

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

Quarterly Report On Consolidated Results
For The 2nd Quarter Ended 31 December 2006

(The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENTS

	Individual Quarter		Cumulative Quarter	
	Current Year 31-Dec-2006 RM'000	Preceding Year 31-Dec-2005 RM'000	Current Year 31-Dec-2006 RM'000	Preceding Year 31-Dec-2005 RM'000
Revenue	281,537	293,474	566,722	572,113
Surplus from General Insurance Revenue account	52,969	29,386	87,115	82,267
Investment income	199	22	386	421
Management expense	(1,194)	(1,070)	(2,265)	(1,861)
Other income net expenses	342	(227)	461	(347)
Operating profit	52,316	28,111	85,697	80,480
Interest income	508	353	972	849
Profit before taxation	52,824	28,464	86,669	81,329
Taxation	(15,786)	(8,738)	(25,870)	(24,416)
Net profit	37,038	19,726	60,799	56,913
Earnings per share (sen) - Basic	2.47	1.32	4.05	3.79

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	
	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000
Gross Premium	4,297	4,350	241,343	255,903	1,478	1,592	15,729	14,395	262,847	276,240
Less: Reinsurance	(2,041)	(1,771)	(11,739)	(12,569)	(369)	(646)	(5,152)	(4,550)	(19,301)	(19,536)
Net Premium	2,256	2,579	229,604	243,334	1,109	946	10,577	9,845	243,546	256,704
UPR(Increase)/Decrease	287	297	10,410	4,059	(34)	61	(116)	479	10,547	4,896
Earned Premium	2,543	2,876	240,014	247,393	1,075	1,007	10,461	10,324	254,093	261,600
Commission (Net)	(185)	(273)	(21,663)	(22,919)	(147)	(116)	(794)	(1,498)	(22,789)	(24,806)
Net Claims Incurred	(1,580)	(1,320)	(161,968)	(160,126)	(1,028)	(442)	(3,219)	(4,590)	(167,795)	(166,478)
Underwriting surplus /(loss) before management expense	778	1,283	56,383	64,348	(100)	449	6,448	4,236	63,509	70,316
Management expense									(56,961)	(49,135)
Underwriting surplus									6,548	21,181
Investment income									17,983	16,859
Other income / (expenditure) - net									28,438	(8,654)
Surplus transferred to Condensed Consolidated Income Statement									52,969	29,386

	Cumulative Quarter Ended									
	Fire		Motor		Marine, Aviation & Transit		Miscellaneous		Total	
	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000	12/31/2006 RM'000	12/31/2005 RM'000
Gross Premium	10,040	8,329	485,580	499,798	3,196	3,120	30,465	27,018	529,281	538,265
Less: Reinsurance	(4,389)	(3,037)	(23,609)	(24,641)	(820)	(1,091)	(8,873)	(7,400)	(37,691)	(36,169)
Net Premium	5,651	5,292	461,971	475,157	2,376	2,029	21,592	19,618	491,590	502,096
UPR(Increase)/Decrease	(267)	386	15,262	22,236	(96)	222	(880)	1,396	14,019	24,240
Earned Premium	5,384	5,678	477,233	497,393	2,280	2,251	20,712	21,014	505,609	526,336
Commission (Net)	(482)	(617)	(43,608)	(44,733)	(309)	(257)	(2,588)	(3,036)	(46,987)	(48,643)
Net Claims Incurred	(4,097)	(2,653)	(319,809)	(313,631)	(1,583)	(1,744)	(6,293)	(10,458)	(331,782)	(328,486)
Underwriting surplus /(loss) before management expense	805	2,408	113,816	139,029	388	250	11,831	7,520	126,840	149,207
Management expense									(107,974)	(92,095)
Underwriting surplus									18,866	57,112
Investment income									36,083	32,578
Other income / (expenditure) - net									32,166	(7,423)
Surplus transferred to Condensed Consolidated Income Statement									87,115	82,267

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

	As At 31-Dec-2006 RM'000	(Audited) As At 30-Jun-2006 RM'000
<u>Assets</u>		
Property and equipment	259,122	259,136
Investments	1,598,303	1,464,005
Loans	19,754	20,039
Receivables	46,859	97,598
Tax recoverable	40,738	38,756
Cash and bank balances	93,836	96,400
Total assets	<u>2,058,612</u>	<u>1,975,934</u>
<u>Liabilities</u>		
Provision for outstanding claims	1,005,926	972,968
Payables	69,020	50,145
Provision for taxation	2	-
Staff retirement benefits	12,990	11,881
Deferred tax liability	12,876	9,923
	<u>1,100,814</u>	<u>1,044,917</u>
<u>Insurance reserve</u>		
Unearned premium reserve	433,957	447,976
<u>Shareholders' equity</u>		
Share capital	375,000	375,000
Reserves	148,841	47,210
Shareholders' equity	<u>523,841</u>	<u>422,210</u>
Negative goodwill	-	60,831
Total liabilities and shareholders' equity	<u>2,058,612</u>	<u>1,975,934</u>
Net Assets Value per ordinary share of RM0.25 each (SEN)	<u>34.92</u>	<u>32.20</u>

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

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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 31/12/2006					
Balance at 30 June 2006	375,000	12,578	-	34,632	422,210
Net profit for the period	-	-	-	60,799	60,799
Effect of adopting FRS 3 - Negative Goodwill	-	-	-	60,831	60,831
Interim dividend paid for financial year ending 30 June 2007	-	-	-	(20,000)	(20,000)
Foreign exchange translation differences	-	-	1	-	1
Balance as at 31 December 2006	375,000	12,578	1	136,262	523,841
6 Months Ended 31/12/2005					
Balance at 30 June 2005	375,000	12,631	-	102,313	489,944
Net profit for the period	-	-	-	56,913	56,913
Interim dividend paid for financial year ended 30 June 2006	-	-	-	(97,500)	(97,500)
Listing expenditure	-	(53)	-	-	(53)
Balance as at 31 December 2005	375,000	12,578	-	61,726	449,304

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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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS		
	Year-To-Date	
	31-Dec-2006	31-Dec-2005
	RM'000	RM'000
Cash flow from operating activities:		
Profit before tax	86,669	81,329
Adjustment for:		
Depreciation	9,509	9,246
Increase in unearned premium reserve	(14,019)	(24,240)
Investment income	(37,441)	(33,848)
Profit on disposal of investment	(32,496)	333
(Gain)/loss on disposal of fixed assets/ fixed asset written off	22	(15)
Provision for/(write back of) diminution in value of investment	912	8,442
Allowance for doubtful debt	266	2,840
Provision for retirement benefits	1,289	1,189
Profit from operations before changes on operating assets and liabilities	14,711	45,276
Purchase of investments & fixed and called deposits	(785,356)	30,514
Proceeds from redemption and disposal of investments	736,767	65,699
Increase in loans	285	606
Increase in receivables	(268)	72
Increase in outstanding claims	32,958	(882)
Increase in payables	18,862	4,213
Cash generated from operating activities	17,959	145,498
Tax paid	(24,896)	(28,613)
Investment income received:		
Dividend	6,901	9,833
Interest	24,915	21,719
Retirement benefits paid	(180)	(68)
Net cash generated from operating activities	24,699	148,369
Investing activities		
Purchase of property and equipment	(9,560)	(13,935)
Placement in quoted securities	(20,001)	(45,000)
Proceeds from disposal of quoted securities	21,218	-
Others	1,079	1,309
Net cash used in investing activities	(7,264)	(57,626)
Financing activity		
Dividend paid	(20,000)	(97,500)
Proceeds from rights issue	-	(53)
Net cash used in financing activity	(20,000)	(97,553)
Net increase in cash and bank balances	(2,565)	(6,810)
Effect of exchange rate changes on cash & cash equivalent	1	-
Cash and bank balances at beginning of period	96,400	95,107
Cash and bank balances at end of period	93,836	88,297

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