

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 2007.

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 31 March 2008.

A4. MATERIAL CHANGES IN ESTIMATES

Not Applicable.

A5. ISSUANCES, CANCELLATIONS, REPURCHASES, RESALE AND REPAYMENTS OF DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities by LPI Capital Bhd (“LPI”) in the current interim period ended 31 March 2008.

A6. DIVIDEND PAID

In the current period ended 31 March 2008, the Company paid a special dividend of 25 sen less 26% tax and a final dividend of 55 sen less 26% tax amounting to RM81,501,706 in respect of the financial year ended 31 December 2007 on 25 February 2008.

A7. SEGMENTAL REPORTING

The Group segmental reporting is as follows:-

	Revenue		Profit/ (loss) before tax	
	← 3 Months Ended →			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
a) By business segments:				
General insurance business	164,044	137,601	16,282	19,735
Investment holding	21,517	16,006	21,098	15,614
Financing of leases	1	2	-	(1)
	<u>185,562</u>	<u>153,609</u>	<u>37,380</u>	<u>35,348</u>
Share of loss after tax of equity accounted associated company	-	-	(20)	-
	<u>185,562</u>	<u>153,609</u>	<u>37,360</u>	<u>35,348</u>
b) By geographical locations:				
Malaysia	165,109	136,134	42,497	38,046
Outside Malaysia	20,453	17,475	(5,137)	(2,698)
	<u>185,562</u>	<u>153,609</u>	<u>37,360</u>	<u>35,348</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

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.

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 first quarter ended 31 March 2008, the Group's revenue and profit before tax increased as compared to the previous corresponding quarter in 2007.

The Group's revenue increased significantly by 20.8% to RM185.6 million as compared to RM153.6 million in the same corresponding quarter in 2007. The increase was mainly due to higher gross premium underwritten and higher investment income.

The Group's profit before tax increased by 5.7% to RM37.3 million as compared to RM35.3 million in the same corresponding quarter in 2007. The increase was mainly due to higher investment income.

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

For the first quarter ended 31 March 2008, the Group recorded higher profit before tax of RM37.3 million as compared to RM34.9 million in the preceding quarter ended 31 December 2007. The increase in the profit before tax for the said quarter was mainly due to higher investment income.

B3. CURRENT YEAR PROSPECTS

- a) Barring unforeseen circumstances, prospects for LPI Group for the year 2008 should be satisfactory.
- 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 31.03.2008	Preceding Year Quarter 31.03.2007	Current Year to Date 31.03.2008	Preceding Year to Date 31.03.2007
Profit before taxation	37,360	35,348	37,360	35,348
Income tax:				
Current tax charge	9,945	9,517	9,945	9,517
Under provision in prior year	-	3	-	3
	9,945	9,520	9,945	9,520
Effective tax rate on current tax charge	27%	27%	27%	27%

The effective tax rate on the current tax charge of the Group for the current quarter and financial year ended 31 March 2008 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 31 March 2008.

There was no sale of properties for the current quarter ended 31 March 2008.

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 sale of quoted investments for the current quarter and financial period ended 31 March 2008.

b) Investments in quoted shares as at 31 March 2008:

	RM'000
i) At cost	: 132,742
ii) At book value	: 132,742
iii) At market value	: 429,036

B9. STATUS OF CORPORATE PROPOSALS

a) There was no corporate proposal announced but not completed as at 2 April 2008, 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 31 March 2008.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 2 April 2008, 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 April 2008, which is not earlier than 7 days from date of issue of this quarterly report.

B13. DIVIDEND

No interim ordinary dividend has been recommended in this quarter.

B14. EARNINGS PER SHARE

Earnings per share are calculated based on the following:-

a) Basic earnings per share

	Current Quarter Ended 31.03.08	3 Months Cumulative to Date 31.03.08	Current Quarter Ended 31.03.07	3 Months Cumulative to Date 31.03.07
Profit after tax (RM'000)	27,415	27,415	25,828	25,828
Weighted average no. of ordinary shares in issue (‘000)	137,672	137,672	137,935	137,935
Basic earnings per share (sen)	19.91	19.91	18.72	18.72

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.