

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE NINE MONTHS ENDED 31 MARCH 2007
 (The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year Quarter ended 31/03/2007 RM '000	(Unaudited) Preceding Year Corresponding Quarter ended 31/03/2006 RM '000	(Unaudited) Current Year To Date 31/03/2007 RM '000	(Unaudited) Preceding Year Corresponding Period 31/03/2006 RM '000
Revenue	10,309	8,440	32,792	27,226
Operating expenses	(9,398)	(8,159)	(29,588)	(26,277)
Other operating income	426	423	1,275	968
Profit from operations	1,337	704	4,479	1,917
Gain on disposal of investment	-	2	-	2
Income from investment	16	24	39	36
Finance costs	-	(8)	(21)	(70)
Impairment loss for goodwill	-	-	(95)	-
Profit before tax	1,353	722	4,402	1,885
Taxation				
- The Company and its subsidiaries	(354)	(327)	(885)	(364)
Profit for the period	999	395	3,517	1,521
Attributable to :				
Shareholders of the company	979	347	3,459	1,462
Minority interests	20	48	58	59
Profit for the period	999	395	3,517	1,521
Earning per share attributable to equity holders of the Company (sen)				
- Basic	1.94	0.69	6.87	2.90
- 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 2006.

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

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 MARCH 2007

	(Unaudited) Current Year As At 31/03/2007 RM '000	(As restated) (Audited) Preceding Financial Year As At 30/06/2006 RM '000
ASSETS		
Non Current Assets		
Property, Plant & Equipment	27,421	29,133
Prepaid Lease Payments	3,992	4,055
Other Investment	0	1,000
Goodwill On Consolidation	38	133
Total Non Current Assets	31,451	34,321
Current Assets		
Inventories	6,234	6,091
Trade Receivables	7,950	7,939
Other Receivables, Deposits & Prepayments	796	744
Tax Recoverable	502	344
Short-Term Deposits With Licenced Banks	16,426	11,611
Cash & Bank Balances	2,732	1,874
Total Current Assets	34,640	28,603
Total Assets	66,091	62,924
EQUITY AND LIABILITIES		
Equity		
Share Capital	50,356	50,356
Reserves		
Share Premium	5,628	5,628
Capital & Legal Reserves	55	55
Reserve On Consolidation	0	84
Exchange Fluctuation Reserve	(64)	(400)
Retained Profit/(Accumulated Losses)	2,387	(1,156)
Total Equity Attributable To Shareholders of the company	58,362	54,567
Minority Interests	205	155
Total Equity	58,567	54,722
Liabilities		
Long Term Loans	0	69
Deferred Income	88	108
Deferred Taxation	1,764	1,429
Total Non Current Liabilities	1,852	1,606
Trade Payables	3,606	3,442
Other Payables, Accruals & Provisions	1,583	1,542
Bank Borrowings	0	370
Long Term Loans - Current Portion	0	525
Taxation	483	717
Total Current Liabilities	5,672	6,596
Total Liabilities	7,524	8,202
Total Equity And Liabilities	66,091	62,924
Net assets per share attributable to equity holders of the Company (RM)	1.16	1.08

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 31 MARCH 2007**

GROUP	Attributable to equity holders of the Company								
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Exchange Fluctuation Reserve RM'000	Legal Reserve RM'000	Retained Profit/ (Accumulated Losses) RM'000	Sub-Total RM'000	Minority Interest RM'000	Total Equity RM'000
<u>CURRENT YEAR</u>									
At 01 July 2006									
- As previously reported	50,356	5,628	84	(400)	55	(1,156)	54,567	155	54,722
- Effect of adopting FRS 3	-	-	(84)	-	-	84	-	-	-
- As restated	50,356	5,628	-	(400)	55	(1,072)	54,567	155	54,722
Net profit after tax for the period	-	-	-	-	-	3,459	3,459	50	3,509
Exchange fluctuation during the period	-	-	-	336	-	-	336	-	336
Balance as at 31 March 2007	50,356	5,628	-	(64)	55	2,387	58,362	205	58,567

GROUP	Attributable to equity holders of the Company								
	Share Capital RM'000	Share Premium RM'000	Reserve on Consolidation RM'000	Exchange Fluctuation Reserve RM'000	Legal Reserve RM'000	Retained Profit/ (Accumulated Losses) RM'000	Sub-Total RM'000	Minority Interest RM'000	Total Equity RM'000
<u>CORRESPONDING PRECEDING PERIOD</u>									
At 1 July 2005	50,356	5,628	84	(124)	55	(2,171)	53,828	103	53,931
Net profit after tax for the period	-	-	-	-	-	1,462	1,462	36	1,498
Exchange fluctuation during the period	-	-	-	(106)	-	-	(106)	-	(106)
Balance as at 31 March 2006	50,356	5,628	84	(230)	55	(709)	55,184	139	55,323

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2006.

LIPO CORPORATION BERHAD
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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED 31 MARCH 2007

	Nine Months Ended 31/03/2007 RM '000	Nine Months Ended 31/03/2006 RM '000
Profit before taxation	4,402	1,885
Adjustments for :		
- Non cash items	3,561	3,167
- Non operating items	998	(191)
Operating profit before changes in working capital	<u>8,961</u>	<u>4,861</u>
Changes in Working Capital :-		
- Net change in current assets	(1,427)	(440)
- Net change in current liabilities	(777)	896
Net Cash generated from operating activities	<u>6,756</u>	<u>5,316</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	341	244
Fixed deposit released from licensed banks	3	-
Proceed from disposal of other investment	1,000	-
Proceed from disposal of property, plant and equipment	12	595
Purchase of property, plant & equipment	(1,451)	(3,169)
Net cash used in investing activities	<u>(95)</u>	<u>(2,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses paid	(21)	(71)
Repayment of bank borrowings, hire purchase and term loan	(594)	(1,022)
Net cash used in financing activities	<u>(615)</u>	<u>(1,093)</u>
NET CHANGE IN CASH & CASH EQUIVALENT	6,047	1,894
CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	13,094	12,403
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>19,140</u>	<u>14,297</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Deposit not pledged	16,408	12,041
Cash and bank balances	2,732	2,256
	<u>19,140</u>	<u>14,297</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2006.

Note : The amount excluded deposits amounting to RM18,500 (30 June 2006 : RM21,562) 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 THIRD FINANCIAL QUARTER ENDED 31 MARCH 2007**

1. Accounting policies and methods of computation

The interim financial report, which is unaudited and has been prepared in accordance with FRS134, '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 2006.

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 2006 except for the adoption of the following new/revised FRS for the Group's financial period beginning 1 July 2006 :-

FRS 2 Shares-Based Payment
FRS 3 Business Combinations
FRS 5 Non Current Assets Held for Sale and Discontinued Operations
FRS 101 Presentation of Financial Statements
FRS 102 Inventories
FRS 108 Accounting Policies, Changes in Estimates and Errors
FRS 110 Events after the Balance Sheet Date
FRS 116 Property, Plant and Equipment
FRS 117 Leases
FRS 121 The Effects of Changes in Foreign Exchange Rates
FRS 127 Consolidated and Separate Financial Statements
FRS 132 Financial Instruments : Disclosure and Presentation
FRS 133 Earning Per Share
FRS 136 Impairment of Assets
FRS 138 Intangible Assets

The adoption of the above standards does not have any significant impact on the Group except the following :-

a) FRS 3 Business Combination

FRS 3 'Business Combination' required goodwill acquired in a business combination to be carried at cost less any accumulated impairment losses and prohibits the amortization of goodwill. Under FRS 136 'Impairment of Assets', periodic impairment reviews are required if there is indications that goodwill might be impaired. Previously, the Group carried the goodwill in its balance sheet at cost less accumulated amortization and accumulated impairment losses. Amortization was charged over the estimated useful life of goodwill of twenty five years.

In accordance with the transitional rules of FRS 3, the Group has applied the revised accounting policy for goodwill prospectively from the beginning of the first annual period beginning of the financial period on 1 July 2006. The Group therefore discontinued amortising the goodwill and tested the goodwill for impairment in accordance with FRS 136. As the revised accounting policy has been applied prospectively, the change has had no impact on the amount reported for financial year 2006 or prior period.

No amortization has been charged in the current quarter and year to date ended 31 March 2007. The impairment loss provided for the first quarter and year to date ended 31 March 2007 amounted RM95,127. The amortization charge for the corresponding quarter and year to date ended 31 March 2006 amounted RM1,714 and RM5,142 respectively.

Under FRS 3, negative goodwill which represents the excess in fair value of the net identifiable assets acquired over the cost of the acquisition. In accordance with the transitional provisions of FRS 3, the negative goodwill of RM84,384 was derecognized by way of an adjustment to the opening retained earning. Comparative figure are not adjusted.

b) FRS 101 Presentation of Financial Statements

The adoption of the revised FRS 101 has effected the presentation of minority interest and other disclosures. Minority interests are now presented within the total equity in the consolidation balance sheet and as an allocation from net profit for the period in the consolidated income statement. The movement of minority interests is now presented in the consolidated statement of changes in equity.

The presentation of the comparative financial statements of the Group have been restated to conform with the current period's presentation.

c) FRS 117 Leases

With the early adoption of FRS117, the leasehold land is accounted for as being held under an operating lease. Prior to 1 July 2006, leasehold land was classified as property, plant & equipment and was stated at cost less accumulated depreciation. The classification of the leasehold land as prepaid lease payments has been accounted for retrospectively in accordance with FRS117, and should not be subject to revaluation. The unamortized amount of such leasehold land was retained as the surrogate carrying amount of 'Prepaid Lease Payments' to be amortized over the remaining lease term.

2. Audit report of preceding annual financial statement

The Group's audited financial statements for the year ended 30 June 2006 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 (31 March 2006 : 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 Nine Months Ended 31/03/07</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	32,490	32,792	-	32,792
Inter-segment sales	2,191	1,110	3,301	(3,301)	-
Total revenue	2,493	33,600	36,093	(3,301)	32,792
RESULTS					
Segmental results	1,697	6,949	8,646		8,646
Elimination	(2,190)	(1,977)	(4,167)		(4,167)
Profit from operations	(493)	5,284	4,791		4,479
Income from investment					39
Finance costs					(21)
Impairment loss of goodwill					(95)
Profit before tax					4,402
Tax expenses					(885)
Profit after tax					3,517
Minority Interests					(58)
Net profit After Tax & Minority Interests					3,459
<u>Current Period Ended 31/03/07</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	14,418	51,171	65,589	-	65,589
Income tax assets	502	-	502	-	502
Consolidated total assets					66,091
Liabilities					
Segmental liabilities	74	5,203	5,277	-	5,277
Income tax liabilities	-	2,247	2,247	-	2,247
Consolidated total liabilities					7,524
Other Information					
Capital expenditure	3	1,452	1,455	-	1,455
Depreciation and amortization	3	3,208	3,211	-	3,211

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 except there was disposal of a 100% owned subsidiary, Lipo Resources Sdn Bhd, in February 2007 for consideration of RM2.00.

12. Changes in contingent liabilities or contingent assets

The contingent liabilities of Lipo Corporation Berhad has been reduced to RM1.45 million as at 31 March 2007 (30 June 2006 – RM2.19 million), being corporate guarantee given to financial institute for banking facilities granted to its subsidiaries.

13. Capital Commitments

Capital commitments not provided for in the interim financial report is as follow :-

Group	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year 3rd Quarter Ended 31/03/2007 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2006 RM'000	Current Year To Date 31/03/2007 RM'000	Preceding Year Corresponding Period Ended 31/03/2006 RM'000
Property, plant & equipment Authorised and not contracted for	2,193	-	2,193	-

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

1. Review of performance

Compared with the corresponding quarter last year, the Group's revenue increased to RM10.30 million or 22.14% from RM8.44 million and the Group's profit before taxation increased to RM1.35 million as compared to profit before taxation of RM0.72 million. The improvement in performance was attributable to increase in sales revenue and the favourable performance by the components, metal stamping and sheet metal division. Higher margin recorded was due to the more favourable sales mix for the quarter.

For the nine months ended 31 March 2007, the Group recorded a revenue of RM32.79 million, representing an increase of RM5.56 million or an increase of 20.44% from the preceding year corresponding period. The Group registered a pre-tax profit of RM4.40 million as compared to pre-tax profit of RM1.88 million as registered in the preceding year corresponding period. The favourable result reported was mainly attributed to the improvement in revenue recorded and more favourable sales mix.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded revenue of RM10.30 million, representing decrease of RM2.52 million or 19.64% from the preceding quarter. The Group recorded a lower pre-tax profit of RM1.35 million in the current quarter as compared to the pre-tax profit of RM2.15 million as registered in the preceding quarter due to the decline in revenue recorded.

3. Current year prospects

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

4. Variance on forecast profit/ profit guarantee

No profit guarantee / forecast was issued during the period.

5. Taxation

Taxation comprises the following :-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year 3rd Quarter Ended 31/03/2007 RM'000	Preceding Year Corresponding Quarter Ended 31/03/2006 RM'000	Current Year To Date 31/03/2007 RM'000	Preceding Year Corresponding Period Ended 31/03/2006 RM'000
Group				
Current year	(269)	(161)	(550)	(198)
Deferred tax	(85)	-	(335)	-
	(354)	(161)	(885)	(198)
(Under) / over provision in prior years	-	(166)	-	(166)
Total	(354)	(327)	(885)	(364)

The effective rate for the period is lower than the statutory tax rate due to the utilisation of reinvestment allowances and unabsorbed capital allowance.

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 subsidiary, Lipo Resources Sdn Bhd, in February 2007 for consideration of RM2.00.

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 31/03/2007 RM'000	As At End Of Preceding Year Corresponding Period Ended 31/03/2006 RM'000
Short Term – secured	-	720
Long Term – secured	-	-
Total	-	720

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 2006 : Nil).

13. Earnings Per Share

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter Ended 31/03/2007 RM'000	Preceding Year Corresponding Quarter ended 31/03/2006 RM'000	Current Year To Date 31/03/2007 RM'000	Preceding Year Corresponding Period Ended 31/03/2006 RM'000
Basic				
Net profit for the period	979	347	3,459	1,462
Weighted average No. of ordinary shares ('000)	50,356	50,356	50,356	50,356
Basic earnings per share attributable to the equity holders of the Company (sen)	1.94	0.69	6.87	2.90

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 31 March 2007 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 May 2007, the Board of Directors authorized the issuance of these interim financial statements.