



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2010**

	Note	Current Quarter 3 months ended		Current financial year-to-date 6 months ended	
		30.06.10 RM'000	30.06.09 RM'000	30.06.10 RM'000	30.06.09 RM'000
Revenue	B1	32,873	41,766	76,459	68,201
Cost of sales		<u>(33,443)</u>	<u>(42,301)</u>	<u>(72,570)</u>	<u>(72,168)</u>
<b>Gross (Loss)/Profit</b>		<u>(570)</u>	<u>(535)</u>	<u>3,889</u>	<u>(3,967)</u>
Other income		1,102	896	1,966	1,931
Administrative expenses		(2,881)	(3,604)	(7,836)	(4,886)
Selling and marketing expenses		(230)	(203)	(869)	(330)
Other expenses		(157)	(148)	(312)	(296)
Finance costs		(17)	(38)	(36)	(82)
Share of results of an associate		732	268	1,272	852
<b>Loss before taxation</b>	B2	<u>(2,021)</u>	<u>(3,364)</u>	<u>(1,926)</u>	<u>(6,778)</u>
Income tax	B5	<u>746</u>	<u>(77)</u>	<u>860</u>	<u>(209)</u>
<b>Loss for the period</b>					
<b>represents total comprehensive loss for the period</b>		<u>(1,275)</u>	<u>(3,441)</u>	<u>(1,066)</u>	<u>(6,987)</u>
<b>Loss per share</b>					
- Basic/Diluted (sen)	B13	<u>(0.35)</u>	<u>(0.96)</u>	<u>(0.30)</u>	<u>(1.94)</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD (633871-A)**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2010**

	Note	As at 30.06.10 RM'000	As at 31.12.09 RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		66,898	76,047
Investment properties		25,234	23,324
Investment in associate		10,155	8,884
		<u>102,287</u>	<u>108,255</u>
<b>Current Assets</b>			
Inventories		12,373	16,689
Trade receivables		25,454	67,727
Other receivables		3,611	3,176
Due from holding companies		1,369	1,290
Due from related companies		699	260
Tax recoverable		4,915	5,826
Cash and cash equivalents		97,888	78,062
		<u>146,309</u>	<u>173,030</u>
<b>TOTAL ASSETS</b>		<u>248,596</u>	<u>281,285</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		72,000	72,000
Share premium		97,911	97,911
ESOS reserves		250	250
Retained profits		48,504	54,376
<b>Total Equity</b>		<u>218,665</u>	<u>224,537</u>
<b>Non-Current Liabilities</b>			
Borrowings	B9	113	426
Deferred tax liabilities		8,536	9,994
		<u>8,649</u>	<u>10,420</u>
<b>Current Liabilities</b>			
Trade payables		9,205	29,062
Other payables		7,837	9,077
Borrowings	B9	883	1,362
Due to holding companies		3,026	5,859
Due to related companies		130	378
Tax payable		201	590
		<u>21,282</u>	<u>46,328</u>
<b>Total Liabilities</b>		<u>29,931</u>	<u>56,748</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>248,596</u>	<u>281,285</u>
<b>NET ASSETS PER SHARE (RM)</b>		<u>0.61</u>	<u>0.62</u>

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 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 PERIOD ENDED 30 JUNE 2010**

	Share Capital RM'000	Non- Distributable Share Premium RM'000	Distributable Retained Profits RM'000	ESOS Reserve RM'000	Total RM'000
At 1 January 2009	72,000	97,911	49,702	50	219,663
Loss for the period represents total comprehensive loss for the period	-	-	(6,987)	-	(6,987)
Share options granted under ESOS	-	-	-	135	135
Dividends	-	-	(2,700)	-	(2,700)
At 30 June 2009	<u>72,000</u>	<u>97,911</u>	<u>40,015</u>	<u>185</u>	<u>210,111</u>
At 1 January 2010	72,000	97,911	54,376	250	224,537
Loss for the period represents total comprehensive income for the period	-	-	(1,066)	-	(1,066)
Dividends	-	-	(4,806)	-	(4,806)
At 30 June 2010	<u>72,000</u>	<u>97,911</u>	<u>48,504</u>	<u>250</u>	<u>218,665</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 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD (633871-A)  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 JUNE 2010**

	<b>6 months ended</b>	
	<b>30.06.10</b>	<b>30.06.09</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss before tax	(1,926)	(6,778)
Adjustments items :		
Depreciation and amortisation	7,448	8,097
Interest and investment income	(589)	(729)
Interest expense	35	82
Gain on disposal of other property, plant and equipment	(66)	-
Net unrealised loss/(gain) on foreign exchange	2,408	(153)
Share of results of an associate	(1,272)	(852)
Others	(12)	411
Operating income before working capital changes	<u>6,026</u>	<u>78</u>
Inventories	4,341	2,627
Receivables	38,589	25,012
Payables	<u>(23,856)</u>	<u>(8,102)</u>
Cash generated from operations	25,100	19,615
Income tax paid	(75)	(100)
Net cash generated from operating activities	<u>25,025</u>	<u>19,515</u>
Net cash generated from/(used in) investing activities	434	(738)
Net cash used in financing activities	<u>(5,633)</u>	<u>(6,308)</u>
<b>Net increase in cash and cash equivalents</b>	<u>19,826</u>	<u>12,469</u>
<b>Cash and cash equivalents :</b>		
<b>At beginning of the financial period</b>	<u>78,062</u>	<u>72,063</u>
<b>At end of the financial period</b>	<u>97,888</u>	<u>84,532</u>
* Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	9,307	23,790
Fixed deposits with licensed banks	40,029	8,906
Repurchase agreements (REPO)	21,150	20,500
Short term investments	<u>27,402</u>	<u>31,333</u>
	<u>97,888</u>	<u>84,529</u>

The unaudited Condensed Consolidated Cash flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD**  
(633871-A)

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**2<sup>nd</sup> QUARTER ENDED 30 JUNE 2010**

**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 2009. 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 2009.

**A2 Accounting Policies and Methods of Computation**

The Group has not adopted any new/revised FRS that has been issued as at the date of authorisation of these Interim Financial Statements but is not yet effective for the Group. On 1 January 2010, the Group adopted the new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations for financial periods beginning on or after 1 January 2010. Other than as explained below, the same accounting policies and methods of computation are followed in the interim financial statements as compared with the financial statements for the year ended 31 December 2009.

**(a) FRS 8: Operating Segments**

FRS 8 requires segment information to be presented on a similar basis to that used for internal reporting purpose. As a result, the Group segmental reporting had been presented on the internal reporting to the chief operating decision maker who makes decisions on the allocation of resources and assesses the performance of the reportable segments. This standard does not have any impact on the financial position and results of the Group.

**(b) FRS 101: Presentation of Financial Statements (revised)**

The revised FRS 101 separates owner and non-owner changes in equity. Therefore, the consolidated statement of changes in equity will now include only details of transactions with owners. All non-owner changes in equity are presented as a single line labelled as total comprehensive income. The Standard also introduces the statement of comprehensive income: presenting all items of income and expense recognised in the income statement, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group presents the statement of comprehensive income in one single statement, and the adoption of this standard does not have any impact on the financial position and results of the Group.

### **(c) FRS 117: Leases ( Cont'd)**

Prior to the adoption of the Amendment to FRS 117, leasehold lands were treated as operating leases. The considerations paid were classified and presented as prepaid lease payments in the statement of financial position. With the adoption of the Amendment to FRS 117, the classification of a leasehold land as a finance lease or an operating lease is based on the extent to which risks and rewards incident to ownership lie.

Accordingly, the Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2009, the unamortised amount of leasehold land is retained as the surrogate carrying amount of property, plant and equipment as allowed by the transitional provisions. This change in classification has no effect to the profit or loss of current period ended 30 June 2010 or the comparative prior period.

As disclosed in Note A3, certain comparatives have been restated due to the change in accounting policy.

### **(d) Amendment to FRS 116 and Amendment to FRS 140**

Prior to the adoption of the Amendment to FRS 116 and the Amendment to FRS 140, properties that were being constructed or developed for use as investment properties were treated as capital work-in-progress and classified as property, plant and equipment. With the adoption of the Amendment to FRS 116 and the Amendment to FRS 140, such properties are treated as investment property in accordance with FRS 140. The amendments have been applied prospectively.

### **(e) FRS 139: Financial Instruments – Recognition and Measurement**

FRS 139 sets out the new requirements for the recognition and measurement of the Group's financial instruments. Financial instruments are recorded initially at fair value. Subsequent measurement of the financial instruments at the balance sheet date reflects the designation of the financial instruments. The Group determines the classification at initial recognition and for the purpose of the first adoption of the standard, as at transitional date on 1 January 2010.

#### **Financial assets**

Financial assets are classified as financial asset at fair value through profit or loss, loans and receivables, held to maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, was appropriate.

The Group's financial assets include cash, short-term deposits, fund deposits with trust fund and money market fund, and loans and receivables.

Prior to 1 January 2010, loans and receivables were stated at gross receivables less provision for doubtful debts. Under FRS 139, loans and receivables are initially measured at fair value and subsequently at amortised cost using the effective interest rate (EIR) method. Gains and losses arising from the derecognition of the loans and receivables, EIR amortization and impairment losses are recognized in the income statement.

**(e) FRS 139: Financial Instruments – Recognition and Measurement (Cont'd)**

**Financial liabilities**

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group's financial liabilities include trade and other payables and are carried at amortised cost.

This change in measurement of financial assets and liabilities did not have any impact on the Group's financial position or performance of the Group.

**A3 Summary of effects of adopting Amendment to 117 on the current financial period's financial statements**

**i) Effects on balance sheet as at 30 June 2010**

	<b>Increase/ (Decrease)</b> <b>RM'000</b>
Property, plant and equipment	5,924
Prepaid land lease payments	(5,924)
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**ii) Restatement of comparatives**

<b>Balance Sheet</b>	<b>As</b> <b>Previously</b> <b>Stated</b> <b><u>RM'000</u></b>	<b>Adjustment</b> <b>FRS117</b> <b>(NoteA2(c))</b> <b><u>RM'000</u></b>	<b>Restated</b> <b><u>RM'000</u></b>
<b>As at 31 December 2009</b>			
Property, plant and equipment	69,255	6,792	76,047
Prepaid lease payments	6,792	(6,792)	-
			<hr/>

**A4 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 2009 did not contain any qualification.

**A5 Seasonal or Cyclical Factors**

The Group's operations are not significantly affected by any seasonal or cyclical factors during the period under review.

**A6 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 2010.

**A7 Material Changes in Estimates**

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

**A8 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.

**A9 Dividend Paid**

The Company paid the following dividend during the current quarter.

**RM'000**

Final gross dividend in respect of the financial year ended 31 December 2009 of 8.9% less 25% taxation on ordinary shares, paid on 21 May 2010.	<u>4,806</u>
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**A10 Segmental Information**

The Group operates principally in Malaysia and in the manufacture of and sub-assembly of precision plastic parts and components and fabrication of precision moulds and dies. The Group's assets and liabilities are basically in Malaysia.

The Group's operation is divided into local and export market. The local market relates to sales to customers within Malaysia. The export market relates to sales to overseas customers, with Hong Kong and China being the principal market segment.



#### A10 Segmental Information (Cont'd)

Segment information was as follows:

	Local RM'000	Export RM'000	Elimination RM'000	Group RM'000
<b>Quarter ended 30 June 2010</b>				
Revenue	1,042	75,417	-	76,459
<b>Results</b>				
Segment results	53	3,836	-	3,889
<b>Quarter ended 30 June 2009</b>				
Revenue	1,259	67,232	(290)	68,201
<b>Results</b>				
Segment results	(73)	(3,782)	(112)	(3,967)

#### A11 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.

#### A12 Changes in the Composition of the Group

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

#### A13 Contingent Liabilities and Contingent Assets

Contingent liabilities arising from corporate guarantees given to banks by the Company for credit facilities utilised by subsidiaries amounted to RM3,221,945.

There were no contingent assets since the last financial year ended 31 December 2009.

#### A14 Capital Commitments

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2010 are as follows:

	RM'000
Approved and contracted for	<u>378</u>

#### A15 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 achieved revenue of RM32.9 million for the current quarter, decreased by 21.3% from RM41.8 million posted in the corresponding quarter of 2009. This is mainly due to the major consumers shifting business to China. Accordingly, the Group reported a gross loss of RM0.57 million. The deterioration of gross profit margin is mainly attributed to underutilization of capacity as a result of decrease in sales order.

The Group's revenue of RM76.5 million for the 6 months period ended 30 June 2010 is 12% higher compared to RM68.2 million for the same period of 2009. The increase in revenue for the period under review is mainly due to higher export sales which carried higher profit margin were achieved in first quarter of the 2010. Accordingly, the Group recorded a gross profit of RM3.8 million for period under review compared to a gross loss of RM3.97 million for the corresponding period.

The Group posted a loss before tax of RM1.93 million for the current 6-month period under review after accounting for foreign exchange loss of RM3.0 million.

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

The Group's revenue decreased by RM10.7 million or 24.6% as compared to the 1<sup>st</sup> Quarter of 2010. The gross margin declined from 10.2% in the 1<sup>st</sup> Quarter 2010 to negative 1.7% in the current quarter.

The Group reported a loss before tax of RM2.0 million as compared to profit before tax of RM0.95 million for the preceding quarter ended 31 March 2010, which is mainly due to the decline in sales order in current quarter.

### **B3 Prospects**

The decline in sales orders experienced by the Group is the result of major consumers relocating businesses to China. Further, despite signs of recovery in the global economy demand for the Group's products remain uncertain.

In view of the above, the Board of Directors has taken action to achieve and sustain operations through major cost control measures and sourcing of new customers.

Increased marketing efforts have been committed to secure and develop new customers in order to diversify the revenue base. In addition, the Group will continue to focus on managing its cash flow and cost through efforts in right-sizing its operations.

### **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 30.06.10 RM'000</b>	<b>Current financial year-to- date 30.06.10 RM'000</b>
Income tax	408	596
Deferred tax	<u>(1,154)</u>	<u>(1,456)</u>
	<u>(746)</u>	<u>(860)</u>

The effective tax rate of the Group for the current quarter and financial year to-date is lower than the statutory income tax rate due to the reversal of deferred tax liabilities.

**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**

There are no corporate proposals for the current quarter under review.

**B9 Group Borrowings and Debts Securities**

The details of the Group's borrowings are as set out below:

	<b>As at 30.06.10 RM'000</b>	<b>As at 31.12.09 RM'000</b>
<b>Short term borrowings</b>		
Secured – Finance lease	<u>883</u>	<u>1,362</u>
	<u>883</u>	<u>1,362</u>
<b>Long term borrowings</b>		
Secured – Finance lease	<u>113</u>	<u>426</u>
	<u>113</u>	<u>426</u>
	<u>996</u>	<u>1,788</u>

**B10 Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 10 August 2010.

**B11 Changes in Material Litigation**

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

**B12 Dividends Declared**

No dividend is declared for the current quarter.

**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 year.

	<b>Current Quarter 30.06.10</b>	<b>Current financial year-to-date 30.06.10</b>
Loss attributable to shareholders (RM'000)	(1,275)	(1,066)
Weighted average number of ordinary shares in issue ('000)	360,000	360,000
Loss per share (sen)	<u>(0.35)</u>	<u>(0.30)</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