

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 2008.

The Group has early adopted FRS 139, *Financial Instruments: Recognition and Measurement* for the annual period beginning on 1 January 2009. The early adoption of FRS 139 has resulted in a change in the accounting policy relating to the classification and measurement of financial assets. The accounting policies relating to these financial assets changed from 1 January 2009 and shall be disclosed in the Group annual financial statements.

The FRS 139 is applied prospectively and its effect to the opening retained earnings and other reserves of the Group as at 1 January 2009 is as follow:

Statement of Changes in Equity	<u>As at</u>	<u>Effect of</u>	<u>As at</u>
	<u>31.12.2008</u>	<u>adoption of</u>	<u>01.01.2009</u>
	RM’000	FRS 139	RM’000
		RM’000	
Fair value reserve	-	377,006	377,006
Retained profits	118,822	(587)	118,235

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 2009.

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 2009.

Share Buy-Back

On 12 February 2009, the shareholders of LPI renewed their approval for LPI to buy-back its own shares. During the financial period ended 30 June 2009, LPI bought back from the open market, 500 LPI Shares listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities") at an average buy-back price of RM9.19 per share. The total consideration paid for the share buy-back of LPI Shares by LPI in the financial period ended 30 June 2009, including transaction costs, was RM4,596 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 2009, the total shares bought back and held as treasury shares amounted to 1,053,700 LPI Shares. None of the treasury shares held were resold or cancelled during the financial period ended 30 June 2009.

A6. DIVIDEND PAID

In the current period ended 30 June 2009, the Company paid a final dividend of 55 sen less 25% tax amounting to RM56,788,792 in respect of the financial year ended 31 December 2008 on 24 February 2009.

A7. SEGMENTAL REPORTING

The Group segmental reporting is as follows:-

	Revenue		Profit/ (loss) before tax	
	← 6 Months Ended →			
	2009	2008	2009	2008
	RM'000	RM'000	RM'000	RM'000
a) By business segments:				
General insurance business	354,872	308,118	51,161	40,409
Investment holding	22,381	21,750	20,432	21,241
Financing of leases	-	2	(1)	(34)
	<u>377,253</u>	<u>329,870</u>	<u>71,592</u>	<u>61,616</u>
Share of profit after tax of equity accounted associated company	-	-	639	52
	<u>377,253</u>	<u>329,870</u>	<u>72,231</u>	<u>61,668</u>
b) By geographical locations:				
Malaysia	344,156	292,810	70,888	68,396
Outside Malaysia	33,097	37,060	1,343	(6,728)
	<u>377,253</u>	<u>329,870</u>	<u>72,231</u>	<u>61,668</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 second quarter ended 30 June 2009, the Group's revenue and profit before tax increased as compared to the previous corresponding quarter in 2008.

The Group's revenue increased significantly by 14.4% to RM377.3 million as compared to RM329.9 million in the same corresponding quarter in 2008. The increase was mainly due to higher gross premium underwritten. The Group's profit before tax increased by 17.1% to RM72.2 million as compared to RM61.7 million in the same corresponding quarter in 2008. The increase was mainly due to higher underwriting profit.

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 2009, the Group recorded lower profit before tax of RM30.0 million as compared to RM42.2 million in the preceding quarter ended 31 March 2009. 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 2009 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 Ended 30.06.2009	Preceding Year Quarter Ended 30.06.2008	Current Year to Date Ended 30.06.2009	Preceding Year to Date Ended 30.06.2008
Profit before taxation	29,994	24,308	72,231	61,668
Income tax:				
Current tax charge	7,252	6,398	14,392	16,343
Under / (Over) provision in prior year	-	4	(381)	4
	7,252	6,402	14,011	16,347
Effective tax rate on current tax charge	24%	26%	20%	27%

The effective tax rate on the current tax charge of the Group for the current quarter and financial period ended 30 June 2009 is lower than the statutory tax rate due to tax-exempt dividends received during the period.

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

There was no sale of unquoted investments for the current quarter and financial period ended 30 June 2009.

For the current financial period under review, the insurance subsidiary recorded a profit of RM600,000.00 from the sale of investment property.

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	83,006	83,006

ii) Sale

There was no sale of quoted investments for the current quarter and financial period ended 30 June 2009.

b) Investments in quoted shares as at 30 June 2009:

	RM'000
i) At cost	: 276,107
ii) At carrying value	: 496,549
iii) At market value	: 496,549

B9. STATUS OF CORPORATE PROPOSALS

a) There was no corporate proposal announced but not completed as at 29 June 2009, 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

The Group's borrowing as at financial period ended 30 June 2009 was as follows:

	<u>As at</u> <u>30.06.2009</u> RM'000
Non-current	
Unsecured	<u>82,880</u>

B11. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no off balance sheet financial instruments as at 29 June 2009, 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 29 June 2009, 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:

	<u>Net per share</u> <u>(sen)</u>
• Franked dividend of 7 sen less 25% tax	5.25
• Single tier dividend	21.00
	<u>26.25</u>

iii) The previous corresponding period: 30 sen less 26% tax (22.20 sen net per share);

iv) The date payable: 27 July 2009;

v) In respect of deposited securities, entitlement to dividends will be determined on the basis of the record of depositors as at 20 July 2009; and

b. The total dividend for the 6 months ended 30 June 2009: 26.25 sen net per share.

B14. EARNINGS PER SHARE

Earnings per share are calculated based on the following:-

a) Basic earnings per share

	Current Quarter Ended 30.06.09	6 Months Cumulative to Date 30.06.09	Current Quarter Ended 30.06.08	6 Months Cumulative to Date 30.06.08
Profit after tax (RM'000)	22,742	58,220	17,906	45,321
Weighted average no. of ordinary shares in issue (‘000)	137,669	137,669	137,671	137,671
Basic earnings per share (sen)	16.52	42.29	13.01	32.92

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.