

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. COMMENTS ON SEASONALITY OR CYCLICALITY

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

A3. 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 September 2007.

A4. MATERIAL CHANGES IN ESTIMATES

Not Applicable.

A5. 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 September 2007, LPI bought back from the open market, 263,600 LPI Shares listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) at an average buy-back price of RM10.93 per share.

The total consideration paid for the share buy-back of LPI Shares by LPI in the financial period ended 30 September 2007, including transaction costs, was RM2,880,456 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 September 2007, the total shares bought back and held as treasury shares amounted to 1,051,200 LPI Shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 September 2007.

A6. DIVIDEND PAID

During the nine (9) months ended 30 September 2007, the Company paid the following dividends:

- a) A special dividend of 25 sen less 27% tax and a final dividend of 55 sen less 27% tax amounting to RM80,554,273 in respect of the financial year ended 31 December 2006 on 13 February 2007.
- b) An interim dividend of 30 sen less 27% tax amounting to RM30,162,760 in respect of the financial year ending 31 December 2007 on 25 July 2007.

A7. SEGMENTAL REPORTING

The Group segmental reporting is as follows:-

	Revenue		Profit/ (loss) before tax	
	← 9 Months Ended →			
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
a) By activities :				
General insurance business	420,094	357,758	60,079	60,231
Investment holding	27,377	15,370	26,812	14,961
Financing of leases	6	7	(2)	(1)
	<u>447,477</u>	<u>373,135</u>	<u>86,889</u>	<u>75,191</u>
b) By countries :				
Malaysia	397,998	339,806	88,859	75,959
Singapore	49,479	33,329	(1,970)	(768)
	<u>447,477</u>	<u>373,135</u>	<u>86,889</u>	<u>75,191</u>

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF 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.

A9. EFFECT OF CHANGES IN THE COMPOSITION OF THE GROUP

Save as disclosed below, 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.

LPI Capital Bhd held 45% interest in an insurance company, named CampuBank Lonpac Insurance Plc, in Cambodia for the purpose of carrying out general insurance business in that country, pursuant to approvals received from Bank Negara Malaysia and the relevant regulatory authorities in Cambodia.

An announcement on the above was released to the Bursa Securities on 3 September 2007.

A10. 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 third quarter ended 30 September 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 20% to RM447.5 million as compared to RM373.1 million achieved in the same corresponding quarter in 2006. The increase was mainly due to higher gross premium underwritten and higher investment income received. The Group's profit before tax also increased to RM86.9 million from RM75.2 million recorded in the same corresponding quarter in 2006 as a result of higher investment income received in 2007.

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

For the third quarter ended 30 September 2007, the Group recorded profit before tax of RM29.8 million as compared to RM21.7 million in the preceding quarter ended 30 June 2007. The increase in the profit before tax for the said quarter was mainly due to higher investment income received.

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 30.09.2007	Preceding Year Quarter 30.09.2006	Current Year to Date 30.09.2007	Preceding Year to Date 30.09.2006
Profit before tax	29,830	19,962	86,889	75,191
Income tax:				
Current tax charge	8,711	6,176	24,731	22,103
Under/ (Over) provision in prior year	(402)	383	(402)	383
	8,309	6,559	24,329	22,486
Effective tax rate on current tax charge	29%	31%	28%	29%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 September 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

There was no sale of unquoted investments for the current quarter ended 30 September 2007. The profit on sale of unquoted investments for the financial period ended 30 September 2007 was RM2,475,531.56.

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

	RM'000
(i) At cost	66,338
(ii) At book value	66,338
(iii) At market value	359,070

B9. STATUS OF CORPORATE PROPOSALS

- (a) There was no corporate proposal announced but not completed as at 2 October 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 September 2007.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 2 October 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 2 October 2007, which is not earlier than 7 days from date of issue of this quarterly report.

B13. DIVIDEND

The total dividend for the nine (9) months ended 30 September 2007 is 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 30.09.07	9 Months Cumulative to Date 30.09.07	Current Quarter Ended 30.09.06	9 Months Cumulative to Date 30.09.06
Profit after tax (RM'000)	21,521	62,560	13,403	52,705
Weighted average no. of ordinary shares in issue (‘000)	137,672	137,672	138,078	138,078
Basic earnings per share (sen)	15.63	45.44	9.71	38.17

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

B15. DISCLOSURE ON QUALIFICATION OF AUDIT REPORT

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