

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007
 (The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year Quarter ended 30/09/2007 RM '000	Preceding Year Corresponding Quarter ended 30/09/2006 RM '000	(Unaudited) Current Year To Date 30/09/2007 RM '000	Preceding Year Corresponding Period 30/09/2006 RM '000
Revenue	11,483	9,653	11,483	9,653
Operating expenses	(11,148)	(9,201)	(11,148)	(9,106)
Other operating income	283	342	283	342
Profit from operations	618	794	618	889
Income from investment	20	9	20	9
Finance costs	(2)	(12)	(2)	(12)
Impairment loss for goodwill	-	-	-	(95)
Profit before tax	636	791	636	791
Taxation				
- The Company and its subsidiaries	(93)	(164)	(93)	(164)
Profit for the period	543	627	543	627
Attributable to :				
Equity holders of the parent	518	605	518	605
Minority interests	25	22	25	22
Profit for the period	543	627	543	627
Earning per share attributable to equity holders of the parent (sen)				
- Basic	1.03	1.20	1.03	1.20
- 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 2007.

LIPO CORPORATION BERHAD

(Company No: 491485-V)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET**AS AT 30 SEPTEMBER 2007**

	(Unaudited) Current Year As At 30/09/2007 RM '000	(As restated) (Audited) Preceding Financial Year As At 30/06/2007 RM '000
ASSETS		
Non Current Assets		
Property, Plant & Equipment	31,337	30,116
Prepaid Lease Payments	3,946	3,968
Total Non Current Assets	<u>35,283</u>	<u>34,084</u>
Current Assets		
Inventories	4,873	6,151
Trade Receivables	9,155	8,043
Other Receivables, Deposits & Prepayments	1,703	1,260
Tax Recoverables	1,317	1,121
Short-Term Deposits With Licensed Banks	11,597	13,357
Cash & Bank Balances	3,781	2,652
Total Current Assets	<u>32,426</u>	<u>32,584</u>
Total Assets	<u>67,709</u>	<u>66,668</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	50,356	50,356
Reserves		
Share Premium	5,628	5,628
Capital & Legal Reserves	55	55
Exchange Fluctuation Reserve	(490)	(461)
Retained Profit	3,938	3,420
Total Equity Attributable To Equity Holders Of The parent	<u>59,487</u>	<u>58,998</u>
Minority Interests	226	214
Total Equity	<u>59,713</u>	<u>59,212</u>
Liabilities		
Deferred Income	74	81
Deferred Taxation	1,792	1,750
Total Non Current Liabilities	<u>1,866</u>	<u>1,831</u>
Trade Payables	3,773	3,981
Other Payables, Accruals & Provisions	1,838	1,620
Bank Borrowings	480	0
Taxation	39	24
Total Current Liabilities	<u>6,130</u>	<u>5,625</u>
Total Liabilities	<u>7,996</u>	<u>7,456</u>
Total Equity And Liabilities	<u>67,709</u>	<u>66,668</u>
Net assets per share attributable to equity holders of the parent (RM)	1.18	1.17

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2007.

LIPO CORPORATION BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007**

GROUP	Attributable to equity holders of the parent								
	Share	Share	Reserve on	Exchange	Legal	Retained	Sub-Total	Minority	Total
	Capital	Premium	Consolidation	Fluctuation	Reserve	Profit			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 01 July 2007	50,356	5,628	-	(461)	55	3,420	58,998	214	59,212
Net profit after tax for the period	-	-	-	-	-	518	518	25	543
Exchange fluctuation during the period	-	-	-	(29)	-	-	(29)	-	(29)
Dividend paid to minority interests of a subsidiary company	-	-	-	-	-	-	-	(13)	(13)
Balance as at 30 September 2007	50,356	5,628	-	(490)	55	3,938	59,487	226	59,713

GROUP	Attributable to equity holders of the parent								
	Share	Share	Reserve on	Exchange	Legal	Retained Profit/ (Accumulated	Sub-Total	Minority	Total
	Capital	Premium	Consolidation	Fluctuation	Reserve	Losses)			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	605	605	22	627
Exchange fluctuation during the period	-	-	-	320	-	-	320	-	320
Balance as at 30 September 2006	50,356	5,628	-	(80)	55	(467)	55,492	177	55,669

LIPO CORPORATION BERHAD

(Company No: 491485-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007**

	Three Months Ended 30/09/2007 RM '000	Three Months Ended 30/09/2006 RM '000
Profit before taxation	636	894
Adjustments for :		
- Non cash items	1,306	1,228
- Non operating items	(75)	276
Operating profit before changes in working capital	<u>1,867</u>	<u>2,398</u>
Changes in Working Capital :-		
- Net change in current assets	(358)	(1,529)
- Net change in current liabilities	10	1,387
Net Cash generated from operations	<u>1,519</u>	<u>2,256</u>
Tax paid	(232)	-
Net cash generated from operating activities	<u>1,287</u>	<u>2,256</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	111	105
Fixed deposit released from/(pledge to) licensed banks	-	3
Proceed from disposal of property, plant and equipment	215	-
Purchase of property, plant & equipment	(2,722)	(544)
Net cash used in investing activities	<u>(2,396)</u>	<u>(436)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses paid	(2)	(12)
Drawdown/(Repayment) of bank borrowings and term loan	480	(127)
Net cash generated/(used) in financing activities	<u>478</u>	<u>(139)</u>
NET CHANGE IN CASH & CASH EQUIVALENT	(631)	1,681
CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	15,990	13,094
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>15,359</u>	<u>14,775</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Deposit not pledged	11,578	12,694
Cash and bank balances	3,781	2,081
	<u>15,359</u>	<u>14,775</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2007.

Note : The amount excluded deposits amounting to RM19,108 (30 June 2007 : RM19,108) 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.

LIPO CORPORATION BERHAD

(Company No: 491485-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2007**

	Three Months Ended 30/09/2007 RM '000	Three Months Ended 30/09/2006 RM '000
Profit before taxation	636	894
Adjustments for :		
- Non cash items	1,306	1,228
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**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 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 2007.

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 2007 except adoption of the following new/revised FRS :-

FRS 107	Cash Flow Statements
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
Amendments to	
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 124	Related Party Disclosures
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets

The adoption of the new/revised FRS does not have significant impact on the Group.

2. Audit report of preceding annual financial statement

The Group's audited financial statements for the year ended 30 June 2007 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 September 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 Three Months Ended 30/09/07</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	90	11,393	11,483	-	11,483
Inter-segment sales	192	380	572	(572)	-
Total revenue	282	11,773	12,055	(572)	11,483
RESULTS					
Segmental results	30	719	749	(131)	618
Investment revenue					20
Finance costs					(2)
Profit before tax					636
Income tax expense					(93)
Profit after tax					543
Minority Interests					(25)
Net profit After Tax & Minority Interests					518
<u>Current Period Ended 30/09/07</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	747	54,048	54,795	-	54,795
Income producing assets	11,243	354	11,597		11,597
Income tax assets	589	728	1,317	-	1,317
Consolidated total assets					67,709

Liabilities					
Segmental liabilities	130	5,481	5,611	-	5,611
Borrowings	-	480	480	-	480
Deferred income on government grant	-	74	74	-	74
Income tax liabilities	-	1,831	1,831	-	1,831
Consolidated total liabilities					7,996
Other Information					
Capital expenditure	4	2,718	2,722	-	2,722
Depreciation and amortization	1	1,168	1,169	-	1,169

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 maintained at RM1.50 million as at 30 September 2007 (30 June 2007 – RM1.50 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	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year 1st Quarter Ended 30/09/2007 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2006 RM'000	Current Year To Date 30/09/2007 RM'000	Preceding Year Corresponding Period Ended 30/09/2006 RM'000
Investment property	4,400	-	4,400	-

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

1. Review of performance

Compared with the corresponding quarter last year, the Group's recorded higher revenue of RM11.48 million or an increase of 18.95% from RM9.65 million but the Group's profit before taxation decreased to RM0.63 million as compared to profit before taxation of RM0.79 million. The less favourable performance was attributable to unfavourable result reported by the local Components Division.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded revenue of RM11.48 million, representing an increase of RM1.56 million or 15.76% from the preceding quarter. The Group recorded a lower pre-tax profit of RM0.63 million in the current quarter as compared to the pre-tax profit of RM0.88 million as registered in the preceding quarter due to the unfavourable performance of local Components Division.

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 :-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year 1st Quarter Ended 30/09/2007 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2006 RM'000	Current Year To Date 30/09/2007 RM'000	Preceding Year Corresponding Period Ended 30/09/2006 RM'000
Group				
Current year	(51)	(114)	(51)	(114)
Deferred tax	(42)	(50)	(42)	(50)
	(93)	(164)	(93)	(164)
(Under) / over provision in prior years	-	-	-	-
Total	(93)	(164)	(93)	(164)

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.

9. Group Borrowing

	As At End Of Current Quarter Ended 30/09/2007 RM'000	As At End Of Preceding Year Corresponding Period Ended 30/09/2006 RM'000
Short Term – secured	480	467
Long Term – secured	-	-
Total	480	467

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 September 2006 : Nil).

13. Earnings Per Share

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter Ended 30/09/2007 RM'000	Preceding Year Corresponding Quarter ended 30/09/2006 RM'000	Current Year To Date 30/09/2007 RM'000	Preceding Year Corresponding Period Ended 30/09/2006 RM'000
Basic				
Net profit for the period attributable to the equity holders of the Company	518	605	518	605
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)	1.03	1.20	1.03	1.20

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 September 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 28 November 2007, the Board of Directors authorized the issuance of these interim financial statements.