

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 JUNE 2011**

	Note	Current Quarter 3 months ended		Current financial year-to-date 6 months ended	
		30.06.11 RM'000	30.06.10 RM'000	30.06.11 RM'000	30.06.10 RM'000
Revenue	<b>B1</b>	27,061	32,873	51,194	76,459
Cost of sales		(30,726)	(33,443)	(58,154)	(72,570)
<b>Gross (loss)/profit</b>		<u>(3,665)</u>	<u>(570)</u>	<u>(6,960)</u>	<u>3,889</u>
Other income		1,201	1,102	2,361	1,966
Administrative expenses		(2,914)	(2,881)	(5,879)	(7,836)
Selling and marketing expenses		(162)	(230)	(310)	(869)
Other expenses		(158)	(157)	(315)	(312)
Finance costs		(2)	(17)	(6)	(36)
Share of results of an associate		1,020	732	1,740	1,272
<b>Loss before taxation</b>	<b>B2</b>	<u>(4,680)</u>	<u>(2,021)</u>	<u>(9,369)</u>	<u>(1,926)</u>
Income tax	<b>B5</b>	<u>613</u>	<u>746</u>	<u>1,415</u>	<u>860</u>
<b>Loss net of tax, representing total comprehensive income for the period</b>		<u>(4,067)</u>	<u>(1,275)</u>	<u>(7,954)</u>	<u>(1,066)</u>
<b>Loss per share</b>					
- Basic/Diluted (sen)	<b>B13</b>	<u>(1.13)</u>	<u>(0.35)</u>	<u>(2.21)</u>	<u>(0.30)</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 2010 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 2011**

	Note	As at 30.06.11 RM'000	As at 31.12.10 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment		47,057	48,267
Investment properties		24,713	24,974
Investment in associate		8,142	9,361
		<u>79,912</u>	<u>82,602</u>
<b>Current Assets</b>			
Inventories		14,182	11,390
Trade receivables		21,478	17,253
Other receivables		5,491	5,098
Due from holding companies		513	528
Due from related companies		793	914
Tax recoverable		389	5,257
Cash and cash equivalents		96,054	100,712
		<u>138,900</u>	<u>141,152</u>
<b>TOTAL ASSETS</b>		<u>218,812</u>	<u>223,754</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital		72,000	72,000
Share premium		97,911	97,911
ESOS reserves		250	250
Retained profits		21,661	29,615
<b>Total Equity</b>		<u>191,822</u>	<u>199,776</u>
<b>Non-Current Liabilities</b>			
Borrowings	B9	79	79
Deferred tax liabilities		3,073	5,120
		<u>3,152</u>	<u>5,199</u>
<b>Current Liabilities</b>			
Trade payables		10,671	7,824
Other payables		11,464	8,280
Borrowings	B9	16	347
Due to holding companies		1,129	1,926
Due to related companies		73	58
Tax payable		485	344
		<u>23,838</u>	<u>18,779</u>
<b>Total Liabilities</b>		<u>26,990</u>	<u>23,978</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>218,812</u>	<u>223,754</u>
<b>NET ASSETS PER SHARE (RM)</b>		<u>0.53</u>	<u>0.55</u>

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 YEAR ENDED 30 JUNE 2011**

	<b>Share Capital RM'000</b>	<b>Non- Distributable Share Premium RM'000</b>	<b>ESOS Reserve RM'000</b>	<b>Distributable Retained Profits RM'000</b>	<b>Total RM'000</b>
At 1 January 2010	72,000	97,911	250	54,376	224,537
Loss net of tax, representing total comprehensive income for the period			-	(19,955)	(19,955)
Dividends	-	-	-	(4,806)	(4,806)
At 31 December 2010	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>29,615</u>	<u>199,776</u>
At 1 January 2011	72,000	97,911	250	29,615	199,776
Loss net of tax, representing total comprehensive income for the period			-	(7,954)	(7,954)
At 30 June 2011	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>21,661</u>	<u>191,822</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 2010 and the accompanying explanatory notes attached to the Interim Financial Statements.

**LCTH CORPORATION BERHAD (633871-A)  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	<b>6 months ended</b>	
	<b>30.06.11</b>	<b>30.06.10</b>
	<b>RM'000</b>	<b>RM'000</b>
Loss before tax	(9,369)	(1,926)
Adjustments items :		
Depreciation and amortisation	4,773	7,448
Interest and investment income	(901)	(589)
Interest expense	6	35
Gain on disposal of other property, plant and equipment	(45)	(66)
Net unrealised loss on foreign exchange	692	2,408
Share of results of an associate	(1,740)	(1,272)
Others	-	(12)
Operating (loss)/income before working capital changes	<u>(6,584)</u>	<u>6,026</u>
Inventories	(2,792)	4,341
Receivables	(4,301)	38,589
Payables	<u>4,376</u>	<u>(23,856)</u>
Cash (used in)/generated from operations	(9,301)	25,100
Income tax refund/(paid)	<u>4,377</u>	<u>(75)</u>
Net cash (used in)/generated from operating activities	(4,924)	25,025
Net cash generated from investing activities	603	434
Net cash used in financing activities	<u>(337)</u>	<u>(5,633)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<u>(4,658)</u>	<u>19,826</u>
<b>Cash and cash equivalents :</b>		
<b>At beginning of the financial year</b>	<u>100,712</u>	<u>78,062</u>
<b>At end of the financial period</b>	<u>96,054</u>	<u>97,888</u>
* Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	22,541	40,029
Fixed deposits with licensed banks	25,962	9,307
Repurchase agreements (REPO)	19,500	21,150
Short term investments	<u>28,051</u>	<u>27,402</u>
	<u>96,054</u>	<u>97,888</u>

The unaudited Condensed Consolidated Cash flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2010 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 2011**

### **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 2010. 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 2010.

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

On 1 January 2011, the Group adopted the new Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations for financial periods beginning on or after 1 January 2011. There was no significant impact on the results and the financial position of the Group upon their initial application.

#### **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 2010 did not contain any qualification.

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

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

#### **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 2011.

#### **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

No dividend was paid during the current quarter.

## A9 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 who are non Licensed Manufacturing Warehouse ("LMW"). The export market relates to sales to LMW in Malaysia and overseas customers, with Hong Kong and China being the principal market segment.

Segment information was as follows:

	Local RM'000	Export RM'000	Elimination RM'000	Group RM'000
<b><u>Quarter ended 30 June 2011</u></b>				
Revenue	4,553	49,601	(2,960)	51,194
<b>Results</b>				
Segment results-gross profit/ (loss)	2,659	(6,391)	(3,228)	(6,960)
<b><u>Quarter ended 30 June 2010</u></b>				
Revenue	1,042	75,417	-	76,459
<b>Results</b>				
Segment results-gross profit	53	3,836	-	3,889

## 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 by the Company for credit facilities utilised by subsidiaries amounted to RM4,646,550.

There were no contingent assets since the last financial year ended 31 December 2010.

## **A13 Capital Commitments**

The amount of capital commitments not provided for in the interim financial statements as at 30 June 2011 are as follows:

	<b>RM'000</b>
Approved and contracted for	<u>1,746</u>
Approved but not contracted for	<u>109</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 revenue of RM27.1 million for the current quarter, decreased by 17.7% from RM32.9 million posted in the corresponding quarter of 2010. This is mainly due to the major consumer having shifted its business to China in prior year and the new business base has not been fully developed to recover the loss in sales. Accordingly, the Group reported a gross loss of RM3.7 million for the current quarter. 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 RM51.2 million for the 6 month period ended 30 June 2011 is 33% lower compared to RM 76.5 million for the same period of 2010. The decline in revenue for the financial period under review is mainly attributed to lower sales order as mentioned above. The Group recorded a gross loss of RM 7.0 million for the financial period under review compared to a gross profit of RM 3.9 million reported in the corresponding period.

The Group posted a loss before tax of RM9.4 million for the period under review, after accounting for foreign exchange revaluation loss of RM0.7 million.

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

The Group's revenue increased by RM3.0 million or 12.1% as compared to the 1<sup>st</sup> quarter of 2011. The gross margin remained consistent with 1<sup>st</sup> quarter of 2011.

The Group reported a loss before tax of RM4.7million which is consistent with the immediate preceding quarter.

### **B3 Prospects**

The Board of Directors and management have taken rigorous action in sourcing new customers in order to increase its capacity utilization rate as well as to improve the profitability of the Group. The facilities of the new plant (which will utilize the machineries from within the group) in central region are still being set up and the operation will be commencing in the next quarter. Besides, the Group has secured a project from a new customer during the quarter under review and the sales performance is expected to improve in the fourth quarter of financial year 2011.

Apart from this, the Group will also continue to focus on managing its cash flow and cost so as to maximize the overall performance of the Group.

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

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



**B5 Taxation**

	<b>Current Quarter 3 months ended 30.06.11 RM'000</b>	<b>Current financial year-to- date 30.06.11 RM'000</b>
Income tax	516	632
Deferred tax	(1,129)	(2,047)
	<u>(613)</u>	<u>(1,415)</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 mainly due to the non recognition of deferred tax assets.

**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 30.06.11 RM'000</b>	<b>As at 31.12.10 RM'000</b>
<b>Short term borrowings</b>		
Secured – Finance lease	16	347
	<u>16</u>	<u>347</u>
<b>Long term borrowings</b>		
Secured – Finance lease	79	79
	<u>79</u>	<u>79</u>
	<u>95</u>	<u>426</u>

**B10 Off Balance Sheet Financial Instruments**

There were no off balance sheet financial instruments as at 4 July 2011.

## **B11 Changes in Material Litigation**

There were no material litigation 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 loss after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	<b>Current Quarter 30.06.11</b>	<b>Current financial year-to-date 30.06.11</b>
Loss attributable to shareholders (RM'000)	(4,067)	(7,954)
Weighted average number of ordinary shares in issue ('000)	360,000	360,000
Loss per share (sen)	<u>(1.13)</u>	<u>(2.21)</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.

## **B14 Breakdown of realised and unrealised profits or losses of the Group**

	<b>At end of preceding quarter 31.3.11 RM'000</b>	<b>At end of current quarter 30.06.11 RM'000</b>
Total retained profits before adjustments		
-Realised profits	119,285	113,224
-Unrealised losses	(4,738)	(3,765)
	<u>114,547</u>	<u>109,459</u>
Total share of retained profits from associate		
-Realised profits	1,322	2,314
-Unrealised losses	(602)	(574)
	<u>720</u>	<u>1,740</u>
Less: Consolidation adjustments	(89,538)	(89,538)
	<u>(88,819)</u>	<u>(87,798)</u>
Retained profits	<u>25,728</u>	<u>21,661</u>

**By Order of the Board**

Company Secretary