

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE SECOND FINANCIAL QUARTER ENDED 31 DECEMBER 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. Dividend

No interim dividend has been declared for the current quarter and financial year-to-date (31 December 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 Six Months Ended</u> <u>31/12/08</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>
REVENUE					
External sales	-	21,928	21,928	-	21,928
Inter-segment sales	1,888	431	2,319	(2,319)	-
Total revenue	1,888	22,359	24,247	(2,319)	21,928
RESULTS					
Segment results	1,047	1,756	2,803	(1,768)	1,035
Investment revenue					241
Finance costs					-
Profit before tax					1,276
Income tax expense					(481)
Profit after tax					795
Minority Interests					(39)
Net profit After Tax & Minority Interests					756

<u>Current Period</u> <u>Ended 31/12/08</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>
Assets					
Segmental assets	118	57,674	57,792	-	57,792
Income producing assets	14,728	2,700	17,428	-	17,428
Income tax assets	457	695	1,152	-	1,152
Consolidated total assets					76,372
Liabilities					
Segmental liabilities	171	6,633	6,804	-	6,804
Deferred income on government grant	-	41	41	-	41
Income tax liabilities	-	2,110	2,110	-	2,110
Consolidated total liabilities					8,955

<u>Current Period</u> <u>Ended 31/12/08</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>
Capital expenditure	1	3,305	3,306	-	3,306
Depreciation and amortization	3	2,375	2,378	-	2,378

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.

The following is an analysis of the Group's sales by geographical market, irrespective of the origin of the goods/services :-

Sales revenue by geographical market	RM'000
Malaysia	10,465
Other Asia Pacific Countries	7,513
United States of America	1,035
European Countries	1,430
Thailand	1,445
Others	40
Total	21,928

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 31 December 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 RM10.86 million, a decrease of RM0.24 million or 2.21% from RM11.11 million. However, the profit before taxation reported was only RM0.03 million, a decrease of RM1.52 million or 97.8%. The unfavourable profit reported was caused by the less profitable product mix and the unfavourable result reported by Overseas Components Division.

For the six months ended 31 December 2008, the group recorded revenue of RM21.92 million, representing a decrease of RM0.57 million or 2.56% from preceding year corresponding period. However, the group recorded a pre-tax profit of RM1.27 million as compared to pre-tax profit of RM2.19 million as recorded in preceding year corresponding period. The unfavourable performance was attributable to poor result reported by the Overseas Components Division as compared to preceding year corresponding period.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded slight decrease in revenue by RM0.19 million or 1.73% from the preceding quarter with the drop in profit before tax by RM1.20 million or 97.17%. The unfavourable result was mainly attributed to the lower revenue and profit contribution from Overseas Components Division.

3. Current year prospects

Barring any unforeseen circumstances, the Board expects the group's performance to remain challenging in the coming quarters. The group will be taking the necessary measures to cut costs and intensify its marketing workforce to mitigate downturn impact of the global economy.

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 2nd Quarter Ended 31/12/2008 RM'000	Preceding Year Corresponding Quarter Ended 31/12/2007 RM'000	Current Year To Date 31/12/2008 RM'000	Preceding Year Corresponding Period Ended 31/12/2007 RM'000
Group				
Current year	(131)	(53)	(281)	(104)
Deferred tax	-	115	(200)	73
	(131)	62	(481)	(31)
(Under) / over provision in prior years	-	-	-	-
Total	(131)	62	(481)	(31)

The provision for taxation stated above was in respect for the profit of the local subsidiaries.

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 (31 Dec 2007 : Nil).

13. Earnings Per Share

(a) Basic earnings per share

<u>Basic/diluted</u>	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 31/12/2008	Preceding Year Corresponding Quarter Ended 31/12/2007	Current Year To Date Ended 31/12/2008	Preceding Year Corresponding Period Ended 31/12/2007
Net (loss)/profit for the period attributable to the equity holders of the Company (RM'000)	(110)	1,599	756	2,117
No. of ordinary shares in issue ('000)	50,356	50,356	50,356	50,356
Basic/diluted (loss)/earnings per share attributable to the equity holders of the Company (sen)	(0.22)	3.18	1.50	4.20

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 31 December 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 26 Feb 2009, the Board of Directors authorized the issuance of these interim financial statements.