

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS**  
**FOR THE NINE MONTHS ENDED 31 MARCH 2010**  
 (The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	(Unaudited) Current Year Quarter ended 31/03/2010 RM '000	(Unaudited) Preceding Year Corresponding Quarter ended 31/03/2009 RM '000	(Unaudited) Current Year To Date 31/03/2010 RM '000	(Unaudited) Preceding Year Corresponding Period 31/03/2009 RM '000
Revenue	12,247	6,797	31,081	28,725
Operating expenses	(10,659)	(7,721)	(28,186)	(29,600)
Other operating income	224	265	650	1,251
Profit/(Loss) from operations	1,812	(659)	3,545	376
Income from investment	141	117	363	358
Profit/(Loss) before tax	1,953	(542)	3,908	734
Taxation - The Company and its subsidiaries	(423)	(78)	(828)	(559)
Profit/(Loss) for the period	<u>1,530</u>	<u>(620)</u>	<u>3,080</u>	<u>175</u>
Attributable to :				
Equity holders of the Company	1,520	(612)	3,047	144
Minority interests	10	(8)	33	31
Profit/(Loss) for the period	<u>1,530</u>	<u>(620)</u>	<u>3,080</u>	<u>175</u>
Earning/(loss) per share attributable to equity holders of the Company (sen)				
- Basic/diluted	<u>3.02</u>	<u>(1.22)</u>	<u>6.05</u>	<u>0.29</u>

*The Condensed Consolidated Income Statements should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009.*

**LIPO CORPORATION BERHAD**  
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**CONDENSED CONSOLIDATED BALANCE SHEETS**  
**AS AT 31 MARCH 2010**

	(Unaudited) Current Year As At 31/03/2010 RM '000	(Audited) Preceding Financial Year As At 30/06/2009 RM '000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, Plant & Equipment	29,149	32,750
Prepaid Lease Payments	5,433	5,529
Land Held For Property Development	4,585	0
<b>Total Non-Current Assets</b>	<b>39,167</b>	<b>38,279</b>
<b>Current Assets</b>		
Inventories	3,654	2,797
Trade Receivables	12,320	6,946
Other Receivables, Deposits & Prepayments	1,112	986
Current Tax Assets	368	1,455
Short-Term Deposits With Licensed Banks	18,313	18,864
Cash & Bank Balances	3,327	3,171
<b>Total Current Assets</b>	<b>39,094</b>	<b>34,219</b>
<b>Total Assets</b>	<b>78,261</b>	<b>72,498</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
Exchange Fluctuation Reserve	796	1,444
Retained Earnings	12,209	9,162
<b>Total Equity Attributable To Equity Holders Of The Company</b>	<b>69,044</b>	<b>66,645</b>
Minority Interests	241	258
<b>Total Equity</b>	<b>69,285</b>	<b>66,903</b>
<b>Liabilities</b>		
Deferred Income On Government Grants	181	27
Deferred Tax Liabilities	2,160	2,152
<b>Total Non Current Liabilities</b>	<b>2,341</b>	<b>2,179</b>
Trade Payables	3,953	2,122
Other Payables, Accruals & Provisions	2,162	1,210
Current Tax Liabilities	520	84
<b>Total Current Liabilities</b>	<b>6,635</b>	<b>3,416</b>
<b>Total Liabilities</b>	<b>8,976</b>	<b>5,595</b>
<b>Total Equity And Liabilities</b>	<b>78,261</b>	<b>72,498</b>
<b>Net assets per share attributable to equity holders of the Company (RM)</b>	<b>1.37</b>	<b>1.32</b>

*The Condensed Consolidated Balance Sheets should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009.*

**LIPO CORPORATION BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

GROUP	Attributable to equity holders of the Company							Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000	Minority Interests RM'000	
<b><u>CURRENT YEAR</u></b>								
At 01 July 2009	50,356	5,628	1,444	55	9,162	66,645	258	66,903
Net loss recognised directly in equity :								
Exchange fluctuation during the period	-	-	(648)	-	-	(648)	-	(648)
Net profit after tax for the period	-	-	-	-	3,047	3,047	33	3,080
Total recognised income and expenses for the period	-	-	(648)	-	3,047	2,399	33	2,432
Dividend paid to minority interests of a subsidiary company	-	-	-	-	-	-	(50)	(50)
Balance as at 31 March 2010	50,356	5,628	796	55	12,209	69,044	241	69,285

GROUP	Attributable to equity holders of the Company							Total Equity RM'000
	Share Capital RM'000	Share Premium RM'000	Exchange Fluctuation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000	Minority Interests RM'000	
<b><u>CORRESPONDING PRECEDING PERIOD</u></b>								
At 01 July 2008	50,356	5,628	(265)	55	8,965	64,739	272	65,011
Net gain recognised directly in equity :								
Exchange fluctuation during the period	-	-	1,637	-	-	1,637	-	1,637
Net profit after tax for the period	-	-	-	-	144	144	31	175
Total recognised income for the period	-	-	1,637	-	144	1,781	31	1,812
Dividend paid to minority interests of a subsidiary company	-	-	-	-	-	-	(36)	(36)
Balance as at 31 March 2009	50,356	5,628	1,372	55	9,109	66,520	267	66,787

*The Condensed Consolidated Statements Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2009.*

**LIPO CORPORATION BERHAD**

( Company No: 491485-V )

( Incorporated in Malaysia )

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE NINE MONTHS ENDED 31 MARCH 2010**

	(Unaudited) Nine Months Ended 31/03/2010 RM '000	(Unaudited) Nine Months Ended 31/03/2009 RM '000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	3,908	734
<b>Adjustments for :</b>		
- Non-cash items	7,109	3,608
- Non-operating items	(363)	(365)
Operating profit before changes in working capital	<u>10,654</u>	<u>3,977</u>
Changes in Working Capital :-		
- Net change in current assets	(9,814)	5,480
- Net change in current liabilities	2,784	(1,281)
Net Cash generated from operations	<u>3,624</u>	<u>8,176</u>
Tax refund/(paid)	703	(333)
<b>Net cash generated from operating activities</b>	<u>4,327</u>	<u>7,843</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	364	358
Proceed from disposal of property, plant and equipment	-	16
Purchase of land held for property development	(4,585)	-
Purchase of property, plant & equipment	(498)	(4,169)
<b>Net cash used in investing activities</b>	<u>(4,718)</u>	<u>(3,795)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid to minority interests of a subsidiary company	(50)	(36)
Receipt of government grant	205	-
<b>Net cash generated/(used) in financing activities</b>	<u>156</u>	<u>(36)</u>
<b>NET CHANGE IN CASH &amp; CASH EQUIVALENT</b>	(235)	4,012
<b>Effect of foreign exchange rate changes</b>	(160)	890
<b>CASH &amp; CASH EQUIVALENTS AS AT BEGINNING OF PERIOD</b>	22,014	16,150
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>	<u>21,619</u>	<u>21,052</u>
<b>CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD</b>		
Deposit not pledged	18,292	17,913
Cash and bank balances	3,327	3,139
	<u>21,619</u>	<u>21,052</u>

Note : The amount excluded deposits amounting to RM21,162 (30 June 2009 : RM20,798) 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.

*The Condensed Consolidated Cashflow Statement should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2009.*

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134  
FOR THE THIRD FINANCIAL QUARTER ENDED 31 MARCH 2010**

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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, should be read in conjunction with the Group's annual audited financial statements for the year ended 30 June 2009.

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 2009 except for the adoption of FRS 8 *Operating Segments* during the financial period.

FRS 8 sets out the requirements of disclosure of information on an entity's operating segments, products and services, the geographical areas in which it operates and its customers. The adoption of this Standard does not result in significant change in the Group's accounting policies and will only impact the form and content of disclosures presented in the financial statements.

**2. Seasonal or cyclical operations**

The performance of the Group is generally dependent on the performance of the global electronics industry.

**3. 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.

**4. 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.

**5. 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.

**6. Dividend**

No dividend has been declared for the current quarter and financial year-to-date (31 March 2009 : Nil)

## 7. Segmental information

The adoption of FRS 8, Operating Segments, requires the operating segments to be identified on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker, represented by Chief Operating Officer (COO) of the Group. The COO reviews the Group's internal reporting monthly in order to assess the operating segments' performance and allocate resources.

The COO views the business from the geographic perspective. The reportable segments are Malaysia, China and Thailand. The Malaysia segment's products & services comprise of manufacturing of precision components, sheet metal and surface treatment, while the China and Thailand segments' products & services comprise of precision components.

### **For Nine Months Ended 31/03/10**

	Malaysia	China	Thailand	Others	Total	Elimination	Total Entity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	22,337	7,064	1,680	0	31,081	0	31,081
Intersegment revenue	811	0	0	2,168	2,979	(2,979)	0
Investment revenue	45	0	0	318	363	0	363
Depreciation and amortization	2,656	762	166	104	3,688	0	3,688
Income tax expenses	699	38	70	289	1,096	(268)	828
Reportable segment profit after tax	2,670	833	163	1,116	4,782	(1,702)	3,080
Reportable segment assets	34,907	9,884	1,378	57,292	103,461	(25,200)	78,261
Expenditure for non-current assets	309	96	74	4,603	5,082	0	5,082
Reportable segment liabilities	7,109	1,617	206	44	8,976	0	8,976

Note : "Others" consist of holding company and two inactive subsidiaries.

**For Nine Months Ended 31/03/09**

	<b>Malaysia</b>	<b>China</b>	<b>Thailand</b>	<b>Others</b>	<b>Total</b>	<b>Elimination</b>	<b>Total Entity</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue from external customer	20,120	6,963	1,642	0	28,725	0	28,725
Intersegment revenue	565	0	0	2,515	3,080	(3,080)	0
Investment revenue	59	0	0	299	358	0	358
Depreciation and amortization	2,682	679	158	103	3,622	0	3,622
Income tax expenses	447	0	82	118	647	(88)	559
Reportable segment profit/(loss) after tax	1,940	(1,115)	164	1,433	2,422	(2,247)	175
Reportable segment assets	30,666	10,207	1,437	54,653	96,963	(23,843)	73,120
Expenditure for non-current assets	1,181	3,291	1	1	4,474	(305)	4,169
Reportable segment liabilities	4,078	1,996	208	51	6,333	0	6,333

Note : "Others" consist of holding company and one inactive subsidiary.

**Geographical Information**

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 for period ended 31 March 2010, irrespective of the origin of the goods/services :-

<b>Sales revenue by geographical market</b>	<b>RM'000</b>
Malaysia	15,656
Other Asia Pacific Countries	10,258
United States of America	2,073
Thailand	1,707
European Countries	1,185
Others	202
<b>Total</b>	<b>31,081</b>

**8. 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.

## 9. Subsequent Events

There were no material events subsequent to the end of the reporting financial period.

## 10. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter .

## 11. Capital commitment

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 31/03/2010 (RM'000)	Preceding Year Corresponding Quarter Ended 31/03/2009 (RM'000)	Current Year To Date Ended 31/03/2010 (RM'000)	Preceding Year Corresponding Period Ended 31/03/2009 (RM'000)
Land Held for Property Development				
Contracted but not provided for	2,200	-	2,200	-

## 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 March 2010 (31 March 2009 : RM1.50 million), being corporate guarantee given to financial institution for banking facilities granted to its subsidiaries.

## 13. Material related party transactions

There were no material related party transactions for the current quarter and financial year-to-date.

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

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### 1. Review of performance

Compared with the corresponding quarter last year, the Group recorded revenue of RM12.24 million, representing significant increase of revenue amounted to RM5.45 million or 80.18% from RM6.79 million. In tandem with the high achievement of sales revenue, the Group recorded significant increase in profit before tax of RM1.95 million from the loss reported of RM0.54 million in corresponding quarter last year. The tremendous improvement was mainly attributed to recovery of Overseas Components Division from loss making recorded in corresponding quarter last year due to relocation of new factory to profit making and well performed of the Sheet Metal Division.

For the nine months ended 31 March 2010, the group recorded revenue of RM31.08 million, representing an increase of RM2.35 million or 18.20% from preceding year corresponding period. With the improvement in sales revenue achieved, the group managed to record a pre-tax profit of RM3.90 million as compared to pre-tax profit of RM0.73 million as recorded in preceding year corresponding period. The strengthening of global economy, coupled with the recovery of the production deficiencies as result of relocation to new factory by Overseas Components Division and the favourable performance of Sheet Metal Division had contributed to the growth.



## 2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded an increase in revenue by RM1.90 million or 18.45% from the preceding quarter with the improvement in profit before tax of RM0.46 million as compared to profit before tax reported of RM1.48 million in last quarter. The improved result was mainly attributed to the increase in revenue recorded by both the Sheet Metal Division and Components Division.

## 3. Current year prospects

The Board expects the group's performance to remain positive in the coming quarter.

## 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>Quarter</u> <u>Ended</u> <u>31/03/2010</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Quarter Ended</u> <u>31/03/2009</u> <u>RM'000</u>	<u>Current Year</u> <u>To Date</u> <u>31/03/2010</u> <u>RM'000</u>	<u>Preceding Year</u> <u>Corresponding</u> <u>Period Ended</u> <u>31/03/2009</u> <u>RM'000</u>
<b>Group</b>				
Current year	(465)	22	(772)	(267)
Deferred tax	42	(100)	(8)	(292)
	(423)	(78)	(780)	(559)
(Under) / over provision in prior years	-	-	(48)	-
<b>Total</b>	<b>(423)</b>	<b>(78)</b>	<b>(828)</b>	<b>(559)</b>

The effective rates for the quarter and period are lower than the statutory tax rate due to the utilization of reinvestment allowances. The foreign subsidiary in China is eligible to enjoy tax incentive of which its profit is exempted from income tax for two years commencing from first cumulative profit making year and will be subject to income tax at a reduction of 50% of the statutory income tax rate for the following three years.

## 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 March 2009 : Nil).

**13. Earnings Per Share**

**(a) Basic earnings per share**

	<b>INDIVIDUAL PERIOD</b>		<b>CUMULATIVE PERIOD</b>	
	<b>Current Year Quarter Ended 31/03/2010</b>	<b>Preceding Year Corresponding Quarter Ended 31/03/2009</b>	<b>Current Year To Date Ended 31/03/2010</b>	<b>Preceding Year Corresponding Period Ended 31/03/2009</b>
<b><u>Basic/diluted</u></b>				
Net profit/(loss) for the period attributable to the equity holders of the Company (RM'000)	1,520	(612)	3,047	144
No. of ordinary shares in issue ('000)	50,356	50,356	50,356	50,356
Basic/diluted earnings/(loss) per share attributable to the equity holders of the Company (sen)	3.02	(1.22)	6.05	0.29

**b) Diluted earnings per share**

The diluted earnings per ordinary share in individual and accumulative period ended 31 March 2010 is not shown as the effect of the assumed conversion of outstanding Employee Share Option Scheme options to ordinary shares would be anti-dilutive due to market price of the ordinary shares is currently lower than the subscription price.

**14. Audit report of preceding annual financial statement**

The Group's audited financial statements for the year ended 30 June 2009 were reported without any qualification.

**15. Authorisation for issuance of the interim financial statements**

On 26 May 2010, the Board of Directors authorized the issuance of these interim financial statements.