

LCTH CORPORATION BERHAD
(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 SEPTEMBER 2005

A EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING
STANDARDS (“FRS”) 134 INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in compliance with Financial Reporting Standards (“FRS”) 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Securities.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2004. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2004.

The same accounting policies and methods of computation are followed in the interim financial statements as compared to the financials statements for the year ended 31 December 2004.

A2 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Company for the year ended 31 December 2004 was not qualified.

A3 Comments about Seasonal or Cyclical Factors

The normal sales trend in the past has been that the first quarter has the lowest sales with the peak periods being in the third and fourth quarters. Therefore, the quarterly results generally fluctuate due to this seasonality.

A4 Unusual Items due to their Nature, Size and Incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the financial period ended 30 September 2005.

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A5 Changes in Estimates

There were no material changes in estimates used for the preparation of the interim financial report.

A6 Debts and Equity Securities

There were no repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period to-date.

A7 Dividends Paid

The Company paid the following dividend during the current quarter.

| | RM'000 |
|------------------------------------------------------------------------------------------------------------------------|---------------|
| Interim dividend in respect of the financial year ending 31 December 2005 of 1.00 sen less 28%, paid on 30 August 2005 | <u>4,320</u> |

A8 Segmental Information

No segment analysis is prepared as the Group is involved in a single industry segment relating to the manufacturing and sub-assembly of precision plastic parts and components. The business of the Group is entirely carried out in Malaysia.

A9 Valuation of Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial period to-date.

A10 Subsequent Events

In the opinion of the Directors, no material events have arisen between the end of the reporting quarter and the date of this announcement.

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A11 Changes in the Composition of the Group

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

A12 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets as at the end of the reporting quarter.

A13 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment not provided for in the interim financial statements as at 30 September 2005 are as follows:

| | RM'000 |
|---------------------------------|---------------|
| Approved and contracted for | 5,580 |
| Approved but not contracted for | 120 |
| | <u>5,700</u> |

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B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Performance Review

The Group's revenue for the current financial period ended 30 September 2005 increased 23.3% to RM231.6 million from RM187.9 million reported in the prior financial period ended 30 September 2004, whilst the profit before taxation ("PBT") decreased 27.7% to RM36.8 million from RM50.9 million for the respective periods.

The record oil price surge continued during the period coupled with the decrease in petrol/diesel price subsidies during the financial period ended 30 September 2005 resulted in increased cost of production. The oil price related costs increase has impacted on most companies in the manufacturing industry and the Group is not spared either. Price reduction imposed by customers has also directly contributed to the erosion of gross profit margins during the period under review.

The Group's operating overheads in our JTP plant in Johor have also increased in the period under review. The re-location exercise including plant closure of Kluang and Senai plants during the financial period caused further disruptions to the Group's operations in Johor and at the same time, the re-location costs of RM3.0 million has been recognized and included in the administrative expenses in the income statement.

The Group's revenue for the current quarter ended 30 September 2005 increased 23.8% to RM98.6 million from RM79.6 million reported in the quarter ended 30 September 2004, whilst PBT decreased 31.3% to RM14.5 million from RM21.1 million for the respective periods.

B2 Comparison with Preceding Quarter's Report

The Group's revenue for the current quarter of RM98.6 million increased 36.6% as compared to the revenue of RM72.2 million recorded for the preceding quarter ended 30 June 2005. Group's PBT for the current quarter of RM14.5 million also showed an increase of 28.3% as compared to RM11.3 million registered for the preceding quarter.

The increase in revenue and profit before tax were attributed to the increase in sales volume as the 3rd quarter is usually the peak season and also improved product mix when comparing the periods from July to September (3rd Quarter) 2005 and April through June (2nd Quarter) 2005.

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B3 Commentary on Prospects

Barring unforeseen circumstances, the Directors are confident that the Group will record a profit in the final quarter, thereby achieving satisfactory profitable results for the financial year.

B4 Profit Forecast

This is not applicable for the current quarter.

B5 Taxation

| | Current Quarter 3 months ended 30.9.2005 RM'000 | Cumulative Quarter 9 months ended 30.9.2005 RM'000 |
|-------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Income tax : | | |
| Current year | (1,268) | 1,923 |
| Under provision in prior year | 1,823 | 1,823 |
| | <u>555</u> | <u>3,746</u> |
| Deferred tax | 4,501 | 5,104 |
| | <u>5,056</u> | <u>8,850</u> |

The low effective tax rate for the Group is principally due to claims for Reinvestment Allowances arising from the completion of buildings and machineries purchased.

The under provision of income tax in prior year is due to non-allowable Reinvestment Allowances claimed from the Inland Revenue Board for certain buildings duly completed but not in used/utilized in 2004.

B6 Sale of Unquoted Investments and/or Properties

There were no sales of unquoted securities and /or properties for the current quarter under review.

B7 Marketable Securities

There were no purchases or disposals of quoted securities for the current quarter under review.

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B8 Corporate Proposals

(a) Status of corporate proposals

The restructuring and listing exercise undertaken by the Company as approved by the Ministry of International Trade and Industry (“MITI”) and the Securities Commission (“SC) on 6th February 2004 and 11th May 2004 respectively were completed except for the Offer for sale of 83,255,010 new ordinary shares of RM0.20 each in the Company at an offer price of RM1.08 per share to eligible Bumiputra investors approved by MITI.

On 3 November 2004, a stakeholder agreement was entered into between the offerors, i.e. Fu Yu Investment Pte Ltd and Ms. Chew Yoon Moi (“Offerors”), and PM Securities Sdn Bhd (“Stakeholders”). A total of 79,075,000 LCTH Shares, representing approximately 13.18% of the enlarged issued and paid-up capital of LCTH, were placed with the Stakeholders upon the listing of the Company on the Main Board of Bursa Securities on 8 November 2004.

Subsequent to the listing, a total of 16,000,000 LCTH shares have been accepted by four (4) Bumiputra investors approved by MITI. However, as at 27 April 2005, only 2,000,000 LCTH shares out of the 16,000,000 LCTH’s shares were subscribed by the Bumiputra investors.

Based on the aforementioned, as at 21 October 2005 there is still a total of 77,075,000 LCTH shares held by the Stakeholders.

(b) Status of Utilisation of Proceeds

As at 30 September 2005, the gross proceeds arising from the Public Issue of RM156.325 million has been used in the following manner:

| | Approved RM’000 | Utilised RM’000 | Balance RM’000 |
|-------------------------------------|----------------------------|----------------------------|---------------------------|
| Purchase of land | 16,000 | 16,037 | #(37) |
| Construction of buildings | 55,000 | 51,193 | 3,807 |
| Purchase of machineries | 25,000 | 18,293 | 6,707 |
| Mould and dies fabrication | 25,000 | 4,217 | 20,783 |
| Working capital | 28,125 | * 28,088 | 37 |
| Plants relocation and consolidation | 3,000 | 1,155 | 1,845 |
| Estimated listing expenses | 4,200 | 4,200 | - |
| | <u>156,325</u> | <u>123,183</u> | <u>33,142</u> |

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Notes:

This was utilized from working capital as mentioned below.

* This includes amounts paid for the followings:

- balance for the purchase consideration of land of RM37,000;
- additional listing expenses of RM1.215 million; and
- injection moulding machines and related accessories/spares not budgeted for under the RM25 million for purchase of machineries stated above and operating expenses.

B9 Borrowings and Debt Securities

The Group does not have any outstanding interest bearing bank borrowings, other than hire purchase payables.

B10 Off Balance Sheet Financial Instruments

As at the end of the quarter, one of the subsidiaries has entered into forward foreign exchange contracts with the following notional amounts and maturities:

| | Currency | Maturities within 1 year RM'000 |
|-----------------------------------------------------------|-----------------|----------------------------------------------------|
| To hedge anticipated payables for purchase of machineries | Japanese Yen | 4,836 |

Forward foreign exchange contracts are not recognized in the financial statements at inception. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transactions, at which time they are included in the measurement of such transactions.

B11 Changes in Material Litigation

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

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B12 Dividend

The Directors are pleased to declare a 3rd interim dividend of 2.0 sen (less 28% taxation) per ordinary share of RM0.20 each for the financial year ending 31 December 2005, payable on a date to be determined.

To-date, the Directors have declared a total interim dividend of 4.0 sen (less 28% taxation) per ordinary share of RM0.20 each.

B13 Earnings per share

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the net profit after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial period.

| | Current Quarter 3 months ended 30.9.2005 RM'000 | Cumulative Quarter 9 months ended 30.9.2005 RM'000 |
|---------------------------------------------------------------|----------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Profit attributable to shareholders | 9,406 | 27,948 |
| Weighted average number of ordinary shares in issue ('000) | 600,000 | 600,000 |
| Basic earnings per share (sen) | <u>1.57</u> | <u>4.66</u> |

Basic earning per share for the 3 months and 9 months ended 30 September 2004 were calculated based on the weighted average number of ordinary shares of 455,255,010, being the shares in issue prior to the Company's initial public offering.

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the current quarter and current period to date.

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B14 Authorised for Issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 27 October 2005.

By Order of the Board

Company Secretary
Date: 27 October 2005