

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011
(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter ended 30/09/2011 RM '000	Preceding Year Corresponding Quarter ended 30/09/2010 RM '000	Current Year To Date 30/09/2011 RM '000	Preceding Year Corresponding Period 30/09/2010 RM '000
<u>Continuing Operations</u>				
Revenue	15,235	15,329	15,235	15,329
Operating expenses	(13,386)	(12,378)	(13,386)	(12,378)
Finance costs	(3)	-	(3)	-
Other operating income	255	409	255	409
Profit from operations	2,101	3,360	2,101	3,360
Income from investment	177	131	177	131
Profit before tax	2,278	3,491	2,278	3,491
Taxation				
- The Company and its subsidiaries	(652)	(719)	(652)	(719)
Profit for the period from continuing operations	1,626	2,772	1,626	2,772
<u>Discontinued Operation</u>				
Loss for the period from discontinued operation	-	(88)	-	(88)
Profit for the period	1,626	2,684	1,626	2,684
Other comprehensive income :				
Foreign currency translation differences for foreign operations	59	(91)	59	(91)
Total comprehensive income for the period	1,685	2,593	1,685	2,593
Profit for the period attributable to :				
Equity holders of the Company	1,598	2,656	1,598	2,656
Non-controlling interest	28	28	28	28
Profit for the period	1,626	2,684	1,626	2,684
Total comprehensive income attributable to :				
Equity holders of the Company	1,657	2,565	1,657	2,565
Non-controlling interest	28	28	28	28
Total comprehensive income	1,685	2,593	1,685	2,593
Earning per share attributable to equity holders of the Company (sen)				
- continuing operations	3.17	5.45	3.17	5.45
- discontinued operation	-	(0.17)	-	(0.17)
Basic/diluted	3.17	5.28	3.17	5.28

The Condensed Consolidated Statement Of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011.

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2011

	(Unaudited)	(Audited)
	Current	Restated
	Year	Preceding
	As At	Year
	30/09/2011	As At
	RM '000	30/06/2011
		RM '000
ASSETS		
Non-Current Assets		
Property, Plant & Equipment	32,175	31,847
Land Held For Property Development	12,443	7,114
Total Non-Current Assets	44,618	38,961
Current Assets		
Inventories	7,375	6,524
Trade Receivables	11,263	14,125
Other Receivables, Deposits & Prepayments	935	3,782
Amount Owing By Fellow Subsidiaries	15	22
Financial Assets At Fair Value Through Profit or Loss	-	2
Current Tax Assets	84	116
Cash & Cash Equivalents	27,970	26,900
Total Current Assets	47,642	51,471
Total Assets	92,260	90,432
EQUITY AND LIABILITIES		
Equity		
Share Capital	50,356	50,356
Reserves		
Share Premium	5,628	5,628
Legal Reserves	-	55
Currency Translation Reserve	155	96
Retained Earnings	24,498	22,845
Total Equity Attributable To Equity Holders Of The Company	80,637	78,980
Non-Controlling Interest	259	261
Total Equity	80,896	79,241
Non-Current Liabilities		
Hire Purchase Payable	189	-
Deferred Income On Government Grant	113	123
Deferred Tax Liabilities	1,570	1,562
Total Non-Current Liabilities	1,872	1,685
Current Liabilities		
Trade Payables	5,598	5,288
Other Payables, Accruals & Provisions	3,153	3,312
Hire Purchase Payable	96	-
Amount Owing To Holding Company	-	4
Amount Owing To Fellow Subsidiaries	-	5
Amount Owing To Related Party	222	231
Financial Liabilities At Fair Value Through Profit or Loss	43	-
Current Tax Liabilities	380	666
Total Current Liabilities	9,492	9,506
Total Liabilities	11,364	11,191
Total Equity And Liabilities	92,260	90,432
Net assets per share attributable to equity holders of the parent (RM)	1.60	1.57

The Condensed Consolidated Statement Of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011.

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

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011**

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 2011	50,356	5,628	96	55	22,845	78,980	261	79,241	
Total comprehensive income for the period	-	-	59	-	1,598	1,657	28	1,685	
Dissolution of a subsidiary	-	-	-	(55)	55	-	-	-	
Dividend paid to non-controlling interests of a subsidiary company	-	-	-	-	-	-	(30)	(30)	
Balance as at 30 September 2011	50,356	5,628	155	-	24,498	80,637	259	80,896	

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 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	

The Condensed Consolidated Statement Of Changes In Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2011.

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011**

	Three Months Ended 30/09/2011 RM '000	Three Months Ended 30/09/2010 RM '000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	2,278	3,491
- Discontinued operation	-	(88)
Adjustments for :		
- Non-cash items	959	1,304
- Non-operating items	(174)	(200)
Operating profit before changes in working capital	<u>3,063</u>	<u>4,507</u>
 Changes in Working Capital :-		
- Net change in current assets	4,865	(1,699)
- Net change in current liabilities	133	1,681
Net Cash generated from operations	<u>8,061</u>	<u>4,489</u>
 Hire Purchase Interest paid	(3)	-
Tax paid	(898)	(323)
Net cash generated from operating activities	<u>7,160</u>	<u>4,166</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	177	198
Purchase of land held for property development	(5,329)	-
Purchase of property, plant & equipment	(1,157)	(836)
Net cash used in investing activities	<u>(6,309)</u>	<u>(638)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest of a subsidiary company	(30)	(24)
Drawdown of hire purchase	300	-
Repayment of hire purchase	(15)	-
Net cash generated/(used) in financing activities	<u>255</u>	<u>(24)</u>
 NET CHANGE IN CASH & CASH EQUIVALENT	 1,106	 3,504
 Effect of foreign exchange rate changes	 (36)	 (60)
 CASH & CASH EQUIVALENTS AS AT BEGINNING OF PERIOD	 26,782	 20,411
 CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD	 <u>27,852</u>	 <u>23,855</u>
 CASH AND CASH EQUIVALENTS AS AT END OF THE PERIOD		
Highly Liquid Investments	11,973	4,727
Deposit not pledged	11,977	16,457
Cash and bank balances	3,902	2,671
	<u>27,852</u>	<u>23,855</u>

Note : The amount excluded deposits amounting to RM118,209 (30 June 2011 : RM118,209) 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 Statements for the year ended 30 June 2011.

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE FIRST FINANCIAL QUARTER ENDED 30 SEPTEMBER 2011**

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 2011.

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 2011 except for the following :-

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

In the current period ended 30 September 2011, the Group adopted the following new and revised FRSs, IC Interpretations and amendments which are applicable to its financial statement and are relevant to its operations :

Amendments to FRS 1 *Limited Exemption from Comparative FRS7 Disclosures for First-time Adopters*
Amendments to FRS1 *Additional Exemptions Disclosures for First-time Adopters*
Amendments to FRS 2 *Group Cash-settled Share-based Payment Transactions*
Amendments to FRS 7 *Improving Disclosures about Financial Instruments*
Amendments to IC Interpretation 14 *Prepayments of a Minimum Funding Requirement*
Amendments to FRSs contained in the document entitled "*Improvements to FRSs (2010)*"
IC Interpretation 4 *Determining whether an Arrangement contains a Lease*
IC Interpretation 18 *Transfers of Assets from Customers*
IC Interpretation 19 – *Extinguishing Financial Liabilities with Equity Instruments*

The adoption of the above amended/revised/new FRSs and IC Interpretations 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

FRS 124 *Related Party Disclosures (revised in 2010)*
IC Interpretation 15 *Agreements for the Construction on Real Estate*

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 Paid

No dividend has been paid for the current quarter and financial year-to-date (30 September 2010 : Nil).

7. Segmental information

For management purpose, the Group views the business units based on the geographical locations and has the following reportable operating segments :-

Malaysia - Manufacture of precision components, sheet metal and surface treatment

China - Manufacture of precision components and surface treatment

Thailand - Manufacture of precision components (dissolved on July 2011)

For Three Months Ended 30/09/11

	Continuing Operations		Discontinued operation	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	Malaysia	China	Thailand			
	RM'000	RM'000	RM'000			
Revenue from external customer	12,343	2,892	0	0	0	15,235
Intersegment revenue	390	0	0	2,977	(3,367)	0
Depreciation and amortization	561	291	0	71	0	923
Reportable segment profit	2,039	(51)	0	2,686	(3,048)	1,626
Reportable segment assets	39,027	13,953	0	83,968	(44,688)	92,260
Expenditure for non-current assets	222	202	0	6,176	(114)	6,486
Reportable segment liabilities	9,030	2,938	-	18,806	(19,410)	11,364

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

For Three Months Ended 30/09/10

	Continuing Operations		Discontinued operation	Unallocated non-operating segments	Consolidation adjustments and eliminations	Total
	Malaysia	China	Thailand			
	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.

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 2011 and preceding year corresponding quarter ended 30 September 2010, irrespective of the origin of the goods/services :-

Revenue by geographical market	Current Year Period Ended 30/09/2011 RM'000	Preceding Year Corresponding Period Ended 30/09/2010 RM'000
<u>Continuing Operations</u>		
Malaysia	7,995	7,705
Other Asia Pacific Countries	5,597	5,959
United States of America	1,246	1,120
European Countries	370	305
Others	27	240
	15,235	15,329
<u>Discontinued Operation</u>		
Thailand	0	291
Total	15,235	15,620

Information about major customer

Revenue from a customer of Malaysia’s segment contributed approximately 3.16 million (20.73%) 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 except the following :-

- a) Lipo has on 4 July 2011 incorporated a wholly owned private limited subsidiary in Suzhou, China namely Suzhou Univex Metal Tech Co. Ltd. (Company No. 320500400041051). The intended registered capital is USD300,000. The principal activity of Univex is manufacturing of metal products and surface treatments.
- b) Further to the cessation of operation by a subsidiary in Thailand, namely Paradigm Precision Components (Thailand) Co Ltd (PPCT) on 17 January 2011, PPCT has been completely dissolved on 11 Jul 2011.

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 2011 (30 September 2010 : RM1.50 million), of which RM0.11 million has been utilised as at 30 September 2011.

12. Capital Commitments

There were no material capital commitments to the end of the reporting financial period

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 RM15.23 million which was almost at par to the Group revenue as recorded in preceding year corresponding quarter. However, the Group pre-tax profit reported has been significantly dropped by 34.74% to RM2.27 million from RM3.49 million as recorded in preceding year corresponding quarter. The decline was due to unfavourable performance of China segment as result of the change of sales mix of overseas precision components and the loss incurred by the new setup of surface treatment subsidiary in China.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded decrease in revenue by RM3.81 million or 20.03% from the preceding quarter and lower profit before tax of RM2.27 million as compared to profit before tax of RM3.51 million as reported in preceding quarter. The unfavourable performance was mainly attributed to the lower revenue recorded and the poor performance of China segment as

result of the change of sales mix of overseas precision components and the loss incurred by the new setup of China's surface treatment subsidiary.

3. Commentary on the prospects of the Group

The Board anticipates that the current uncertain global economic environment will bring negative impact to the Group's financial performance for the coming quarters. Amid of the challenging environment, the Group will remain focus on its core business to provide high value added products as well as maintaining cost efficiencies. Barring any unforeseen circumstances, the Board expects the performance for the financial year ending 30 June 2012 to be highly challenging.

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>	
	<u>Current Year Quarter Ended 30/09/2011</u> RM'000	<u>Preceding Year Corresponding Quarter Ended 30/09/2010</u> RM'000	<u>Current Year To Date 30/09/2011</u> RM'000	<u>Preceding Year Corresponding Period Ended 30/09/2010</u> RM'000
Group				
Current year	(644)	(807)	(644)	(807)
Deferred tax	(8)	88	(8)	88
	(652)	(719)	(652)	(719)
(Under) / over provision in prior years	-	-	-	-
Total	(652)	(719)	(652)	(719)

The effective rate for the quarter was higher than the statutory tax rate due to the certain disallowed expenses.

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 except the following :-

Hire Purchase

	Total Hire Purchase (RM'000)
Repayable within twelve months	96
Repayable more than twelve months	189
Total	285

The hire purchase payable of the Group as at 30 September 2011 is for the Group's motor vehicle. The portion of the hire purchase due within one (1) year is classified as current liabilities.

10. Derivative financial instruments

During the quarter, the Group entered into the foreign exchange forward contract to hedge exposure to currency risk for receivables which are denominated in a currency other than the functional currency of the Group.

The outstanding of foreign exchange forward contract as at 30 September 2011 :

	Contract Value RM'000	Fair Value RM'000	Loss on Fair Value Changes RM'000
Less than 1 year - US Dollar	910	953	43

Forward foreign exchange contract is entered into with credit worthy financial institute to hedge part of the Group's sales from exchange rate movements. Given that the contract is entered into with credit worthy financial institute, credit risk for non-performance by the counterparty is minimal. With the adoption of FRS 139, all derivative financial instruments held by the Group will be recognised as assets or liabilities in the balance sheets date, and will be classified as financial assets or financial liabilities at fair value through profit and loss. Derivative contracts is recognized and measured at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value with changes in fair value recognised in the income statement at each reporting date.

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

	30/09/2011 RM'000	30/06/2011 RM'000
Total retained profits of the Company and its subsidiaries	RM'000	RM'000
- Realised	32,663	30,940
- Unrealised	<u>(1,581)</u>	<u>(1,527)</u>
	31,082	29,413
Consolidation adjustments and elimination	<u>(6,584)</u>	<u>(6,568)</u>
Total retained profits for the Group	<u>24,498</u>	<u>22,845</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 current quarter and financial year-to-date (30 September 2010 : Nil).

15. Earnings Per Share

(a) Basic earnings per share

<u>Basic/diluted</u>	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended 30/09/2011	Preceding Year Corresponding Quarter Ended 30/09/2010	Current Year To Date Ended 30/09/2011	Preceding Year Corresponding Period Ended 30/09/2010
Net profit /(loss) for the period attributable to the equity holders of the Company (RM'000):-				
- Continuing operations	1,598	2,744	1,598	2,744
- Discontinued operation	-	(88)	-	(88)
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):-				
- Continuing operations	3.17	5.45	3.17	5.45
- Discontinued operation	-	(0.17)	-	(0.17)
	<u>3.17</u>	<u>5.28</u>	<u>3.17</u>	<u>5.28</u>

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 September 2011 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 2011 were reported without any qualification.