

PART A – NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

A1. BASIS OF PREPARATION

The quarterly financial statements have been prepared in accordance with the reporting requirements outlined in the Financial Reporting Standards (“FRS”) 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Bursa Malaysia Securities Berhad (“Bursa Securities”) Listing Requirements and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2006.

A2. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

The audit report of the Group’s preceding annual financial statements was not qualified.

A3. COMMENTS ON SEASONALITY OR CYCLICALITY

Explanatory comments about the seasonality or cyclicity of interim operations. – Not Applicable.

A4. UNUSUAL ITEM AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no items affecting assets, liabilities, equity, net income, or cash flows which are unusual because of their nature, size, or incidence in the current interim period ended 30 June 2007.

A5. MATERIAL CHANGES IN ESTIMATES

Not Applicable.

A6. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

Save as disclosed below, there were no issuances, cancellations, share buy-backs, resale of shares bought back and repayment of debt and equity securities by LPI Capital Bhd (“LPI”):

Share Buy-Back

On 31 January 2007, the shareholders of LPI renewed their approval for LPI to buy-back its own shares. During the financial period ended 30 June 2007, LPI bought back from the open market, 155,200 LPI Shares listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) at an average buy-back price of RM10.88 per share.

The total consideration paid for the share buy-back of LPI Shares by LPI in the financial period ended 30 June 2007, including transaction costs, was RM1,688,439 and was financed by internally generated funds.

The LPI Shares bought back are held as treasury shares in accordance with Section 67A Subsection (3A)(b) of the Companies Act, 1965. As at 30 June 2007, the total shares bought back and held as treasury shares amounted to 942,800 LPI Shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 June 2007.

A7. DIVIDEND PAID

In the current period ended 30 June 2007, the Company paid a special dividend of 25 sen less 27% tax and a final dividend of 55 sen less 27% tax amounting to RM80,554,234 in respect of the financial year ended 31 December 2006 on 13 February 2007.

A8. SEGMENTAL REPORTING

The Group segmental reporting is as follows:-

	Revenue		Profit/ (loss) before tax	
	← 6 Months Ended →			
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
a) By activities :				
General insurance business	273,513	232,600	39,651	41,011
Investment holding	17,877	14,563	17,412	14,221
Financing of leases	4	5	(4)	(3)
	<u>291,394</u>	<u>247,168</u>	<u>57,059</u>	<u>55,229</u>
b) By countries :				
Malaysia	258,608	223,328	59,305	54,934
Singapore	32,786	23,840	(2,246)	295
	<u>291,394</u>	<u>247,168</u>	<u>57,059</u>	<u>55,229</u>

A9. PROPERTY AND EQUIPMENT

No valuations of equipments have been brought forward, without amendment from the previous annual financial statements.

A10. MATERIAL EVENTS SUBSEQUENT TO THE QUARTERLY PERIOD

There were no material events subsequent to the end of the quarterly period that have not been reflected in the financial statements for the quarterly period.

A11. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarterly period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinued operations.

A12. CHANGES IN CONTINGENT LIABILITIES OR CONTINGENT ASSETS

The Group does not have any contingent assets and there were no material changes in the Group's contingent liabilities since the last annual balance sheet date.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE BURSA SECURITIES LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

For the second quarter ended 30 June 2007, the Group's revenue and profit before tax increased as compared to the previous corresponding quarter in 2006.

The Group's revenue increased by 18% to RM291.4 million as compared to RM247.2 million achieved in the same corresponding quarter in 2006. The increase was mainly due to higher gross premium underwritten. The Group's profit before tax also increased to RM57.1 million from RM55.2 million recorded in the same corresponding quarter in 2006.

B2. MATERIAL CHANGES IN THE PROFIT BEFORE TAX FOR THE QUARTER REPORTED ON WITH THE IMMEDIATE PRECEDING QUARTER

For the second quarter ended 30 June 2007, the Group recorded profit before tax of RM21.7 million as compared to RM35.3 million in the preceding quarter ended 31 March 2007. The decrease in the profit before tax for the said quarter was mainly due to higher investment income received in the preceding quarter.

B3. CURRENT YEAR PROSPECTS

- (a) Barring unforeseen circumstances, prospects for LPI Group should be satisfactory for the remaining period to the end of the financial year.
- (b) Commentary on the Company's progress to achieve the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the revenue or profit estimate, forecast, projection or internal targets. – Not Applicable.

B4. STATEMENT ON REVENUE OR PROFIT ESTIMATE, FORECAST, PROJECTION OR INTERNAL TARGETS PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT

A statement of the Board of Directors' opinion as to whether the revenue or profit estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved. – Not Applicable.

B5. EXPLANATORY NOTE FOR VARIANCE FROM PROFIT FORECAST OR PROFIT GUARANTEE PREVIOUSLY ANNOUNCED OR DISCLOSED IN A PUBLIC DOCUMENT

- (a) Any variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%). – Not Applicable.
- (b) Any shortfall in the profit guarantee received by the Company and steps to recover the shortfall. – Not Applicable.

B6. TAXATION

RM'000	Individual Quarter		Cumulative Quarter	
	Current Quarter 30.06.2007	Preceding Year Quarter 30.06.2006	Current Year to Date 30.06.2007	Preceding Year to Date 30.06.2006
Profit before tax	21,711	21,576	57,059	55,229
Income tax:				
Current tax charge	6,500	6,376	16,020	15,927
Effective tax rate on current tax charge	30%	29%	28%	29%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 June 2007 is higher than the statutory tax rate due to certain expenses which are not tax deductible.

B7. PROFIT/ (LOSS) ON SALE OF UNQUOTED INVESTMENTS AND/ OR PROPERTIES

The profit on sale of unquoted investments for the current quarter and financial period ended 30 June 2007 was RM2,475,531.56.

There was no sale of properties for the current quarter and financial period ended 30 June 2007.

B8. QUOTED SECURITIES

The following are the particulars of purchase or disposal of quoted securities other than in respect of its insurance subsidiary:

(a) There was no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

(b) Investments in quoted shares as at 30 June 2007:

	RM'000
(i) At cost	: 66,338
(ii) At book value	: 66,338
(iii) At market value	: 353,020

B9. STATUS OF CORPORATE PROPOSALS

(a) There was no corporate proposal announced but not completed as at 27 June 2007, the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report.

(b) Brief explanation of the status of utilisation of proceeds raised from any corporate proposal. – Not Applicable.

B10. GROUP BORROWINGS AND DEBT SECURITIES

There were no group borrowings and debt securities as at 30 June 2007.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 27 June 2007, the latest practicable date which is not earlier than 7 days from date of issue of this quarterly report.

B12. CHANGES IN MATERIAL LITIGATION

There were no pending material litigations since the last annual balance sheet date up to 27 June 2007, which is not earlier than 7 days from date of issue of this quarterly report.

B13. DIVIDEND

- a.
 - i) An interim dividend has been declared by the Directors;
 - ii) The amount per share: 30 sen less 27% tax;
 - iii) The previous corresponding period: 25 sen less 28% tax;
 - iv) The date payable: 25 July 2007;
 - v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 18 July 2007; and
- b. The total dividend for the 6 months ended 30 June 2007: 30 sen less 27% tax.

B14. EARNINGS PER SHARE

Earnings per share are calculated based on the following:-

(a) Basic earnings per share

	Current Quarter Ended 30.06.07	6 Months Cumulative to Date 30.06.07	Current Quarter Ended 30.06.06	6 Months Cumulative to Date 30.06.06
Profit after tax (RM'000)	15,211	41,039	15,200	39,302
Weighted average no. of ordinary shares in issue (‘000)	137,780	137,780	138,084	138,084
Basic earnings per share (sen)	11.04	29.79	11.01	28.46

(b) Diluted earnings per share. – Not Applicable.