

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter ended 30/09/2010 RM '000	Preceding Year Corresponding Quarter ended 30/09/2009 RM '000	Current Year To Date 30/09/2010 RM '000	Preceding Year Corresponding Period 30/09/2009 RM '000
Revenue	15,620	8,495	15,620	8,495
Operating expenses	(12,777)	(8,343)	(12,777)	(8,343)
Other operating income	429	206	429	206
Profit from operations	3,272	358	3,272	358
Income from investment	131	110	131	110
Profit before tax	3,403	468	3,403	468
Taxation - The Company and its subsidiaries	(719)	(47)	(719)	(47)
Profit for the period	2,684	421	2,684	421
Other comprehensive income :				
Foreign currency translation differences for foreign operations	(91)	(387)	(91)	(387)
Total comprehensive income for the period	2,593	34	2,593	34
Profit for the period attributable to :				
Equity holders of the Company	2,656	412	2,656	412
Non-controlling interest	28	9	28	9
Profit for the period	2,684	421	2,684	421
Total comprehensive income attributable to :				
Equity holders of the Company	2,565	25	2,565	25
Non-controlling interest	28	9	28	9
Total comprehensive income	2,593	34	2,593	34
Earning per share attributable to equity holders of the Company (sen)				
- Basic/diluted	5.27	0.82	5.27	0.82

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2010

	(Unaudited)	(Audited)
	Current	Restated
	Year	Preceding
	As At	Financial Year
	30/09/2010	As At
	RM '000	30/06/2010
		RM '000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	32,160	32,669
Land Held For Property Development	7,106	7,106
Property Development Expenditure	2	-
Total Non-Current Assets	<u>39,268</u>	<u>39,775</u>
Current Assets		
Inventories	5,704	4,709
Trade Receivables	13,633	13,078
Other Receivables, Deposits & Prepayments	1,177	1,028
Current Tax Assets	72	99
Cash & Cash Equivalents	23,986	20,542
Total Current Assets	<u>44,572</u>	<u>39,456</u>
Total Assets	<u>83,840</u>	<u>79,231</u>
EQUITY AND LIABILITIES		
Equity		
Share Capital	50,356	50,356
Reserves		
Share Premium	5,628	5,628
Legal Reserves	55	55
Currency Translation Reserve	365	456
Retained Earnings	16,186	13,530
Total Equity Attributable To Equity Holders	<u>72,590</u>	<u>70,025</u>
Of The Company		
Non-Controlling Interest	<u>265</u>	<u>261</u>
Total Equity	<u>72,855</u>	<u>70,286</u>
Non-Current Liabilities		
Deferred Income On Government Grants	154	164
Deferred Tax Liabilities	1,566	1,654
Total Non-Current Liabilities	<u>1,720</u>	<u>1,818</u>
Current Liabilities		
Trade Payables	5,054	4,059
Other Payables, Accruals & Provisions	2,772	2,054
Amount Owing To Holding Company	-	32
Current Tax Liabilities	1,439	982
Total Current Liabilities	<u>9,265</u>	<u>7,127</u>
Total Liabilities	<u>10,985</u>	<u>8,945</u>
Total Equity And Liabilities	<u>83,840</u>	<u>79,231</u>
Net assets per share attributable to equity holders of the parent (RM)	1.44	1.39

The Condensed Consolidated Statement Of Financial Position should be read in conjunction Audited Financial Statements for the year ended 30 June 2010.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010**

GROUP	<----- Attributable to equity holders of the Company ----->							Non-Controlling Interests RM'000	Total Equity RM'000
	<----- Non-Distributable ----->			Distributable					
	Share Capital RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000			
<u>CURRENT YEAR</u>									
At 01 July 2010	50,356	5,628	456	55	13,530	70,025	261	70,286	
Total comprehensive income for the period	-	-	(91)	-	2,656	2,565	28	2,593	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(24)	(24)	
Balance as at 30 September 2010	50,356	5,628	365	55	16,186	72,590	265	72,855	

GROUP	<----- Attributable to equity holders of the Company ----->							Non-Controlling Interests RM'000	Total Equity RM'000
	<----- Non-Distributable ----->			Distributable					
	Share Capital RM'000	Share Premium RM'000	Currency Translation Reserve RM'000	Legal Reserve RM'000	Retained Earnings RM'000	Sub-Total RM'000			
<u>CORRESPONDING PRECEDING PERIOD</u>									
At 01 July 2009	50,356	5,628	1,444	55	9,162	66,645	258	66,903	
Total comprehensive income for the period	-	-	(387)	-	412	25	9	34	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(27)	(27)	
Balance as at 30 September 2009	50,356	5,628	1,057	55	9,574	66,670	240	66,910	

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2010.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2010**

	Three Months Ended 30/09/2010 RM '000	Three Months Ended 30/09/2009 RM '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	3,403	468
Adjustments for :		
- Non-cash items	1,304	1,205
- Non-operating items	(200)	(106)
Operating profit before changes in working capital	<u>4,507</u>	<u>1,566</u>
 Changes in Working Capital :-		
- Net change in current assets	(1,699)	83
- Net change in current liabilities	1,681	935
Net Cash generated from operations	<u>4,489</u>	<u>2,584</u>
 Tax (paid)/refund	(323)	270
Net cash generated from operating activities	<u>4,166</u>	<u>2,854</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	198	105
Purchase of property, plant & equipment	(836)	(254)
Net cash used in investing activities	<u>(638)</u>	<u>(149)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to minority interests of a subsidiary company	(24)	(27)
Receipt of government grant	-	205
Net cash generated/(used) in financing activities	<u>(24)</u>	<u>178</u>
 NET CHANGE IN CASH & CASH EQUIVALENT	 3,504	 2,884
 Effect of foreign exchange rate changes	 (60)	 (108)
 CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	 20,411	 22,014
 CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	 <u>23,855</u>	 <u>24,790</u>
 CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	4,727	5,035
Deposit not pledged	16,457	16,280
Cash and bank balances	2,671	3,475
	<u>23,855</u>	<u>24,790</u>

Note : The amount excluded deposits amounting to RM131,067 (30 September 2009 : RM21,162) 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 Statement Of Cash Flow should be read in conjunction with the Audited Financial Statement for the year ended 30 June 2010.

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2010**

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 2010.

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 2010 except for the following :-

i) Adoption of New and Revised FRSs, IC Interpretations and Amendments

In the current period ended 30 September 2010, the Group adopted the following new and revised FRSs, IC Interpretations which are applicable to its financial statement and are relevant to its operations :

Amendments to FRS 1 *First-time Adoption of Financial Reporting Standards* and FRS 127 *Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
Amendments to FRS 2 *Share-based Payment: Vesting Conditions and Cancellations*
Amendments to FRS 2 *Share-based Payment*
Amendments to FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 132 *Financial Instruments: Presentation*
Amendments to FRS 138 *Intangible Assets*
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*, FRS 7 *Financial Instruments: Disclosures* and IC Interpretation 9 *Reassessment of Embedded Derivatives*
Amendments to FRS 139 *Financial Instruments: Recognition and Measurement*
Amendments to IC Interpretation 9 *Reassessment of Embedded Derivatives*
Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2009)*"
FRS 1 *First-time Adoption of Financial Reporting Standards* (revised in 2010)
FRS 3 *Business Combinations* (revised in 2010)
FRS 7 *Financial Instruments: Disclosures*
FRS 101 *Presentation of Financial Statements* (revised in 2009)
FRS 123 *Borrowing Costs*
FRS 127 *Consolidated and Separate Financial Statements* (revised in 2010)
FRS 139 *Financial Instruments: Recognition and Measurement*
IC Interpretation 9 *Reassessment of Embedded Derivatives*
IC Interpretation 10 *Interim Financial Reporting and Impairment*
IC Interpretation 11 *FRS 2 - Group and Treasury Share Transactions*
IC Interpretation 13 *Customer Loyalty Programmes*
IC Interpretation 14 *FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

The principal effects of the changes in presentation, changes in methods of computation and in accounting policies resulting from the adoption of the new and revised FRSs, IC Interpretations and Amendments are as following :-

Amendments to FRS 117 Leases

Prior to the adoption of Amendment to FRS117, leasehold lands were treated as operating leases. The consideration paid was classified as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or operating lease is based on the extent to which the risks and rewards incident to ownership lie. In making this judgement, the management has concluded that lands with an initial lease period of 50 years or more are finance leases due to the present value of the minimum lease payments (i.e. the consideration paid or payable) is substantially equal to the fair value of the land. Therefore, the Group has changed the classification of the leasehold lands from operating leases to finance leases in the current quarter. This change in classification has no effect to profit or loss of the current period ended 30 September 2010 or the comparative period. The effect to the comparative of the prior year's statement of financial position is as follow :-

30 June 2010 (Net Book Value)	As previously reported (RM'000)	Reclassification (RM'000)	As restated (RM'000)
Property, plant & equipment	27,268	5,401	32,669
Prepaid lease payments	5,401	(5,401)	-

FRS 101(revised) Presentation of Financial Statements (revised in 2009)

Prior to the adoption of the revised FRS 101, the components of the financial statements presented consisted of a balance sheet, an income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements. With the adoption of the revised FRS 101, the components of the interim financial statements presented consist of a statement of financial position, a statement of comprehensive income, a statement of change in equity, a statement of cash flow and notes to the financial statements.

The effect of the change in presentation are as follow :-

The gains and losses that were recognized directly in equity in the preceding year corresponding period are presented as components in other comprehensive income in the statement of comprehensive income. The total comprehensive income for the preceding corresponding period is presented separately and allocation is made to show the amount attributable to Equity Holders of the Company and to Non-controlling Interests. The effects on the comparatives to the Group on adoption of the revised FRS 101 are as follows :-

For the period ended 30 September 2009	Income Statement As previously reported (RM'000)	Effects of adopting FRS101 (RM'000)	Statement of Comprehensive Income As restated (RM'000)
Profit for the period	421	-	421
Other comprehensive income	-	(387)	(387)
Total comprehensive income			34
Total comprehensive income attributable to :			
Equity holders of the Company	-		25
Non-controlling Interests	-		9
			34

The total comprehensive income for the period is presented as a one-line item in the Statement Of Changes In Equity.

The adoption of the other new and revised FRSS, IC Interpretations and amendments has no effect to the Group's consolidated financial statements of the current quarter or the comparative financial statement of the preceding year corresponding period.

ii) New and Revised FRSs, IC Interpretations and Amendments issued but are not yet effective for the Group's current quarter report

Amendment to FRS 1 Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters

Amendments to FRS 2 Group Cash-settled Share-based Payment Transactions

Amendments to FRS 7 Improving Disclosure about Financial Instruments

The adoption of other New and Revised FRSs, IC Interpretations and Amendments will have no significant impact or not result in changes to the existing accounting policies.

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 cash flow 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 effect 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 paid for the current quarter and financial year-to-date (30 September 2009 : Nil).

7. Segmental information

For management purpose, the Group 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 Three Months Ended 30/09/10

	Malaysia	China	Thailand	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	12,247	3,082	291	0	0	15,620
Intersegment revenue	325	0	34	519	(878)	0
Depreciation and amortization	970	255	54	35	0	1,314
Reportable segment profit	2,341	687	(88)	273	(529)	2,684
Reportable segment assets	40,942	13,185	860	69,913	(41,060)	83,840
Expenditure for non-current assets	177	627	32	0	0	836
Reportable segment liabilities	10,043	4,035	171	12,601	(15,865)	10,985

Note : "Unallocated non-operating segments" consist of two inactive subsidiaries in Malaysia and holding company.

For Three Months Ended 30/09/09

	Malaysia	China	Thailand	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue from external customer	5,944	2,142	409	0	0	8,495
Intersegment revenue	174	0	0	541	(715)	0
Depreciation and amortization	877	245	55	34	0	1,211
Reportable segment profit	311	173	43	303	(409)	421
Reportable segment assets	36,948	12,311	1,491	61,552	(38,655)	73,647
Expenditure for non-current assets	176	2	71	5	0	254
Reportable segment liabilities	10,443	4,497	190	5,366	(13,759)	6,737

Note : "Unallocated non-operating segments" consist of an inactive subsidiary in Malaysia and holding company.

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 three months period ended 30 September 2010, irrespective of the origin of the goods/services :-

Sales revenue by geographical market	Current Year Quarter Ended 30/09/2010 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2009 RM'000
Malaysia	7,705	4,590
Other Asia Pacific Countries	6,250	3,136
United States of America	1,120	475
European Countries	305	240
Others	240	54
Total	15,620	8,495

Information about major customer

Revenue from two customers of Malaysia's segment contributed approximately RM1.95 million and RM1.75 million respectively (12.51% & 11.21% respectively) of the total Group's revenues.

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. Changes in contingent liabilities or contingent assets

The Company has issued corporate guarantees to financial institutions for banking facilities granted to certain subsidiaries up to limit of RM1.50 million as at 30 September 2010 (30 September 2009 : RM1.50 million), of which RM0.2 million has been utilised as at 30 September 2010.

12. Capital Commitments

Authorised capital commitments not recognized in the interim financial statements as at 30 September 2010 are as follows :-

<i>Property, Plant & Equipment</i>	RM'000
Contracted	618
Not contracted	<u>700</u>
	<u>1,318</u>

13. Material related party transactions

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

B. ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of performance

The Group recorded revenue of RM15.62 million, representing a significant increase of revenue amounted to RM7.12 million or 83.87% from RM8.49 million as recorded in preceding year

corresponding period. In tandem with the higher achievement of sales revenue, the Group recorded higher profit before tax of RM3.40 million compared to RM0.46 million as recorded in corresponding quarter last year. The improvement was mainly due to high orders loading by customers from Malaysian & China operating segments.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded an increase in revenue by RM2.35 million or 17.71% from the preceding quarter, hence, resulted in high profit before tax of RM3.40 million as compared to profit before tax reported of RM1.53 million in preceding quarter. The increase was mainly attributed to the higher sales revenue achieved and there was addition depreciation charge of RM0.679 million caused by the revision of the estimated useful life of certain equipment of a subsidiary company in preceding quarter.

3. Commentary on the prospects of the Group

Although the fluctuation in RM/USD exchange rate may affect the reported results for the remaining quarters, barring any unforeseen circumstances and assuming the current pace of economic recovery is sustainable, the Group expects a satisfactory level of performance for the coming quarters.

4. Variance of actual profit from forecast profit or profit guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

5. Taxation

Taxation comprises the following :-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 30/09/2010 RM'000	Preceding Year Corresponding Quarter Ended 30/09/2009 RM'000	Current Year To Date 30/09/2010 RM'000	Preceding Year Corresponding Period Ended 30/09/2009 RM'000
Group				
Current year	(807)	(47)	(807)	(47)
Deferred tax	88	-	88	-
	(719)	(47)	(719)	(47)
(Under) / over provision in prior years	-	-	-	-
Total	(719)	(47)	(719)	(47)

The effective tax rates for the current quarter was closed to the statutory tax rate. The foreign subsidiary in China is eligible to enjoy tax incentive of which its profit is subjected to income tax at a reduction of 50% of the statutory income tax rate, ie 12.5%.

6. Profits or losses on sale of unquoted investments or properties

There were no profits or losses on the sale of unquoted 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 and debt securities

There were no local and foreign borrowings as at the date of this report.

10. Derivative Financial instruments

There were no derivative financial instruments as at the date of this quarterly report.

11. Gains or losses arising from fair value changes of financial liabilities

There were no gains or losses arising from fair value changes of financial liabilities for the current quarter and financial year-to-date.

12. Breakdown of realised and unrealized profits or losses of the Group

	30/09/2010
	RM'000
Realised profits and total retained profits	<u>16,186</u>

13. Change in material litigations

There were no material litigations pending at the date of this report.

14. Dividend

The Board of Directors does not recommend any dividend for the current quarter and financial year-to-date (30 September 2009 : Nil).

15. Earnings Per Share

(a) Basic earnings per share

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 30/09/2010	Preceding Year Corresponding Quarter Ended 30/09/2009	Current Year To Date Ended 30/09/2010	Preceding Year Corresponding Period Ended 30/09/2009
<u>Basic/diluted</u>				
Net profit for the period attributable to the equity holders of the Company (RM'000)	2,656	412	2,656	412
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)	5.27	0.82	5.27	0.82

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 September 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.

16. Audit report of preceding annual financial statements

The Group's audited financial statements for the year ended 30 June 2010 were reported without any qualification.