

**A. NOTES TO THE FINANCIAL REPORT PURSUANT TO FRS 134
FOR THE FORTH FINANCIAL QUARTER ENDED 30 JUNE 2012**

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 June 2012, 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.

Malaysian Financial Reporting Standards (MFRS Framework)

In November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS") framework. The issuance was made in conjunction with the MASB's plan to converge with International Financial Reporting Standards ("IFRS") in 2012. The MFRS framework is a fully IFRS-compliant framework and equivalent to IFRSs. It comprises standards as issued by the International Accounting Standards Board ("IASB") that are effective on 1 January 2012 and also amended/revised/new standards recently issued by the IASB that will be effective after 1 January 2012.

The MFRS framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and/or IC Interpretation 15 *Agreements for Construction of Real Estate*, including their parents, significant investors and venturers (“Transitioning Entities”). Transitioning Entities will be allowed to defer adoption of the MFRS framework to annual periods beginning on or after 1 January 2014.

Being a Transitioning Entity as defined above, the Group and the Company have elected to continue preparing their financial statements in accordance with the existing FRS framework for the financial years ending 30 June 2013 and 2014 and will first adopt the MFRS framework for the financial year ending 30 June 2015. Management is currently examining the financial impacts of transition to the MFRS framework.

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

A first and final tax-exempt dividend of 3.0 sen per ordinary share in respect of the financial year ended 30 June 2011 amounted RM1,510,680, which were approved by the shareholders at the Annual General meeting held on 15 December 2011, has been paid on 29th February 2012 (30 June 2011 : Nil).

7. Segment 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 in July 2011)

For Twelve Months Ended 30/06/12

	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	50,537	9,435	0	0	0	59,972
Intersegment revenue	1,715	101	0	8,520	(10,336)	0
Depreciation and amortization	2,219	1,205	0	284	0	3,708
Reportable segment profit	8,027	(959)	0	5,560	(6,831)	5,797
Reportable segment assets	40,771	11,752	0	86,083	(44,074)	94,532
Expenditure for non-current assets	2,974	513	0	6,868	0	10,355
Reportable segment liabilities	9,630	1,670	-	9,558	(10,049)	10,809

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

For Twelve Months Ended 30/06/11

	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	54,389	13,077	293	0	0	67,759
Intersegment revenue	1,650	0	0	6,681	(8,331)	0
Depreciation and amortization	3,064	1,082	79	138	0	4,363
Reportable segment profit	7,852	2,619	(39)	5,280	(6,276)	9,436
Reportable segment assets	39,746	13,990	157	77,790	(41,251)	90,432
Expenditure for non-current assets	4,100	1,917	29	8	(194)	5,860
Reportable segment liabilities	9,007	3,205	0	15,315	(16,336)	11,191

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 China and Thailand (dissolved in July 2011).

The following is an analysis of the Group's sales by geographical market for twelve months period ended 30 June 2012 and preceding year corresponding period ended 30 June 2011, irrespective of the origin of the goods/services :-

Revenue by geographical market	Current Year Period Ended 30/06/2012 RM'000	Preceding Year Corresponding Period Ended 30/06/2011 RM'000
<u>Continuing Operations</u>		
Malaysia	30,850	35,950
Other Asia Pacific Countries	22,390	25,434
United States of America	4,677	4,261
European Countries	2,009	1,231
Others	46	590
	59,972	67,466
<u>Discontinued Operation</u>		
Thailand	0	293
Total	59,972	67,759

Information about major customer

Revenue from a customer of Malaysia's segment contributed approximately RM8.98 million (14.98%) 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 June 2012 (30 June 2011 : RM1.50 million), of which RM0.11 million has been utilised as at 30 June 2012.

12. Capital Commitments

Authorised capital commitments not recognized in the interim financial statements as at 30 June 2012 are as follows :-

Property, Plant & Equipment	RM'000
Contracted	640
Not Contracted	<u>1,000</u>
	<u>1,640</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 RM16.21 million which was RM2.83 million or 14.87% lower as compared to preceding year corresponding quarter. The Group's profit after tax reported for the quarter dipped significantly by 33.20% to RM1.67 million from RM2.50 million as recorded in preceding year corresponding quarter.

Both the Malaysia and China operations recorded decline in revenue by RM1.25 million (8.08%) and RM1.58 million (44.43%) respectively as compared to preceding year corresponding quarter. Nevertheless, the Malaysia operation remained profitable as compared to preceding year corresponding quarter as result of favourable performance of precision components and surface treatment divisions although the sheet metal division did not perform up to expectation. The China operation encountered significant drop in revenue due to significant decline in sales orders as a result of uncertainty in global economy coupled with unsuccessful in developing new customers in the reporting period. The continuing loss incurred by the newly setup surface treatment subsidiary was also a factor to the unfavourable performance.

For the twelve months ended 30 June 2012, the Group recorded revenue of RM59.97 million, representing decline of RM7.49 million or 11.10% from preceding year corresponding period. In tandem with the lower sales revenue recorded, the group posted a profit after tax of RM5.79 million as compared to profit after tax of RM9.43 million as recorded in preceding year corresponding period.

Both the Malaysia and China operations recorded decline in revenue of RM3.85 million (7.08%) and RM3.64 million (27.85%) respectively as compared to preceding year corresponding period. Despite the decline in revenue recorded, the Malaysia operation's profit after tax remained stable as compared to preceding year corresponding period. However, the China operation has posted a loss of RM0.95 million caused by the margin pressure due to heightened competition and decline in revenue. Besides, the newly set up surface treatment subsidiary continues to suffer loss due to extremely low incoming orders.

2. Comparison with preceding quarter's result

For the quarter under review, the Group recorded revenue of RM16.21 million, representing an increase of RM2.58 million or 18.92% from preceding quarter. In tandem with the higher sales revenue recorded, the Group posted a profit after tax of RM1.67 million as compared to profit after tax of RM0.84 million as recorded in preceding quarter.

The favourable result was mainly derived from the Malaysia operation which recorded increase in revenue of RM2.27 million (19.17%) as compared to preceding quarter. In tandem with the increase in revenue recorded, Malaysia operation posted an increase in profit after tax of RM0.64 million (38.04%) as compared to preceding quarter. Besides, there was a foreign exchange gain of RM0.20 million arising from the weakening of Ringgit Malaysia.

3. Commentary on the prospects of the Group

The uncertainty in global economy recovery coupled with the increasing margin pressure due to heightened competition has caused the operating environment to be more competitive and challenging. Notwithstanding this, the Group remains focused and resilient.

Performance of the Group's Malaysia operations is expected to remain profitable for the coming financial quarters with its high effort in business development activities to bring in high value products.

For China operations, the performance is expected to be unsatisfactory due to the anticipated margin pressure and profit erosion. Although the competition remains stiff, the Group will strengthen its business development team to bring in new orders.

Amid the challenging outlook, the Group's performance for the coming financial year will continue to be challenging. The Group will continue to focus on ways to sustain its competitive position as well as maintaining its operational efficiency and productivity to mitigate the challenges ahead.

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. Profit for the period

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period Ended
Group	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000

Profit for the period is arrived at after
(crediting)/charging :-

Interest income	(183)	(172)	(756)	(592)
Interest expense	2	-	12	-
Depreciation & amortization	939	891	3,708	4,363
(Gain)/loss on disposal of Property, plant and equipment	(55)	(58)	(52)	(35)
Property, plant and equipment Written off	95	(4)	139	40
Impairment loss on Property, plant and equipment	157	146	157	146
Foreign exchange (gain)/loss	(203)	(13)	53	270
(Gain)/loss on derivative	(2)	(2)	-	(2)

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Listing Requirements are not applicable.

6. Taxation

Taxation comprises the following :-

	<u>INDIVIDUAL PERIOD</u>		<u>CUMULATIVE PERIOD</u>	
	Current Year Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year To Date	Preceding Year Corresponding Period Ended
Group	30/06/2012	30/06/2011	30/06/2012	30/06/2011
	RM'000	RM'000	RM'000	RM'000
Current year	(456)	(803)	(1,998)	(2,816)
Deferred tax	(100)	(29)	(11)	254
	(556)	(832)	(2,009)	(2,562)
(Under) / over provision in prior years	4	(158)	35	(82)
Total	(552)	(990)	(1,974)	(2,644)

The effective rate for the current year quarter and current year to date were closed to the statutory tax rate.

7. 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.

8. Status of corporate proposals

Date Of Announcement	Description of Announcement
22 March 2012	The Company received a letter from Kobay Technology Bhd, being a major shareholder of Lipo, requesting for the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965. The Board (save for the Interested Directors) had at a meeting held on 22 March 2012, deliberated on the SCR Offer Letter and decided to present the Proposed SCR to Lipo's shareholders for their consideration.
16 April 2012	The Company appointed Alliance Investment Bank Berhad as the Independent Adviser to advise the Entitled Shareholders and the non-interested directors of Lipo in relation to the Proposed SCR. The Board (save for the Interested Directors) agreed to table the resolution on the Proposed SCR to shareholders for consideration at an extraordinary general meeting to be convened.
26 April 2012	Securities Commission Malaysia had vide its letter dated 26 April 2012, approved the proposed exemption under Practice Note 44 of the Malaysian Code on Take-Overs and Mergers 2010 in relation to the Proposed SCR. For further detail please refer to Company's announcement dated 26 April 2012.
03 May 2012	Securities Commission Malaysia had vide its letter dated 27 April 2012 taken note of the appointment of Alliance Investment Bank Berhad as the Independent Adviser in respect of the Proposed SCR.
05 June 2012	Equity Compliance Unit of the Securities Commission Malaysia had vide its letter dated 5 June 2012, taken note of the Proposed SCR under the equity requirement for public companies.
21 June 2012	Ministry of International Trade and Industry Malaysia had vide its letter dated 21 June 2012 approved the Proposed SCR.
13 July 2012	Securities Commission Malaysia had vide its letter dated 13 July 2012, consented to the contents of the Circular and the Explanatory Statement in relation to the Proposed SCR under Practice Note 44 of the Malaysian Code on Take-Overs and Mergers 2010.
10 August 2012	The shareholders of the Company approved the Proposed SCR.
22 August 2012	The Company filed the Petition to obtain an order of the High Court of Malaya at Penang to confirm the Proposed SCR pursuant to Section 64 of the Companies Act, 1965.

Other than the above, there was no corporate proposal.

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	99
Repayable more than twelve months	114
Total	213

The hire purchase payable of the Group as at 30 June 2012 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 June 2012 :

	Notional Value RM'000	Fair Value RM'000	Gain on Fair Value Changes RM'000
Less than 1 year - US Dollar	<u>953</u>	<u>951</u>	<u>2</u>

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

	30/06/2012 RM'000	31/06/2011 RM'000
Total retained profits of the Company and its subsidiaries		
- Realised	33,391	30,940
- Unrealised	<u>(1,386)</u>	<u>(1,527)</u>
	32,005	29,413
Consolidation adjustments and elimination	<u>(5,138)</u>	<u>(6,568)</u>
Total retained profits for the Group	<u>26,867</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 June 2011 : 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 30/06/2012	Preceding Year Corresponding Quarter Ended 30/06/2011	Current Year To Date Ended 30/06/2012	Preceding Year Corresponding Period Ended 30/06/2011
Net profit /(loss) for the period attributable to the equity holders of the Company (RM'000):-				
- Continuing operations	1,631	2,520	5,682	9,354
- Discontinued operation	-	(32)	-	(39)
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	3.24	5.00	11.28	18.58
- Discontinued operation	-	(0.06)	-	(0.08)
	3.24	4.94	11.28	18.50

b) Diluted earnings per share

The diluted earnings per ordinary share in individual and accumulative period ended 30 June 2012 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.