

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

CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2008
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter Ended	Corresponding	To Date	Corresponding
	30/09/2008	Quarter Ended	30/09/2008	Period
	RM '000	30/09/2007	RM '000	30/09/2007
		RM '000		RM '000
Revenue	11,060	11,392	11,060	11,392
Operating expenses	(10,422)	(11,148)	(10,422)	(11,148)
Other operating income	492	283	492	283
Profit from operations	1,130	527	1,130	527
Income from investment	111	111	111	111
Finance costs	-	(2)	-	(2)
Profit before tax	1,241	636	1,241	636
Taxation				
- The Company and its subsidiaries	(350)	(93)	(350)	(93)
Profit for the period	891	543	891	543
Attributable to :				
Equity holders of the Company	866	518	866	518
Minority interests	25	25	25	25
Profit for the period	891	543	891	543
Earning per share attributable to equity holders of the Company (sen)				
- Basic/diluted	1.72	1.03	1.72	1.03

The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.

LIPO CORPORATION BERHAD
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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEETS
AS AT 30 SEPTEMBER 2008

	(Unaudited) Current Year As At 30/09/2008 RM '000	(As restated) (Audited) Preceding Financial Year As At 30/06/2008 RM '000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	34,268	32,547
Prepaid Lease Payments	5,625	5,657
Total Non-Current Assets	39,893	38,204
Current Assets		
Inventories	3,845	4,324
Trade Receivables	9,368	10,217
Other Receivables, Deposits & Prepayments	1,136	2,254
Current Tax Assets	1,184	1,157
Short-Term Deposits With Licensed Banks	14,797	12,961
Cash & Bank Balances	3,365	3,210
Total Current Assets	33,695	34,123
Total Assets	73,588	72,327
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	35	(265)
Retained Earnings	9,831	8,965
Total Equity Attributable To Equity Holders Of The Company	65,905	64,739
Minority Interests	261	272
Total Equity	66,166	65,011
Liabilities		
Deferred Income On Government Grant	47	54
Deferred Tax Liabilities	2,110	1,910
Total Non Current Liabilities	2,157	1,964
Trade Payables	2,822	3,659
Other Payables, Accruals & Provisions	2,322	1,637
Current Tax Liabilities	121	56
Total Current Liabilities	5,265	5,352
Total Liabilities	7,422	7,316
Total Equity And Liabilities	73,588	72,327
Net assets per share attributable to equity holders of the Company (RM)	1.31	1.29

The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.

LIPO CORPORATION BERHAD
(Company No: 491485-V)
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2008**

GROUP	Attributable to equity holders of the Company							Minority Interest	Total Equity
	Share Capital	Share Premium	Reserve on Consolidation	Exchange Fluctuation Reserve	Legal Reserve	Retained Earnings	Sub-Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>CURRENT YEAR</u>									
At 01 July 2008	50,356	5,628	-	(265)	55	8,965	64,739	272	65,011
Net profit after tax for the period	-	-	-	-	-	866	866	25	891
Exchange fluctuation during the period	-	-	-	300	-	-	300	-	300
Dividend paid to minority interests of a subsidiary company	-	-	-	-	-	-	-	(36)	(36)
Balance as at 30 September 2008	50,356	5,628	-	35	55	9,831	65,905	261	66,166

GROUP	Attributable to equity holders of the Company							Minority Interest	Total Equity
	Share Capital	Share Premium	Reserve on Consolidation	Exchange Fluctuation Reserve	Legal Reserve	Retained Earnings/ (Accum. Losses)	Sub-Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>CORRESPONDING PRECEDING PERIOD</u>									
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

The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2008.

LIPO CORPORATION BERHAD

(Company No: 491485-V)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2008**

	Three Months Ended 30/09/2008 RM '000	Three Months Ended 30/09/2007 RM '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	1,241	636
Adjustments for :		
- Non-cash items	1,287	1,319
- Non-operating items	(111)	(75)
Operating profit before changes in working capital	<u>2,417</u>	<u>1,880</u>
Changes in Working Capital :-		
- Net change in current assets	2,446	(358)
- Net change in current liabilities	(152)	10
Net Cash generated from operations	<u>4,711</u>	<u>1,532</u>
Tax paid	(111)	(232)
Net cash generated from operating activities	<u>4,600</u>	<u>1,300</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	111	111
Proceed from disposal of property, plant and equipment	-	215
Purchase of property, plant & equipment	(2,683)	(2,722)
Net cash used in investing activities	<u>(2,572)</u>	<u>(2,396)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest expenses paid	-	(2)
Dividend paid to minority interests of a subsidiary company	(36)	(13)
Drawdown of bank borrowings and term loan	-	480
Net cash (used)/generated in financing activities	<u>(36)</u>	<u>465</u>
NET CHANGE IN CASH & CASH EQUIVALENT	1,992	(631)
CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	16,150	15,990
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	<u>18,142</u>	<u>15,359</u>
CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Deposit not pledged	14,777	11,578
Cash and bank balances	3,365	3,781
	<u>18,142</u>	<u>15,359</u>

The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2008.

Note : The amount excluded deposits amounting to RM19,779 (30 June 2008 : RM21,334) that have been pledged to licensed banks to secure certain facilities issued by the licensed banks on behalf of the Company and of the subsidiaries.

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2008**

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, should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2008.

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 2008.

2. Audit report of preceding annual financial statement

The Group's audited financial statements for the year ended 30 June 2008 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 2007 : 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, precision plating and surface treatment.

<u>For Three Months Ended 30/09/08</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	-	11,060	11,060	-	11,060
Inter-segment sales	1,262	273	1,535	(1,535)	-
Total revenue	1,262	11,333	12,595	(1,535)	11,060
RESULTS					
Segment results	843	1,489	2,332	(1,202)	1,130
Investment revenue					111
Finance costs					-
Profit before tax					1,241
Income tax expense					(350)
Profit after tax					891
Minority Interests					(25)
Net profit After Tax & Minority Interests					866

<u>Current Period Ended 30/09/08</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	1,675	55,932	57,607	-	57,607
Income producing assets	11,686	3,111	14,797	-	14,797
Income tax assets	468	716	1,184	-	1,184
Consolidated total assets					73,588
Liabilities					
Segmental liabilities	161	4,983	5,144	-	5,144
Deferred income on government grant	-	47	47	-	47
Income tax liabilities	-	2,231	2,231	-	2,231
Consolidated total liabilities					7,422

<u>Current Period Ended 30/09/08</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>
Capital expenditure	1	2,682	2,683	-	2,683
Depreciation and amortization	1	1,128	1,129	-	1,129

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 08 (30 June 2008 – RM1.50 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 REQUIREMENTS

1. Review of performance

Compared with the corresponding quarter last year, the Group recorded slightly lower revenue of RM11.06 million, a decrease of RM0.33 million or 2.9% from RM11.39 million.

Despite the slightly decrease in revenue, higher profit before taxation of RM1.24 million or an increase of 95.1% from RM0.63 million was recorded. The favourable result was driven by the local Precision Components and Sheet Metal Division with the more favourable product mix.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded decrease in revenue by RM1.49 million or 11.9% from the preceding quarter with the dropped in profit before tax of RM0.83 million or 40.2%. The unfavourable result was mainly attributed to the lower revenue and profit contribution from Oversea 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>	
	<u>Current Year</u> <u>1st Quarter</u> <u>Ended</u> <u>30/09/2008</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>30/09/2007</u> <u>RM'000</u>	<u>Current Year</u> <u>To Date</u> <u>30/09/2008</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Period Ended</u> <u>30/09/2007</u> <u>RM'000</u>
Group				
Current year	(150)	(51)	(150)	(51)
Deferred tax	(200)	(42)	(200)	(42)
	(350)	(93)	(350)	(93)
(Under) / over provision in prior years	-	-	-	-
Total	(350)	(93)	(350)	(93)

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.

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

There were no local and 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 2008 : Nil).

13. Earnings Per Share

(a) Basic earnings per share

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter Ended 30/09/2008	Preceding Year Corresponding Quarter Ended 30/09/2007	Current Year To Date Ended 30/09/2008	Preceding Year Corresponding Period Ended 30/09/2007
<u>Basic/diluted</u>				
Net profit for the period attributable to the equity holders of the Company (RM'000)	866	518	866	518
No. of ordinary shares in issue ('000)	50,356	50,356	50,356	50,356
Basic/diluted earnings per share attributable to the equity holders of the Company (sen)	1.72	1.03	1.72	1.03

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 September 2008 is not shown as the effect of the assumed conversion of outstanding ESOS options to ordinary shares would be anti-dilutive due to market price of the ordinary shares is currently lower than the subscription price.

14. Authorisation for issuance of the interim financial statements

On 13 Nov 2008, the Board of Directors authorized the issuance of these interim financial statements.