



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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR THE TWELVE-MONTH ENDED 31 DECEMBER 2007**

	Note	Current Quarter		Current financial	
		3 months ended		year-to-date	
		31.12.07	31.12.06	31.12.07	31.12.06
		RM'000	RM'000	RM'000	RM'000
Revenue	B1	76,798	83,385	354,667	313,000
Cost of sales		<u>(73,067)</u>	<u>(71,547)</u>	<u>(318,586)</u>	<u>(264,113)</u>
<b>Gross Profit</b>		<b>3,731</b>	<b>11,838</b>	<b>36,081</b>	<b>48,887</b>
Other income		1,117	1,107	3,911	2,641
Administrative expenses		(4,021)	(5,466)	(15,227)	(15,242)
Selling and marketing expenses		(383)	(441)	(1,880)	(1,806)
Other expenses		(485)	-	(485)	-
Finance costs		(208)	(2)	(500)	(8)
Share of results of an associate		<u>(158)</u>	<u>(134)</u>	<u>(497)</u>	<u>(152)</u>
<b>(Loss)/Profit before taxation</b>	B2	<b>(407)</b>	<b>6,902</b>	<b>21,403</b>	<b>34,320</b>
Income tax expense	B5	541	54	(3,084)	(2,677)
<b>Profit for the period</b>		<b><u>134</u></b>	<b><u>6,956</u></b>	<b><u>18,319</u></b>	<b><u>31,643</u></b>
<b>Earnings per share</b>					
- basic (sen)	B14	<u>0.02</u>	<u>1.16</u>	<u>3.05</u>	<u>5.27</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.

**LCTH CORPORATION BERHAD (633871-A)  
CONDENSED CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2007**

		(As restated)	
		As at	As at
	Note	31.12.07	31.12.06
		RM'000	RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		93,450	157,181
Investment properties		24,291	-
Investment in Associate		351	848
Prepaid leasehold land		7,051	16,265
		<u>125,143</u>	<u>174,294</u>
<b>Current Assets</b>			
Inventories		32,738	36,405
Trade receivables		64,699	61,453
Other receivables		7,398	6,683
Due from holding companies		1,101	1,174
Due from related companies		2	80
Tax recoverable		8,984	7,753
Cash and cash equivalents		58,352	78,409
		<u>173,274</u>	<u>191,957</u>
Non-current assets held for sale	<b>B10</b>	<u>66,659</u>	-
		<u>239,933</u>	<u>191,957</u>
<b>TOTAL ASSETS</b>		<u>365,076</u>	<u>366,251</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		120,000	120,000
Share premium		121,911	121,911
Retained earnings		31,179	38,360
<b>Total equity</b>		<u>273,090</u>	<u>280,271</u>
<b>Non-Current Liabilities</b>			
Borrowings	<b>B9</b>	1,552	41
Deferred tax liabilities		10,949	12,801
		<u>12,501</u>	<u>12,842</u>
<b>Current Liabilities</b>			
Trade payables		33,872	39,872
Other payables		21,787	20,091
Borrowings	<b>B9</b>	15,913	9
Due to holding companies		4,486	4,439
Due to related companies		59	-
Tax payable		64	87
Dividends payable		-	8,640
Liabilities directly associated with assets held for sale		3,304	-
<b>Total liabilities</b>		<u>79,485</u>	<u>73,138</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>365,076</u>	<u>366,251</u>
<b>NET ASSETS PER SHARE (RM)</b>		<u>0.46</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 TWELVE-MONTH ENDED 31 DECEMBER 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	-	-	31,643	31,643
Dividends	-	-	(34,560)	(34,560)
At 31 December 2006	<u>120,000</u>	<u>121,911</u>	<u>38,360</u>	<u>280,271</u>
At 1 January 2007	120,000	121,911	38,360	280,271
Profit for the period	-	-	18,319	18,319
Dividends	-	-	(25,500)	(25,500)
At 31 December 2007	<u>120,000</u>	<u>121,911</u>	<u>31,179</u>	<u>273,090</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 TWELVE-MONTH ENDED 31 DECEMBER 2007**

	<b>12 months ended</b>	
	<b>31.12.07</b>	<b>31.12.06</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit before tax	21,403	34,320
Adjustment items :		
Depreciation and amortisation	16,921	16,231
Interest and investment income	(1,936)	(2,342)
Net unrealised foreign exchange gain	130	806
Interest expense	500	8
Share of results of an associate company	497	152
Others	1,494	(152)
Operating income before working capital changes	<u>39,009</u>	<u>49,023</u>
Inventories	2,805	(2,433)
Receivables	(2,837)	4,235
Payables	<u>(5,817)</u>	<u>(15,539)</u>
Cash generated from operations	33,160	35,286
Income tax paid	<u>(2,886)</u>	<u>(1,254)</u>
Net cash generated from operating activities	30,274	34,032
Net cash used in investing activities	(30,313)	(15,498)
Net cash used in financing activities	<u>(20,018)</u>	<u>(25,952)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(20,057)</b>	<b>(7,418)</b>
<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><b>58,352</b></u>	<u><b>78,409</b></u>
* Cash and cash equivalents at the end of the financial period comprise the following *:		
Cash and bank balances	25,192	16,284
Short term investments	26,197	34,213
Repurchase agreements (Repo)	5,500	26,500
Fixed deposits with licensed banks	1,463	1,412
	<u>58,352</u>	<u>78,409</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 4<sup>th</sup> QUARTER ENDED 31 DECEMBER 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. 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 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 year beginning 1 January 2007, the Group adopted the following new/revised FRSs.

FRS 6	Exploration for Evaluation of Mineral Resources
FRS 117	Leases
FRS 124	Related Party Disclosures
Amendment to FRS 119	Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of FRS 6, 117, 124 and Amendment to FRS119 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 and was stated at cost less accumulated depreciation.

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 year ended 31 December 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 Dividend Paid**

The Company paid the following dividend during the current quarter.

**RM'000**

Third interim dividend in respect of the financial year ended 31 December 2007 of 0.25 sen tax exempt, paid on 13 December 2007	<u>1,500</u>
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To-date, the Company has paid a total interim dividend of 2.25 sen per share tax exempt per ordinary share of RM0.20 each for the financial year ended 31 December 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**

There were no material events subsequent to 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 RM20,937,648.

There were no contingent assets since the last financial year ended 31 December 2007.

### **A13 Capital Commitments**

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

	<b>RM'000</b>
Approved and contracted for	8,170
Approved but not contracted for	<u>789</u>
	<u>8,959</u>

### **A14 Carrying Amount of Revalued Assets**

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



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

### **B1 Performance Review**

The Group recorded a revenue of RM76.8 million and loss before taxation of RM0.4 million for the current quarter ended 31 December 2007.

The Group's revenue of RM354.7 million for the year ended 31 December 2007 is 13.3% higher compared to RM313.0 million for the same period of 2006. The increase in revenue was contributed by increase in orders from customers and launching of new models during the period under review.

However, despite the higher revenue achieved, the Group's profit before taxation has declined from RM34.3 million for the period ended 31 December 2006 to RM21.4 million in 2007.

The erosion of the Group's gross margin was attributable to the higher cost of raw materials, other indirect costs and overheads. In addition, the strengthening of the RM vis-à-vis USD also impacted the Group results, notwithstanding the intense price pressure from customers.

### **B2 Material Changes in Profit Before Taxation for the Current Quarter as compared with the immediate Preceding Quarter**

The Group's revenue has decreased by 15.9% in the current quarter and the gross margins for the 4<sup>th</sup> Quarter decreased from 9.6% in 3<sup>rd</sup> Quarter 2007 to 4.9% in the current Quarter.

The Group reported loss before taxation of RM0.4 million as compared to profit before taxation of RM4.8 million registered for the preceding quarter ended 30 September 2007.

### **B3 Prospects**

The Group will continue to be operating in a very competitive environment, taking into possibilities of higher costs associated directly and indirectly by the rise in crude oil prices. These factors will have an impact on the group's performance. Barring any unforeseen circumstances, the Group expects to remain profitable and shall take efforts to sustain its profitable results.

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

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

## B5 Taxation

	<b>Current Quarter 3 months ended 31.12.2007 RM'000</b>	<b>Current financial year –to- date 31.12.2007 RM'000</b>
Income tax	(1,265)	1,632
Deferred tax	724	1,452
	<u>(541)</u>	<u>3,084</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 2008 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

On 12 September 2007, the Company announced the following proposals:

- (i) Classic Advantage Sdn. Bhd. ("CASB"), a wholly-owned subsidiary of LCTH has entered into a Sale and Purchase Agreement ("SPA") with Mapletree MIF Malaysia 2 Sdn. Bhd. ("MMM2") for the sale of 6 blocks of factories and 1 office block and ancillary building erected thereon and including mechanical equipment located at No. 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim (the "Property") for a cash consideration of RM80.0 million("the Property"). Upon the completion of the SPA, a lease agreement will be entered between the aforesaid parties for the leaseback of the Property for a lease period of 12 years and for an initial lease rental of approximately RM7.2 per annum ("Proposed Sale and Leaseback");

- (ii) Proposed capital repayment via cash distribution of RM72.0 million to shareholders of LCTH, involving the following:
  - (a) Proposed bonus issue of 120,000,000 new ordinary shares of RM0.20 each in LCTH ("LCTH Shares") on the basis of one (1) new share in LCTH for every five (5) existing shares in LCTH held prior to the proposed capital reduction ("Proposed Bonus Issue");
  - (b) Proposed capital reduction of issued and paid-up capital of the Company after the Proposed Bonus Issue from RM144,000,000 to RM72,000,000 representing a capital reduction of RM0.10 par value for every one (1) existing LCTH Share held after the Proposed Bonus Issue ("Proposed Capital Reduction");

(The Proposed Bonus Issue and Proposed Capital Reduction are collectively known as the "Proposed Capital Repayment"); and

- (iii) Proposed consolidation of 720,000,000 ordinary shares of RM0.10 each in LCTH after the Proposed Capital Repayment into 360,000,000 ordinary shares of RM0.20 each on the basis of two (2) ordinary shares of RM0.10 each in LCTH to be consolidated into one (1) ordinary share of RM0.20 each in LCTH ("Proposed Shares Consolidation").

Subsequent to the announcements of the Proposals made by the Company on 12 September 2007, the Company made the following announcements:

- (i) On 7 November 2007, the Shareholders had at the Extraordinary General Meeting ("EGM") held on even date approved the Proposals as previously announced on 12 September 2007. The Proposals and Resolutions contained in the Circular and the Notice of EGM respectively dated 16 October 2007 were approved by shareholders by way of poll at the EGM held on 7 November 2007;
- (ii) On 4 January 2008, MMM2 had on 17 December 2007, informed the Company that the Foreign Investment Committee has via its letter dated 27 November 2007, informed that it has no objection to the Proposed Sale and Leaseback;
- (iii) On 11 January 2008, the Company and MMM2 have agreed in principle to extend the date to fulfill the conditions precedent of the SPA in relation to the Proposed Sale and Leaseback as mentioned in Note 33 (b) for a period of three (3) month to 11 April 2008. A formal supplemental agreement will be entered into by the parties to reflect the said extension;
- (iv) On 18 January 2008, the Pejabat Tanah Dan Galian Negeri Johor has, vide its letter dated 16 January 2008, given its consent for the transfer of ownership of the Property from CASB to MMM2, subject to the condition that the memorandum of transfer of the Property be submitted to the Pejabat Tanah Dan Galian Negeri Johor/Pejabat Tanah Daerah within six (6) months from the approval date;

- (v) On 4 February 2008, the Pejabat Tanah Dan Galian Negeri Johor has, vide its letter dated 29 January 2008, given its consent in relation to the lease of the Property from MMM2 to CASB for a period of 12 years, subject to the condition that the memorandum of lease be submitted to the Pejabat Tanah Dan Galian Negeri Johor/Pejabat Tanah Daerah within six (6) months from the approval date.

As at 19 February 2008, the approval from the High Court for the Proposed Capital Reduction has yet to be obtained.

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

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

	<b>As at 31.12.2007 RM'000</b>	<b>As at 31.12.2006 RM'000</b>
<b>Short term borrowings</b>		
Secured – Hire purchase	913	9
Unsecured – Time loan	15,000	-
	<u>15,913</u>	<u>9</u>
<b>Long term borrowings</b>		
Secured – Hire purchase	1,552	41
	<u>1,552</u>	<u>41</u>
	<u>17,465</u>	<u>50</u>

## **B10 FRS 5 - Non Current Assets Held For Sale**

The Group has entered into a Proposed Sale and Leaseback Agreement between CASB and MMF2 on 12 September 2007, for the sale and leaseback of 6 blocks of factories and 1 office block and ancillary building erected thereon and including mechanical equipment located at No. 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim (the "Property") for a cash consideration of RM80.0 million.

The above-mentioned property fulfills the criteria in FRS 5 for non-current assets held for sale whereby it is available for immediate sale in its present condition and that the sale is highly probable within one year. Thus, it has been reclassified from property, plant and equipment to non-current assets held for sale in the balance sheet for the current quarter.

## **B11 Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 19 February 2008.

**B12 Changes in Material Litigation**

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

**B13 Dividends Declared**

No dividend is declared for the current quarter.

**B14 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 31.12.2007</b>	<b>Current financial year-to-date 31.12.2007</b>
Profit attributable to shareholders (RM'000)	134	18,319
Weighted average number of ordinary shares in issue ('000)	600,000	600,000
Basic earnings per share (sen)	<u>0.02</u>	<u>3.05</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