

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE TWELVE MONTHS ENDED 30 JUNE 2007**  
**(The figures have not been audited)**

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year Quarter ended 30/06/2007 RM '000	(As restated) Preceding Year Corresponding Quarter ended 30/06/2006 RM '000	(Unaudited) Current Year To Date 30/06/2007 RM '000	(As restated) Preceding Year Corresponding Period 30/06/2006 RM '000
Revenue	9,919	9,091	42,711	36,317
Operating expenses	(9,357)	(9,404)	(38,945)	(35,717)
Other operating income	308	502	1,583	1,506
Profit from operations	870	189	5,349	2,106
Gain on disposal of investment	-	-	-	2
Income from investment	17	7	56	43
Finance costs	-	(55)	(21)	(125)
Impairment loss for goodwill	-	-	(95)	-
Profit before tax	887	141	5,289	2,026
Taxation				
- The Company and its subsidiaries	221	(565)	(664)	(929)
Profit for the period	1,108	(424)	4,625	1,097
Attributable to :				
Equity holders of the Company	1,086	(447)	4,545	1,015
Minority interests	22	23	80	82
Profit for the period	1,108	(424)	4,625	1,097
Earning per share attributable to equity holders of the Company (sen)				
- Basic	2.16	(0.89)	9.03	2.02
- 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 30 JUNE 2007**

	(Unaudited)	(As restated) (Audited)
	Current	Preceding
	Year	Financial Year
	As At	As At
	30/06/2007	30/06/2006
	RM '000	RM '000
<b>ASSETS</b>		
<b>Non Current Assets</b>		
Property, Plant & Equipment	29,972	28,963
Investment Property	166	168
Prepaid Lease Payments	3,968	4,057
Other Investment	0	1,000
Goodwill On Consolidation	38	133
<b>Total Non Current Assets</b>	<b>34,144</b>	<b>34,321</b>
<b>Current Assets</b>		
Inventories	6,151	6,091
Trade Receivables	8,069	7,939
Other Receivables, Deposits & Prepayments	1,277	744
Tax Recoverable	1,121	344
Short-Term Deposits With Licensed Banks	13,357	11,611
Cash & Bank Balances	2,502	1,874
<b>Total Current Assets</b>	<b>32,477</b>	<b>28,603</b>
<b>Total Assets</b>	<b>66,621</b>	<b>62,924</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
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	(124)	(400)
Retained Profit/(Accumulated Losses)	3,473	(1,156)
<b>Total Equity Attributable To Shareholders of the company</b>	<b>59,388</b>	<b>54,567</b>
Minority Interests	214	155
<b>Total Equity</b>	<b>59,602</b>	<b>54,722</b>
<b>Liabilities</b>		
Long Term Loans	0	69
Deferred Income	81	108
Deferred Taxation	1,754	1,429
<b>Total Non Current Liabilities</b>	<b>1,835</b>	<b>1,606</b>
Trade Payables	3,847	3,442
Other Payables, Accruals & Provisions	1,311	1,542
Bank Borrowings	0	370
Long Term Loans - Current Portion	0	525
Taxation	26	717
<b>Total Current Liabilities</b>	<b>5,184</b>	<b>6,596</b>
<b>Total Liabilities</b>	<b>7,019</b>	<b>8,202</b>
<b>Total Equity And Liabilities</b>	<b>66,621</b>	<b>62,924</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>1.18</b>	<b>1.08</b>

*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 TWELVE MONTHS ENDED 30 JUNE 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
<b><u>CURRENT YEAR</u></b>									
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	-	-	-	-	-	4,545	4,545	59	4,604
Exchange fluctuation during the period	-	-	-	276	-	-	276	-	276
Balance as at 30 June 2007	50,356	5,628	-	(124)	55	3,473	59,388	214	59,602

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
<b><u>CORRESPONDING PRECEDING PERIOD</u></b>									
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	-	-	-	-	-	1,015	1,015	52	1,067
Exchange fluctuation during the period	-	-	-	(276)	-	-	(276)	-	(276)
Balance as at 30 June 2006	50,356	5,628	84	(400)	55	(1,156)	54,567	155	54,722

*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**

( Company No: 491485-V )

( Incorporated in Malaysia )

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE TWELVE MONTHS ENDED 30 JUNE 2007**

	Twelve Months Ended 30/06/2007 RM '000	Twelve Months Ended 30/06/2006 RM '000
Profit before taxation	5,289	2,026
<b>Adjustments for :</b>		
- Non cash items	4,418	4,226
- Non operating items	(175)	(50)
Operating profit before changes in working capital	<u>9,532</u>	<u>6,202</u>
Changes in Working Capital :-		
- Net change in current assets	(811)	(505)
- Net change in current liabilities	426	1,179
Net Cash generated from operations	<u>9,147</u>	<u>6,876</u>
Tax refunded	-	2
Tax paid	(1,807)	(394)
Net Cash generated from operating activities	<u>7,340</u>	<u>6,484</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Inrterest received	470	326
Fixed deposit released from/(pledge to) licensed banks	3	(3)
Proceed from disposal of other investment	1,000	(998)
Proceed from disposal of property, plant and equipment	25	802
Purchase of property, plant & equipment	(5,477)	(4,782)
Net cash used in investing activities	<u>(3,979)</u>	<u>(4,655)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest expenses paid	(21)	(125)
Government grants received	-	135
Repayment of bank borrowings, hire purchase and term loan	(594)	(1,148)
Net cash used in financing activities	<u>(615)</u>	<u>(1,138)</u>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	2,746	691
<b>CASH &amp; CASH EQUIVALENTS AS AT BEGINNING OF PERIOD</b>	13,094	12,403
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<u>15,840</u>	<u>13,094</u>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>		
Deposit not pledged	13,338	11,590
Cash and bank balances	2,502	1,874
Bank overdrafts	(370)	(370)
	<u>15,840</u>	<u>13,094</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 RM18,900 (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 FORTH FINANCIAL QUARTER ENDED 30 JUNE 2007**

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**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  
FRS 140 Investment Property

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 30 June 2007. The impairment loss provided for the first quarter and year to date ended 30 June 2007 amounted RM95,127. The amortization charge for the corresponding quarter and year to date ended 30 June 2006 amounted RM1,714 and RM6,857 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.

d) FRS 140 Investment Property

The adoption of FRS 140 has resulted in a change in the accounting policy for investment property, as well as the reclassification of a property previously recognized as property, plant and equipment to investment property. Investment property can be valued either using cost or fair value method.

As a result of the adoption of FRS 140, a property of the Group that is held for rental has been reclassified to Investment Property and cost method has been adopted. Investment property is stated at cost less accumulated depreciation, consistent with the accounting policy for property, plant and equipment.

With the adoption of the above FRS 117 and 140 in its financial statements the following comparative amounts have been restated due to the adoption of the revised FRS :

	As previously reported RM'000	Effect of adopting FRS117 & FRS140 RM'000	As restated RM'000
As at 30/06/2006			
- Property, plant and equipment	33,188	(4,225)	28,963
- Prepaid lease payments	-	4,057	4,057
- Investment property	-	168	168

## 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 (30 June 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 Twelve Months</u> <u>Ended 30/06/07</u>	<u>Investment</u> <u>holding</u> <u>(RM'000)</u>	<u>Manufacturing</u> <u>(RM'000)</u>	<u>Total</u> <u>(RM'000)</u>	<u>Eliminations</u> <u>(RM'000)</u>	<u>Consolidated</u> <u>Amount</u> <u>(RM'000)</u>
<b>REVENUE</b>					
External sales	413	42,298	42,711	-	42,711
Inter-segment sales	2,933	1,503	4,436	(4,436)	-
Total revenue	<b>3,346</b>	<b>43,801</b>	<b>47,147</b>	<b>(4,436)</b>	<b>42,711</b>
<b>RESULTS</b>					
Segmental results	2,577	5,871	8,448	(3,099)	5,349
Income from investment					56
Finance costs					(21)
Impairment loss of goodwill					(95)
Profit before tax					5,289

Tax expenses	(664)
Profit after tax	4,625
Minority Interests	(80)
<b>Net profit After Tax &amp; Minority Interests</b>	<b>4,545</b>

<u>Current Period</u> <u>Ended 30/06/07</u>	<u>Investment</u> <u>holding</u> <u>(RM'000)</u>	<u>Manufacturing</u> <u>(RM'000)</u>	<u>Total</u> <u>(RM'000)</u>	<u>Eliminations</u> <u>(RM'000)</u>	<u>Consolidated</u> <u>Amount</u> <u>(RM'000)</u>
<b>Assets</b>					
Segmental assets	11,204	54,296	65,500	-	65,500
Income tax assets	554	567	1,121	-	1,121
<b>Consolidated total assets</b>					<b>66,621</b>
<b>Liabilities</b>					
Segmental liabilities	103	5,136	5,239	-	5,239
Income tax liabilities	-	1,780	1,780	-	1,780
<b>Consolidated total liabilities</b>					<b>7,019</b>
<b>Other Information</b>					
Capital expenditure	10	5,467	5,477	-	5,477
Depreciation and amortization	4	4,237	4,241	-	4,241

#### 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 except the company has invested an additional amount of RM377,015 in a wholly owned subsidiary company, Lipo Precision Industry (Suzhou) Co. Ltd.. The Company's equity interest in Lipo Precision Industry (Suzhou) Co. Ltd. remains unchanged.

#### **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 RM1.50 million as at 30 June 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 authorized by directors and contracted but not provided for in the interim financial report is as follow :-

Group	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year 4th Quarter Ended 30/06/2007 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2006 RM'000	Current Year To Date 30/06/2007 RM'000	Preceding Year Corresponding Period Ended 30/06/2006 RM'000
Property, plant & equipment	2,193	-	2,193	-
Investment property	4,950	-	4,950	-

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

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#### A. 1. Review of performance

Compared with the corresponding quarter last year, the Group's revenue increased to RM9.91 million or 9.10% from RM9.09 million and the Group's profit before taxation increased to RM0.88 million as compared to profit before taxation of RM0.14 million. The improvement in performance was attributable to increase in sales revenue and the favourable performance by the metal stamping and sheet metal division. Higher margin recorded was due to the more favourable sales mix for the quarter.

For the twelve months ended 30 June 2007, the Group recorded a revenue of RM42.71 million, representing an increase of RM6.39 million or an increase of 17.60% from the preceding year corresponding period. The Group registered a pre-tax profit of RM5.28 million as compared to pre-tax profit of RM2.02 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 RM9.91 million, representing decrease of RM0.39 million or 3.78% from the preceding quarter. The Group recorded a lower pre-tax profit of RM0.88 million in the current quarter as compared to the pre-tax profit of RM1.35 million as registered in the preceding quarter due to the decline in revenue recorded.

#### B. 3. Current year prospects

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

#### 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 30/06/2007 RM'000	Preceding Year Corresponding Quarter Ended 30/06/2006 RM'000	Current Year To Date 30/06/2007 RM'000	Preceding Year Corresponding Period Ended 30/06/2006 RM'000
Current year	212	99	(338)	(99)
Deferred tax	13	(172)	(322)	(172)
	225	(73)	(660)	(271)
(Under) / over provision in prior years	(4)	(492)	(4)	(658)
<b>Total</b>	221	(565)	(664)	(929)

The effective rate for the cumulative 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.

## 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 except a wholly owned subsidiary company, Paradigm Precision Machining Sdn Bhd, has acquired a piece of land and factory building amounted to RM5,500,000.

## 9. Group Borrowing

	As At End Of Current Quarter Ended 30/06/2007 RM'000	As At End Of Preceding Year Corresponding Period Ended 30/06/2006 RM'000
Short Term – secured	-	69
Long Term – secured	-	525
<b>Total</b>	-	<b>594</b>

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

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	<b>Current Year Quarter Ended 30/06/2007 RM'000</b>	<b>Preceding Year Corresponding Quarter ended 30/06/2006 RM'000</b>	<b>Current Year To Date 30/06/2007 RM'000</b>	<b>Preceding Year Corresponding Period Ended 30/06/2006 RM'000</b>
<b><u>Basic</u></b>				
Net profit for the period	1,086	(447)	4,545	1,015
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)	2.16	(0.89)	9.03	2.02

### b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 June 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 August 2007, the Board of Directors authorized the issuance of these interim financial statements.