



**LCTH CORPORATION BERHAD**  
(Company No: 633871-A)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE THREE-MONTH ENDED 31 MARCH 2007**

	Note	Current Quarter 3 months ended		Current financial year-to-date 3 months ended	
		31.3.07 RM'000	31.3.06 RM'000	31.3.07 RM'000	31.3.06 RM'000
Revenue	B1	91,413	75,361	91,413	75,361
Cost of sales		<u>(79,338)</u>	<u>(63,526)</u>	<u>(79,338)</u>	<u>(63,526)</u>
<b>Gross Profit</b>		<b>12,075</b>	<b>11,835</b>	<b>12,075</b>	<b>11,835</b>
Other income		964	486	964	486
Administrative expenses		(3,620)	(3,408)	(3,620)	(3,408)
Selling and marketing expenses		(511)	(546)	(511)	(546)
Finance costs		(19)	(2)	(19)	(2)
Share of results of an associate		<u>(263)</u>	<u>-</u>	<u>(263)</u>	<u>-</u>
<b>Profit before taxation</b>	B2	<b>8,626</b>	<b>8,365</b>	<b>8,626</b>	<b>8,365</b>
Income tax expense	B5	<u>(1,368)</u>	<u>(573)</u>	<u>(1,368)</u>	<u>(573)</u>
<b>Profit for the period</b>		<b><u>7,258</u></b>	<b><u>7,792</u></b>	<b><u>7,258</u></b>	<b><u>7,792</u></b>
<b>Earnings per share</b>					
- basic (sen)	B13	<u>1.21</u>	<u>1.30</u>	<u>1.21</u>	<u>1.30</u>
- diluted (sen)		<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

The unaudited Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

**CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 MARCH 2007**

	<b>As at 31.3.07 RM'000</b>	<b>As at 31.12.06 RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	147,864	157,181
Investment properties	17,115	-
Investment in Associate	585	848
Prepaid leasehold land	16,193	16,265
	<u>181,757</u>	<u>174,294</u>
<b>Current Assets</b>		
Inventories	39,173	36,405
Trade receivables	67,909	61,453
Other receivables	8,745	6,683
Due from holding companies	78	1,174
Due from related companies	76	80
Tax recoverable	8,603	7,753
Cash and cash equivalents	66,806	78,409
	<u>191,390</u>	<u>191,957</u>
<b>TOTAL ASSETS</b>	<u>373,147</u>	<u>366,251</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	120,000	120,000
Share premium	121,911	121,911
Retained earnings	45,618	38,360
<b>Total equity</b>	<u>287,529</u>	<u>280,271</u>
<b>Non-Current Liabilities</b>		
Short-term borrowings	41	41
Deferred tax liabilities	13,027	12,801
	<u>13,068</u>	<u>12,842</u>
<b>Current Liabilities</b>		
Trade payables	45,775	39,872
Other payables	17,495	20,091
Short-term borrowings	5,007	9
Due to holding companies	4,201	4,439
Due to related companies	-	-
Tax payable	72	87
Dividends payable	-	8,640
	<u>72,550</u>	<u>73,138</u>
<b>Total liabilities</b>	<u>85,618</u>	<u>85,980</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>373,147</u>	<u>366,251</u>
<b>NET ASSETS PER SHARE (RM)</b>	<u>0.48</u>	<u>0.47</u>

The unaudited Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD (633871-A)**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH ENDED 31 MARCH 2007**

	<b>Share Capital RM'000</b>	<b>Non- Distributable Share Premium RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total RM'000</b>
At 1 January 2006	120,000	121,911	41,277	283,188
Profit for the period	-	-	7,792	7,792
Dividends	-	-	(17,280)	(17,280)
At 31 March 2006	<u>120,000</u>	<u>121,911</u>	<u>31,789</u>	<u>273,700</u>
At 1 January 2007	120,000	121,911	38,360	280,271
Profit for the period	-	-	7,258	7,258
At 31 March 2007	<u>120,000</u>	<u>121,911</u>	<u>45,618</u>	<u>287,529</u>

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD (633871-A)**  
**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE THREE-MONTH ENDED 31 MARCH 2007**

	<b>3 months ended</b>	
	<b>31.3.07</b>	<b>31.3.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	8,626	8,365
Adjustment items :		
Depreciation and amortisation	4,116	4,087
Interest and investment income	(523)	(442)
Net unrealised foreign exchange gain	(248)	(49)
Interest expense	19	2
Share of results of an associate company	263	-
Others	(25)	74
Operating income before working capital changes	<u>12,228</u>	<u>12,037</u>
Inventories	(2,661)	5,313
Receivables	(6,605)	18,059
Payables	<u>2,404</u>	<u>(31,180)</u>
Cash generated from operations	5,366	4,229
Income tax paid	<u>(2,008)</u>	<u>(63)</u>
Net cash generated from operating activities	3,358	4,166
Net cash used in investing activities	(11,319)	(1,267)
Net cash used in financing activities	<u>(3,642)</u>	<u>(8)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(11,603)	2,891
<b>Cash and cash equivalents :</b>		
<b>At beginning of the financial period</b>	<u>78,409</u>	<u>85,827</u>
<b>At end of financial period</b>	<u><u>66,806</u></u>	<u><u>88,718</u></u>
* Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	23,180	12,113
Short term investments	28,201	51,193
Repurchase agreements	14,000	25,000
Fixed deposits with licensed banks	1,425	412
	<u>66,806</u>	<u>88,718</u>

The unaudited Condensed Consolidated Cash flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2006 and the accompanying explanatory notes attached to the Interim Financial Statements.

# **LCTH CORPORATION BERHAD**

(633871-A)

## **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**1<sup>ST</sup> QUARTER ENDED 31 MARCH 2007**

### **A COMPLIANCE WITH 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 (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2006. 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 2006.

#### **A2 Accounting Policies and Methods of Computation**

The accounting policies and method of computations adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 December 2006 as well as the new/revised FRS that are effective and applicable in the current financial year.

In the current financial period ended 31 March 2007, the Group adopted the following new/revised FRSSs.

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 140	Investment Property

The adoption of FRS 124 and FRS 140 does not have significant financial impact on the Group.

The principal effect of the changes in accounting policies resulting from the adoption of the new/revised FRS 117 is discussed below:

### **FRS 117: Leases**

The adoption of the revised FRS 117 has resulted in a retrospective change in the accounting policy relating to the classification of leasehold land. The up-front payments made for the leasehold land represents prepaid lease payments and are amortised on a straight-line basis over the lease term. A lease of land and building is apportioned into a lease of land and a lease of building in proportion to the relative fair values of the leasehold interests in the land element and the building element of the lease at the inception of the lease. Prior to 1 January 2007, leasehold land was classified as property, plant and equipment.

Upon the adoption of the revised FRS 117 at 1 January 2007, the unamortised revalued amounts of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions of FRS 117. The reclassification of leasehold land as prepaid lease payment has been accounted for retrospectively and as disclosed below, certain comparative amount as at 31 December 2006 have been restated.

	As previously stated RM'000	Effects on adoption of FRS 117 RM'000	As restated RM'000
<b>At 31 December 2006</b>			
Property, plant and equipment	173,446	(16,265)	157,181
Prepaid lease payments	-	16,265	16,265

### **A3 Disclosure of Audit Report Qualification and Status of Matters Raised**

The audit report of the Group's annual financial statements for the year ended 31 December 2006 did not contain any qualification.

### **A4 Seasonal or Cyclical Factors**

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

### **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 31 March 2007.

**A6 Material Changes in Estimates**

There have been no significant changes in estimates used for the preparation of the interim financial statements.

**A7 Changes in 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.

**A8 Dividends Paid**

The Company paid the following dividend during the current quarter.

**RM'000**

Interim dividend in respect of the financial year ended 31 December 2006 of 2.00 sen less 28%, paid on 18 January 2007	<u>8,640</u>
--	--------------

The final dividend of 2.0 sen tax exempt approved during the Annual General Meeting held on 17 April 2007 shall be paid on 16 May 2007.

**A9 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.

**A10 Material Events Subsequent to the end of the financial period**

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

**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**

Contingent liabilities arising from corporate guarantees given to banks for credit facilities utilised by subsidiaries amounted to RM2,763,000.

There were no contingent assets since the last financial year ended 31 December 2006.

## **A13 Capital Commitments**

The amount of capital commitments not provided for in the interim financial statements as at 31 March 2007 are as follows:

	<b>RM'000</b>
Approved and contracted for	7,716
Approved but not contracted for	4,100
	<u>11,816</u>

## **A14 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.



## **B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA**

### **B1 Performance Review**

The Group recorded a revenue of RM91.4 million and profit before tax (“PBT”) of RM8.6 million for the current quarter ended 31 March 2007.

The Group’s revenue of RM91.4 million for the period ended 31 March 2007 is 21% higher compared to RM75.4 million for the same period of 2006. The increase in revenue was contributed by increase in orders from customers and launching of new models in the previous quarter.

Higher revenue achieved has improved the Group’s PBT, a slight increase from RM8.4 million for the period ended 31 March 2006 to RM8.6 million in 2007.

The PBT was achieved despite the higher cost of sales incurred by the Group, attributed to the increase in the cost of raw materials, other indirect costs and overheads. The Group’s gross margins were also eroded as a result of early “End-Of-Life (“EOL”)” models and intense price pressure from customers. The new tool and dies division and investment in an associate company have yet to contribute to profitability.

### **B2 Material Changes in PBT for the Current Quarter as compared with the immediate Preceding Quarter**

The Group’s PBT for the current quarter of RM8.6 million saw an increase of 25% as compared to RM6.9 million registered for the preceding quarter ended 31 December 2006.

The increase in PBT was attributed to the increase in revenue of 1<sup>st</sup> Quarter from RM83.4 million (for 4<sup>th</sup> Quarter 2006) to RM91.4 million. Although the revenue has increased in the current quarter, gross margins for the 1<sup>st</sup> Quarter has slightly eroded from 14.2% in 4<sup>th</sup> Quarter 2006 to 13.2% in the current Quarter.

### **B3 Prospects**

The Group continues to operate in a very competitive environment and factors such as continued price pressures from customers, volatile crude oil prices and rising operating costs add challenges to the Group’s operations. However, the Group expects to remain profitable.

### **B4 Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast of profit guarantee for the year.

## B5 Taxation

	<b>Current Quarter 3 months ended 31.3.2007 RM'000</b>	<b>Current financial year –to- date 31.3.2007 RM'000</b>
Income tax	1,142	1,142
Deferred tax	226	226
	<u>1,368</u>	<u>1,368</u>

The tax expense of the Group for the current quarter and financial year to-date is lower than the statutory rate mainly due to utilization of unabsorbed Reinvestment Allowances brought forward from prior years to off set against current period chargeable income and lower deferred tax charge following the reduction in the income tax rate as announced in the 2007 budget proposal by the government.

## B6 Sale of Unquoted Investments and/or Properties

The results for the current quarter do not include any profit or loss on sale of unquoted investments and /or properties which are not in the ordinary course of business of the Group.

## 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 31 March 2007, the gross proceeds arising from the Public Issue of RM156.325 million has been used in the following manner:

	<b>Approved RM'000</b>	<b>Utilised RM'000</b>	<b>Balance RM'000</b>	<b>Note</b>
Purchase of land	16,000	16,037	(37)	1
Construction of buildings	55,000	55,000	-	
Purchase of machineries	25,000	25,000	-	
Mould and dies fabrication	25,000	15,287	9,713	
Working capital	28,125	38,409	(10,284)	2
Plants relocation and consolidation	3,000	1,533	1,467	
Estimated listing expenses	4,200	4,200	-	
	<u>156,325</u>	<u>155,466</u>	<u>859</u>	

Notes:

1. This was utilized from working capital as mentioned below.
2. The shortfall is utilised from funds approved for plants relocation and consolidation and Mould and dies fabrication. The utilization amounts include payments for the followings:
  - balance for the purchase consideration of land of RM37,000;
  - additional listing expenses of RM1.165 million;
  - operating expenses of the Group;
  - injection moulding machines and related accessories/spares not budgeted for under the RM25 million for purchase of machineries stated above;
  - investment in OIM of RM1 million as mentioned in Section A11 above.
  - down payment for assets of RM4.5 million, where the assets will form part of LCTH's contributions in OIM.

## **B9 Group Borrowings and Debts Securities**

The details of the Group's borrowings as at 31 March 2007 are as set out below:

	<b>As at 31.3.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
<b>Short term borrowings</b>		
Secured – Hire purchase	7	9
Unsecured – Time loan	5,000	-
	<u>5,007</u>	<u>9</u>
<b>Long term borrowings</b>		
Secured – Hire purchase	41	41
	<u>41</u>	<u>41</u>
	<u>5,048</u>	<u>50</u>

## **B10 Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 2 May 2007.

## **B11 Changes in Material Litigation**

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

## **B12 Dividends Declared**

The Directors have declared an interim gross dividend of 1.0 sen tax exempt per ordinary share of RM0.20 each to be made payable on 8 June 2007 to shareholders whose name appears in the Record of Depositors as at 28 May 2007.

**B13 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.

	<b>Current Quarter 31.3.2007</b>	<b>Current financial year-to-date 31.3.2007</b>
Profit attributable to shareholders (RM'000)	7,258	7,258
Weighted average number of ordinary shares in issue ('000)	600,000	600,000
Basic earnings per share (sen)	<u>1.21</u>	<u>1.21</u>

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

**By Order of the Board**

Company Secretary