LCTH CORPORATION BERHAD
(Company No: 633871-A)

QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE QUARTER ENDED 30 JUNE 2006

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

A1 Basis of Preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in compliance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2005. These 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 2005.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2005 except for the adoption of the following new/revised FRS effective for the financial period beginning 1 January 2006:

FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 132	Financial Instruments : Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets

The adoption of the new/revised FRSs does not have significant financial impact on the Group.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Company for the year ended 31 December 2005 was not qualified.

A4 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.

A5 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 June 2006.

A6 Changes in Estimates

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

A7 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.

A8 Dividends Paid

The Company paid the following dividends during the current quarter.

	RM'000
Final dividend in respect of the financial year ended 31 December 2005 of 4.00 sen less 28% taxation, paid on 18 April 2006	17,280
Interim dividend in respect of the financial year ending 31 December 2006 of 1.00 sen less 28%, paid on 1 June 2006	4,320
	21,600

A9 Carrying Amount of Revalued Assets

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 Debts and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities for the current financial period to-date.

A11 Changes in the Composition of the Group

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

A12 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 June 2006 are as follows:

	RM'000
Approved and contracted for	654

A13 Contingent Liabilities and Contingent Assets

There were no contingent liabilities or contingent assets since the last annual balance sheet as at 31 December 2005.

A14 Subsequent Events

On 13 July 2006, the Company announced that it has entered into a Joint Venture Agreement ("JVA") on 12 July 2006 with Owens-Illinois Plastics Pte. Ltd. ("OIP"), a private limited company incorporated in Singapore and a member company of Owen-Illinois, Inc., a company listed on the New York Stock Exchange, to set out the understanding of both parties' relationship with the joint venture company, Valencia Villa Sdn Bhd (to be re-named O-I Plastics Sdn Bhd) ("OIM").

The principal business of OIM will be to manufacture, sell and distribute specialty plastic moulded parts, assemblies and filled goods. OIM will initially make plastic parts for ink printer cartridges that OIP currently manufactures in Singapore.

The salient features of the JVA are as follows:

(i) LCTH and OIP have agreed to subscribe and pay by cash in full 40% and 60% respectively for new ordinary shares of OIM. For the initial subscription, LCTH shall subscribe and pay in full by cash for 1,000,000 ordinary shares of RM1.00 each in OIM.

(ii) OIP and LCTH will contribute assets including equipment and machinery amounting to approximately RM14.7 million.

(iii) OIM shall have 5 directors with 2 directors nominated by LCTH and the balance by OIP.

In consideration of LCTH agreeing to enter into the JVA, OIP will provide technical assistance necessary for the operations and conduct of business of OIM and in this connection, LCTH, OIP and OIM has on even date entered into a Technical Assistance Agreement setting out the scope of the assistance to be rendered.

Further thereto, Classic Advantage Sdn Bhd("Classic"), a wholly-owned subsidiary of LCTH has also on even date entered into a Tenancy Agreement with OIM for Classic to lease to OIM for a period of 3 years commencing from the completion of the Factory with space of 75,000 sq ft at a monthly rental rate of approximately RM1.71 per sq ft. Classic will construct the Factory space according to the specifications to be agreed in consultation with OIM.

The source of funds of LCTH to finance the investment in OIM and construction of the Factory shall be from working capital raised from the IPO Proceeds and/or internally generated funds.

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

B1 Performance Review

The Group recorded a revenue of RM68.1 million and profit before tax ("PBT") of RM8.0 million for the current quarter ended 30 June 2006.

The Group's revenue of RM143.5 million for the 6 months ended 30 June 2006 was higher compared to RM133.0 million for the 6 months ended 30 June 2005. The increase in revenue was attributed to the increase in sales volume.

Despite higher revenue achieved, the Group's profit before tax ("PBT") decreased from RM22.3 million for the 6 months ended 30 June 2005 to RM16.4 million for the 6 months ended 30 June 2006.

The PBT was achieved despite the higher cost of sales incurred by the Group, attributed by the increase in the cost of raw materials, other indirect costs and overheads as a result of the increase in crude oil prices and the lifting of petrol and diesel oil subsidies. The Group's gross margins were also eroded as a result of price pressure from customers. The new tool and dies division has yet to contribute to profitability.

B2 Comment on Material Change in PBT of Current Quarter Compared With Preceding Quarter

The Group's PBT for the current quarter of RM8.0 million also saw a decrease of 5% as compared to RM8.4 million registered for the preceding quarter ended 31 March 2006.

The decline in PBT was partly attributed by the decrease in revenue of 2nd Quarter from RM75.4 million (for 1st Quarter) to RM68.1 million. Nevertheless, gross margins for the 2nd Quarter has slightly improved from 15.7% in 1st Quarter to 16.6% in 2nd Quarter.

B3 Commentary on Prospects

The Directors expect the 3rd Quarter's performance will remain profitable but will continue to face costs increase and price pressure from the customers. The Group will strive to improve its financial performance for the financial year 2006.

B4 Profit Forecast or Profit Guarantee

This is not applicable for the current quarter.

B5 Income Tax Expense

	Current Quarter 3 months ended 30.6.2006 RM'000	Cumulative Quarter 6 months ended 30.6.2006 RM'000
Income tax	295	901
Deferred tax	925	893
	1,220	1,794

The tax expense for the current quarter is higher compared to the preceding quarter ended 31 March 2006 due to deferment of capital allowances claims for certain machineries purchased that are not in use in the current financial period.

However, the Group's effective tax rate for the 6 months period is lower than the statutory tax rate principally due to utilization of unabsorbed Reinvestment Allowances brought forward from prior years to off set against current period chargeable income.

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 Quoted Securities

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

B8 Corporate Proposals

Status of Utilisation of Proceeds

As at 30 June 2006, 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	9,652	15,348
Working capital	28,125	* 28,125	-
Plants relocation and consolidation	3,000	1,533	1,467
Estimated listing expenses	4,200	4,200	-
	156,325	139,510	16,815

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 RM1.165 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

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

B10 Changes in Material Litigation

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

B11 Dividends

The Directors recommend an interim dividend of 1 sen (less 28% taxation) per ordinary share of RM0.20 each, payable on date to be determined.

B12 Earnings per share

Basic

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 30.6.2006	Cumulative Quarter 6 months ended 30.6.2006
Profit attributable to shareholders (RM'000)	6,766	14,558
Weighted average number of ordinary shares in issue ('000)	600,000	600,000
Basic earnings per share (sen)	1.13	2.43

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.

By Order of the Board

Company Secretary