

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 30 June 2008.

A4. MATERIAL CHANGES IN ESTIMATES

Not Applicable.

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

Saved as disclosed below, 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 30 June 2008.

Share Buy-Back

On 13 February 2008, the shareholders of LPI renewed their approval for LPI to buy-back its own shares. During the financial period ended 30 June 2008, LPI bought back from the open market, 1,000 LPI Shares listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”) at an average buy-back price of RM11.46 per share. The total consideration paid for the share buy-back of LPI Shares by LPI in the financial period ended 30 June 2008, including transaction costs, was RM11,455 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 2008, the total shares bought back and held as treasury shares amounted to 1,052,200 LPI Shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 June 2008.

A6. DIVIDEND PAID

In the current period ended 30 June 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	
	← 6 Months Ended →			
	2008	2007	2008	2007
	RM'000	RM'000	RM'000	RM'000
a) By business segments:				
General insurance business	308,118	273,513	40,409	39,651
Investment holding	21,750	17,877	21,241	17,412
Financing of leases	2	4	(34)	(4)
	<u>329,870</u>	<u>291,394</u>	<u>61,616</u>	<u>57,059</u>
Share of profit/ (loss) after tax of equity accounted associated company	-	-	52	-
	<u>329,870</u>	<u>291,394</u>	<u>61,668</u>	<u>57,059</u>
b) By geographical locations:				
Malaysia	292,810	258,608	68,396	59,305
Outside Malaysia	37,060	32,786	(6,728)	(2,246)
	<u>329,870</u>	<u>291,394</u>	<u>61,668</u>	<u>57,059</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

Saved 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.

The Company announced on 6 May 2008 that Public United Leasing & Factoring Sdn Bhd (“PULF”), a wholly owned subsidiary of the Company, has commenced Member's Voluntary Winding-up on 6 May 2008 pursuant to Section 254(1)(b) of the Companies Act, 1965.

The winding-up of PULF will not have any material effect on the Group's performance for the financial period ended 30 June 2008.

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 second quarter ended 30 June 2008, the Group's revenue and profit before tax increased as compared to the previous corresponding quarter in 2007.

The Group's revenue increased by 13.2% to RM329.9 million as compared to RM291.4 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 also increased by 8.1% to RM61.7 million from RM57.1 million recorded in the same corresponding quarter in 2007 as a result of higher underwriting profit and higher investment income.

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 2008, the Group recorded lower profit before tax of RM24.3 million as compared to RM37.3 million in the preceding quarter ended 31 March 2008. 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 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 30.06.2008	Preceding Year Quarter 30.06.2007	Current Year to Date 30.06.2008	Preceding Year to Date 30.06.2007
Profit before taxation	24,308	21,711	61,668	57,059
Income tax:				
Current tax charge	6,398	6,500	16,343	16,020
Under provision in prior year	4	-	4	-
	6,402	6,500	16,347	16,020
Effective tax rate on current tax charge	26%	30%	27%	28%

The effective tax rate on the current tax charge of the Group for the financial period ended 30 June 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 30 June 2008.

There was no sale of properties for the current quarter ended 30 June 2008.

B8. QUOTED SECURITIES

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

i) Purchase

RM'000	<u>Current Quarter</u>	<u>Current Year to Date</u>
Total purchase consideration	21,033	21,033

ii) Sale

There was no sale of quoted investments for the current quarter and financial period ended 30 June 2008.

b) Investments in quoted shares as at 30 June 2008:

	RM'000
i) At cost	: 153,775
ii) At book value	: 153,775
iii) At market value	: 445,657

B9. STATUS OF CORPORATE PROPOSALS

- a) There was no corporate proposal announced but not completed as at 2 July 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 30 June 2008.

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 2 July 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 July 2008, 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 26% tax;
 - iii) The previous corresponding period: 30 sen less 27% tax;
 - iv) The date payable: 29 July 2008;
 - v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 23 July 2008; and
- b. The total dividend for the 6 months ended 30 June 2008: 30 sen less 26% tax.

B14. EARNINGS PER SHARE

Earnings per share are calculated based on the following:-

a) Basic earnings per share

	Current Quarter Ended 30.06.08	6 Months Cumulative to Date 30.06.08	Current Quarter Ended 30.06.07	6 Months Cumulative to Date 30.06.07
Profit after tax (RM'000)	17,906	45,321	15,211	41,039
Weighted average no. of ordinary shares in issue (‘000)	137,671	137,671	137,780	137,780
Basic earnings per share (sen)	13.01	32.92	11.04	29.79

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.