

LIPO CORPORATION BERHAD
 (Company No: 491485-V)
 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006
 (The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year Quarter ended 30/06/2006 RM '000	(As restated) Preceding Year Corresponding Quarter ended 30/06/2005 RM '000	(Unaudited) Current Year To Date 30/06/2006 RM '000	(As restated) Preceding Year Corresponding Period 30/06/2005 RM '000
Revenue	9,090	6,182	36,316	28,908
Operating expenses	(9,216)	(6,915)	(35,493)	(30,853)
Other operating income	303	202	1,307	1,312
Profit from operations	177	(531)	2,130	(633)
Finance costs	(61)	(45)	(131)	(216)
Gain on disposal of investment	-	-	2	-
Profit / (loss) before tax	116	(576)	2,001	(849)
Taxation				
- The Company and its subsidiaries	(546)	(205)	(910)	(114)
Profit / (loss) after tax	(430)	(781)	1,091	(963)
Minority interests	(23)	(2)	(82)	(20)
Net profit / (loss) for the period	(453)	(783)	1,009	(983)
Earning / (loss) per share (sen)				
- Basic	(0.90)	(1.55)	2.00	(1.95)
- Diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005.

LIPO CORPORATION BERHAD
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2006

	(Unaudited) Current Year As At 30/06/2006 RM '000	(As restated) (Audited) Preceding Financial Year As At 30/06/2005 RM '000
1. PROPERTY , PLANT & EQUIPMENT	33,205	33,766
2. GOODWILL ON CONSOLIDATION	133	140
3. OTHER INVESTMENT	1,000	0
4. CURRENT ASSETS		
Inventories	6,091	7,725
Trade receivables	7,898	5,171
Other receivables and prepaid expenses	739	1,522
Tax recoverable	344	0
Short-term deposits with licensed banks	11,592	11,556
Cash and bank balances	1,560	1,060
Total Current Assets	28,224	27,034
5. CURRENT LIABILITIES		
Trade payables	3,467	2,565
Other payables and accrued expenses	1,627	1,241
Bank borrowings	0	310
Hire purchase payables	0	192
Term loan	525	460
Tax liabilities	699	9
Total Current Liabilities	6,318	4,777
NET CURRENT ASSETS	21,906	22,257
	56,244	56,163
Represented by :-		
6. SHARE CAPITAL	50,356	50,356
7. SHARE PREMIUM	5,628	5,628
8. ACCUMULATED LOSSES	(1,162)	(2,171)
9. EXCHANGE FLUCTUATION RESERVE	(370)	(124)
10. CAPITAL & LEGAL RESERVE	55	55
11. RESERVE ON CONSOLIDATION	84	84
SHAREHOLDERS' EQUITY	54,591	53,828
12. LONG TERM LIABILITIES	69	975
13. MINORITY INTERESTS	155	103
14. DEFERRED TAX LIABILITIES	1,429	1,257
	56,244	56,163
Net assets per share (RM)	1.08	1.07

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2005.

LIPO CORPORATION BERHAD

(Company No: 491485-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006**

GROUP	Non-Distributable					Distributable	Total
	Share Capital	Share Premium	Reserve on Consolidation	Exchange Fluctuation Reserve	Legal Reserve	Retained Profit/ (Accumulated Losses)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>CURRENT YEAR</u>							
At 01 July 2005	50,356	5,628	84	(124)	55	(2,171)	53,828
Net profit after tax for the period	-	-	-	-	-	1,009	1,009
Exchange fluctuation during the period	-	-	-	(246)	-	-	(246)
Balance as at 30 June 2006	<u>50,356</u>	<u>5,628</u>	<u>84</u>	<u>(370)</u>	<u>55</u>	<u>(1,162)</u>	<u>54,591</u>

GROUP	Non-Distributable					Distributable	Total
	Share Capital	Share Premium	Reserve on Consolidation	Exchange Fluctuation Reserve	Legal Reserve	Retained Profit/ (Accumulated Losses)	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>CORRESPONDING PRECEDING PERIOD</u>							
At 1 July 2004	50,356	5,628	84	(45)	55	(1,188)	54,890
Net loss after tax for the period	-	-	-	-	-	(983)	(983)
Exchange fluctuation during the period	-	-	-	(79)	-	-	(79)
Balance as at 30 June 2005	<u>50,356</u>	<u>5,628</u>	<u>84</u>	<u>(124)</u>	<u>55</u>	<u>(2,171)</u>	<u>53,828</u>

LIPO CORPORATION BERHAD
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE TWELVE MONTHS ENDED 30 JUNE 2006**

	Twelve Months Ended 30/06/2006 RM '000	Twelve Months Ended 30/06/2005 RM '000
Profit / (loss) before taxation	2,001	(849)
Adjustments for :		
- Non cash items	4,090	5,294
- Non operating items	(145)	(61)
Operating profit before changes in working capital	<u>5,946</u>	<u>4,384</u>
Changes in Working Capital :-		
- Net change in current assets	(310)	1,403
- Net change in current liabilities	896	(554)
Net Cash generated from operating activities	<u>6,532</u>	<u>5,233</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	308	271
Fixed deposit released/(pledge) to licensed banks	5	(5)
Other investment	(1,000)	-
Proceed from disposal of property, plant and equipment	369	1,259
Purchase of property, plant & equipment	(4,205)	(2,079)
Net cash used in investing activities	<u>(4,523)</u>	<u>(554)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses paid	(125)	(216)
Repayment of bank borrowings, hire purchase and term loan	(1,148)	(1,425)
Net cash used in financing activities	<u>(1,273)</u>	<u>(1,641)</u>
NET CHANGE IN CASH & CASH EQUIVALENT	735	3,038
CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	12,403	9,365
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>13,138</u>	<u>12,403</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Deposit not pledged	11,578	11,537
Cash and bank balances	1,560	1,060
Bank Overdraft	-	(194)
	<u>13,138</u>	<u>12,403</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2005.

Note : The amount excluded deposits amounting to RM14,031 (30 June 2005 : RM19,016) that have been pledged to licensed bank to secure certain facilities issued by the licensed banks on behalf of the Company and of the subsidiaries.

**A. NOTES TO THE FINANCIAL REPORT
FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 2006**

1. Accounting policies and methods of computation

The interim financial report, which is unaudited and has been prepared in accordance with FRS134 (formerly known as MASB26), 'Interim Financial Reporting' and Chapter 9, Appendix 9B of the Listing Requirement of the Bursa Malaysia Securities Berhad, and should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2005.

The interim financial report has been prepared based on accounting policies and methods of computation that are consistent with those adopted in the preparation of annual audited financial statements for the year ended 30 June 2005.

2. Audit report of preceding annual financial statement

The Group's audited financial statements for the year ended 30 June 2005 were reported without any qualification.

3. Seasonal or cyclical operations

The performance of the Group is generally dependent on the performance of the global electronics industry.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There were no unusual items during the reporting quarter which affecting assets, liabilities, equity, net income or cashflow of the Group.

5. Nature and amount of changes in estimates of amount reported in prior interim periods of the current financial year, which give a material effect in the current interim period

There were no significant changes in estimates of amounts reported in prior interim periods of the current financial year or prior years, that have a material affect in the current quarter.

6. Issuances, cancellations, repurchases, resale and repayments of debt and equity security

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity security during the reporting quarter.

7. Dividends

No interim dividend has been declared for the current quarter and financial year-to-date (30 June 2005 : Nil).

8. Group segment reporting

Business Segments

For management purposes, the Group is organized into the following operating divisions :

- investment holding (includes management services)
- manufacture of precision machined components and parts, precision stamping parts, metal products attribute from machining and precision plating and surface treatment.

<u>For Twelve Months Ended 30/06/06</u>	<u>Investment holding (RM'000)</u>	<u>Manufacturing (RM'000)</u>	<u>Total (RM'000)</u>	<u>Eliminations (RM'000)</u>	<u>Consolidated Amount (RM'000)</u>
REVENUE					
External sales	302	36,014	36,316	-	36,316
Inter-segment sales	993	3,024	4,017	(4,017)	-
Total revenue	1,295	39,038	40,333	(4,017)	36,316
RESULTS					
Segmental results	275	2,725	3,000	(863)	2,137
Unallocated corporate expenses					(7)
Profit from operations					2,130
Finance costs					(131)
Gain on disposal of investment					2
Profit before tax					2,001
Tax expenses					(910)
Profit after tax					1,091
Minority Interests					(82)
Net profit After Tax & Minority Interests					1,009
Current Period Ended 30/06/06					
<u>Current Period Ended 30/06/06</u>	<u>Investment holding (RM'000)</u>	<u>Manufacturing (RM'000)</u>	<u>Total (RM'000)</u>	<u>Eliminations (RM'000)</u>	<u>Consolidated Amount (RM'000)</u>
Assets					
Segmental assets	11,948	50,270	62,218	-	62,218
Income tax assets	344	-	344	-	344
Consolidated total assets					62,562
Liabilities					
Segmental liabilities	94	5,749	5,843	-	5,843
Income tax liabilities	-	2,128	2,128	-	2,128
Consolidated total liabilities					7,971
Other Information					
Capital expenditure	7	4,198	4,205	-	4,205
Depreciation and amortization	4	4,372	4,376	-	4,376

Geographical Segments

The Group's business is managed on a worldwide basis, and operates in three principal geographical areas of the world. The Group's home country is Malaysia, and the Group also operates in Thailand and China.

9. Valuation of property, plant and equipment

The valuation of property, plant and equipment have been brought forward without any amendment from the previous annual report.

10. Subsequent Events

There were no material events subsequent to the end of the reporting financial period.

11. Changes in composition of the Group

There were no changes in the composition of the Group in the current quarter.

12. Changes in contingent liabilities or contingent assets

The contingent liabilities of Lipo Corporation Berhad has been reduced to RM2.19 million as at 30 June 2006 (30 June 2005 – RM3.59 million), being corporate guarantee given to financial institute for banking facilities granted to its subsidiaries.

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD'S LISTING REQUIREMENT

1. Review of performance

Compared with the same quarter last year, the Group's revenue increased to RM9.09 million or 47.03% from RM6.18 million and the Group's profit before taxation increased to RM0.11 million as compared to loss before taxation of RM0.57 million as recorded in same quarter last year. The improvement in performance was attributable to increase in sales recorded.

For the twelve months ended 30 June 2006, the Group recorded a revenue of RM36.31 million, representing an increase of RM7.40 million or an increase of 25.62% from the preceding year corresponding period. The Group registered a pre-tax profit of RM2.00 million as compared to pre-tax loss of RM0.84 million as registered in the preceding year corresponding period. The favourable result reported was mainly attributed to the improvement in revenue and lower allowance made for inventories obsolescence.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded a revenue of RM9.09 million, representing increase of RM0.65 million or 7.70% from the preceding quarter. However, the Group recorded a lower pre-tax profit of RM0.11 million in the current quarter as compared to the pre-tax profit of RM0.72 million as registered in the preceding quarter due to less favourable sales mix.

3. Current year prospects

Barring any unforeseen circumstances, the Board expects the group's performance to remain positive in the coming financial year.

4. Variance on forecast profit/ profit guarantee

No profit guarantee / forecast was issued during the period.

5. Taxation

Taxation comprises the following :-

Group	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year 4th Quarter Ended 30/06/2006 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period Ended 30/06/2005 RM'000
Current year	139	(205)	(225)	(84)
Deferred tax	(174)	-	(174)	237
	(35)	(205)	(399)	153
(Under) / over provision in prior years	(511)	-	(511)	(267)
Total	(546)	(205)	(910)	(114)

The effective rate for the period is higher than the statutory tax rate due to the under provision of taxation in respect of prior years.

6. Profit on sale of investments or properties

There were no profits on the sale of investments and properties for the current quarter and financial year-to-date except there was disposal of a 100% owned dormant subsidiary, Paradigm Precision Industries Sdn Bhd, in Mar 2006 to Kobay Technology Bhd for consideration of RM1,800.

7. Purchases and sales of quoted securities

There were no purchase or disposal of quoted securities for the current quarter and financial year-to-date.

8. Status of corporate proposals

There was no corporate proposal announced as at the date of this interim report but pending completion.

9. Group Borrowing

	As At End Of Current Quarter Ended 30/06/2006 RM'000	As At End Of Preceding Year Corresponding Period Ended 30/06/2005 RM'000
Short Term – secured	525	460
Long Term – secured	69	975
Total	594	1,435

There were no foreign borrowings as at the date of this report.

10. Financial instruments with off balance sheet risk

There were no financial instruments with off balance sheet risk as at the date of this quarterly report.

11. Material litigation

There were no material litigation pending at the date of this report.

12. Dividend

The Board of Directors does not recommend any dividend for the current quarter and financial year-to- date (30 June 2005 : Nil).

13. Earnings Per Share

(a) Basic earnings / (loss) per share

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 30/06/2006 RM'000	Preceding Year Corresponding Quarter ended 30/06/2005 RM'000	Current Year To Date 30/06/2006 RM'000	Preceding Year Corresponding Period Ended 30/06/2005 RM'000
<u>Basic</u>				
Net profit / (loss) for the period	(453)	(783)	1,009	(983)
Weighted average No. of ordinary shares ('000)	50,356	50,356	50,356	50,356
Basic earnings / (loss) per share (sen)	(0.90)	(1.55)	2.00	(1.95)

b) Diluted earnings / (loss) per share

The diluted earnings / (loss) per ordinary share in individual and accumulative period ended 30 June 2006 is not shown as the effect of the assumed conversion of ESOS options to ordinary shares would be anti-dilutive.

14. Authorisation for issuance of the interim financial statements

On 24 August 2006, the Board of Directors authorized the issuance of these interim financial statements.