>Cash and bank balances at end of period</b>	<b><u>87,553</u></b>	<b><u>82,134</u></b>

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Financial Report for the year ended 30 June 2006