

LCTH CORPORATION BERHAD
(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 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 year ended 31 December 2005.

LCTH CORPORATION BERHAD
(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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
3 rd interim dividend in respect of the financial year ended 31 December 2005 of 2.00 sen less 28%, paid on 30 November 2005	<u>8,640</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 and fabrication of precision moulds and dies. 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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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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 31 December 2005 are as follows:

	RM'000
Approved and contracted for	2,009
Approved but not contracted for	-
	<u>2,009</u>

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(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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 year ended 31 December 2005 increased 26.1% to RM331.3 million from RM262.7 million reported in the prior financial year ended 31 December 2004, whilst the profit before taxation ("PBT") decreased 25.6% to RM49.9 million from RM67.1 million for the respective years.

The record oil price surge which continued during the period coupled with the decrease in petrol/diesel price subsidies during the financial year ended 31 December 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 disruptions to the Group's operations in Johor and at the same time, the re-location costs of RM4.3 million (which included several fixed assets in the grounds of the old plants that could not be salvaged for use in the new Plant in JTP) has been recognized and included in the administrative expenses in the income statement. In addition, approximately RM0.6 million of pre-operating expenses in respect of the new tooling division was incurred during the year under review.

The Group's revenue for the current quarter ended 31 December 2005 increased 33.1% to RM99.7 million from RM74.9 million reported in the quarter ended 31 December 2004, whilst PBT decreased 18.6% to RM13.1 million from RM16.1 million for the respective periods.

B2 Comparison with Preceding Quarter's Report

The Group's revenue for the current quarter of RM99.7 million showed a marginal increase of 1.1% as compared to the revenue of RM98.6 million recorded for the preceding quarter ended 30 September 2005. Group's PBT for the current quarter of RM13.1 million however showed a decrease of 9.6% as compared to RM14.5 million registered for the preceding quarter.

The increase in revenue resulted from the continuation of 3rd quarter peak season sales and also improved product mix, whilst the decrease in Group's PBT was attributed by the drop in gross profit margin.

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**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

B3 Commentary on Prospects

The Directors are confident of the Group's growth prospects and profitability going into 2006 as a result of the increased plant capacity in its new location in the Johor Technology Park, Johor, coupled with the new tool and dies division which will spearhead the Group's fabrication of molds and dies business.

B4 Profit Forecast

This is not applicable for the current quarter.

B5 Taxation

	Current Quarter 3 months ended 31.12.2005 RM'000	Cumulative Quarter Year ended 31.12.2005 RM'000
Income tax :		
Current year	634	2,558
Under provision in prior year	1,808	3,631
	2,443	6,189
 Deferred tax		
	362	5,466
	2,804	11,655

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 for certain buildings duly completed but not in use/utilize 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.

LCTH CORPORATION BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

B7 Marketable Securities

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

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, only 2,000,000 LCTH shares out of the 16,000,000 LCTH's shares were subscribed by the Bumiputra investors and the remaining shares of 77,075,000 were placed with the Stakeholders.

On 13 January 2006, the Company announced that the shares held by the Stakeholders have been fully placed out to Bumiputera investors approved by MITI. The Company has thus met the 30% equity requirement of the SC and the Foreign Investment Committee in compliance with the National Development Policy.

On 7 February 2006, the Company has also announced that it has complied with the Public Shareholding Spread Requirement Pursuant to Paragraph 8.15(1) of the Listing Requirements.

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(Company No: 633871-A)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

(b) Status of Utilisation of Proceeds

As at 31 December 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	55,000	-
Purchase of machineries	25,000	25,000	-
Mould and dies fabrication	25,000	7,860	17,140
Working capital	28,125	* 28,088	37
Plants relocation and consolidation	3,000	1,533	1,467
Estimated listing expenses	4,200	4,200	-
	<u>156,325</u>	<u>137,718</u>	<u>18,607</u>

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.

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(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005

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	1,396

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.

B12 Dividend

The Directors are recommending a final gross dividend of 4.00 sen (less 28% taxation) per ordinary share of RM0.20 each. This will be subject to shareholders' approval at the Annual General Meeting.

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(Company No: 633871-A)

**QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2005**

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 31.12.2005 RM'000	Cumulative Quarter Year ended 31.12.2005 RM'000
Profit attributable to shareholders	10,267	38,215
Weighted average number of ordinary shares in issue ('000)	600,000	600,000
Basic earnings per share (sen)	<u>1.71</u>	<u>6.37</u>

Basic earning per share for the 3 months and 9 months ended 31 December 2004 were calculated based on the weighted average number of ordinary shares of 478,256,000 being the shares in issue subsequent to the Company's initial public offering on 8 November 2004.

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.

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 15 February 2006.

By Order of the Board

Company Secretary
Date: 15 February 2006