



利豐  
LCTH

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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 30 SEPTEMBER 2012**

	Note	Current Quarter 3 months ended		Current financial year-to-date 9 months ended	
		30.09.12 RM'000	30.09.11 RM'000 (Restated)	30.09.12 RM'000	30.09.11 RM'000 (Restated)
Revenue	<b>B1</b>	60,506	24,798	241,356	75,993
Cost of sales		<u>(63,686)</u>	<u>(30,552)</u>	<u>(245,601)</u>	<u>(88,706)</u>
<b>Gross loss</b>		<u>(3,180)</u>	<u>(5,754)</u>	<u>(4,245)</u>	<u>(12,713)</u>
Other income		925	1,318	2,889	3,679
Administrative expenses		(3,079)	(1,642)	(9,051)	(7,541)
Selling and marketing expenses		(1,287)	(113)	(5,310)	(423)
Impairment loss on property, plant and equipment		-	-	(7,500)	-
Other expenses		(158)	(158)	(473)	(473)
Finance costs		(1)	(1)	(4)	(7)
Share of results of an associate		415	1,149	1,140	2,889
<b>Loss before taxation</b>	<b>A9</b>	<u>(6,365)</u>	<u>(5,201)</u>	<u>(22,554)</u>	<u>(14,589)</u>
Income tax	<b>B5</b>	<u>4,113</u>	<u>(261)</u>	<u>4,558</u>	<u>1,153</u>
<b>Loss net of tax, representing total comprehensive loss for the period</b>		<u>(2,252)</u>	<u>(5,462)</u>	<u>(17,996)</u>	<u>(13,436)</u>
<b>Loss per share</b>					
- Basic/Diluted (sen)	<b>B10</b>	<u>(0.63)</u>	<u>(1.52)</u>	<u>(5.00)</u>	<u>(3.73)</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 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2012**

	As at <b>30.09.12</b>	As at <b>31.12.11</b>	As at <b>01.01.11</b>
Note	RM'000	RM'000 ( Restated)	RM'000 (Restated)
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	37,523	49,534	50,002
Investment properties	24,062	24,453	24,974
Investment in associate	10,009	10,074	9,361
	<u>71,594</u>	<u>84,061</u>	<u>84,337</u>
<b>Current Assets</b>			
Inventories	30,793	33,845	11,390
Trade receivables	49,981	40,842	17,253
Other receivables	5,156	10,030	5,098
Due from holding companies	1,854	1,226	528
Due from related companies	569	655	914
Tax recoverable	4,775	881	5,257
Cash and cash equivalents	48,119	61,810	100,712
	<u>141,247</u>	<u>149,289</u>	<u>141,152</u>
<b>TOTAL ASSETS</b>	<u>212,841</u>	<u>233,350</u>	<u>225,489</u>
<b>EQUITY AND LIABILITIES</b>			
Share capital	72,000	72,000	72,000
Share premium	97,911	97,911	97,911
ESOS reserves	250	250	250
(Accumulated losses)/Retained profits	(5,827)	12,169	31,350
<b>Total Equity</b>	<u>164,334</u>	<u>182,330</u>	<u>201,511</u>
<b>Non-Current Liabilities</b>			
Borrowings	113	54	79
Deferred tax liabilities	762	1,863	5,120
	<u>875</u>	<u>1,917</u>	<u>5,199</u>
<b>Current Liabilities</b>			
Trade payables	27,717	23,546	7,824
Other payables	19,114	22,508	8,280
Borrowings	8	25	347
Due to holding companies	198	2,524	1,926
Due to related companies	-	-	58
Tax payable	595	500	344
	<u>47,632</u>	<u>49,103</u>	<u>18,779</u>
<b>Total Liabilities</b>	<u>48,507</u>	<u>51,020</u>	<u>23,978</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>212,841</u>	<u>233,350</u>	<u>225,489</u>
<b>NET ASSETS PER SHARE (RM)</b>	<u>0.46</u>	<u>0.51</u>	<u>0.56</u>

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2011 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 SEPTEMBER 2012**

	<b>Share Capital RM'000</b>	<b>Non- Distributable Share Premium RM'000</b>	<b>ESOS Reserve RM'000</b>	<b>Distributable Retained Profits/ (Accumulated Losses) RM'000</b>	<b>Total RM'000</b>
At 1 January 2011 (As previously stated)	72,000	97,911	250	29,615	199,776
Effects of adopting MFRS	-	-	-	1,735	1,735
At 1 January 2011 (Restated)	72,000	97,911	250	31,350	201,511
Loss net of tax, representing total comprehensive loss for the period	-	-	-	(13,436)	(13,436)
At 30 September 2011	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>17,914</u>	<u>188,075</u>
At 1 January 2012 ( Restated)	72,000	97,911	250	12,169	182,330
Loss net of tax, representing total comprehensive loss for the period	-	-	-	(17,996)	(17,996)
At 30 September 2012	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>(5,827)</u>	<u>164,334</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 2011 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 SEPTEMBER 2012**

	<b>9 months ended</b>	
	<b>30.09.12</b>	<b>30.09.11</b>
	<b>RM'000</b>	<b>RM'000</b>
		<b>(Restated)</b>
Loss before tax	(22,554)	(14,589)
Adjustments items :		
Depreciation and amortisation	8,447	7,354
Interest and investment income	(616)	(1,434)
Interest expense	4	7
Gain on disposal of other property, plant and equipment	(59)	(58)
Impairment loss on property, plant and equipment	7,500	-
Net unrealised loss/ (gain) on foreign exchange	605	(151)
Provision for obsolete inventories	-	206
Share of results of an associate	(1,140)	(2,889)
Others	5	2
Operating loss before working capital changes	<u>(7,808)</u>	<u>(11,552)</u>
Inventories	3,052	(4,400)
Receivables	(4,239)	(6,283)
Payables	<u>(2,720)</u>	<u>6,558</u>
Cash used in operations	(11,715)	(15,677)
Interest expense	(4)	(7)
Income tax (paid)/refunded	<u>(340)</u>	<u>3,814</u>
Net cash used in operating activities	<u>(12,059)</u>	<u>(11,870)</u>
<b>Investing activities</b>		
Placement of deposits held under lien	-	(7,540)
Interest received	420	880
Investment income	195	554
Dividend received (net)	1,204	2,960
Purchase of property, plant and equipment	(3,454)	(4,962)
Proceeds from disposal of plant and equipment	61	157
Net cash used in investing activities	<u>(1,574)</u>	<u>(7,951)</u>
<b>Financing activities</b>		
Repayment of hire purchase	(58)	(340)
Net cash generated from/(used in) financing activities	<u>(58)</u>	<u>(340)</u>
<b>Net decrease in cash and cash equivalents</b>	(13,691)	(20,161)
<b>Cash and cash equivalents :</b>		
<b>At beginning of the financial year</b>	<u>54,270</u>	<u>100,712</u>
<b>At end of the financial period</b>	<u>40,579</u>	<u>80,551</u>
* Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	26,350	12,140
Fixed deposits with licensed banks	10,394	17,915
Repurchase agreements (REPO)	2,650	29,850
Short term investments	8,725	28,186
	<u>48,119</u>	<u>88,091</u>
Less: Deposits held under lien	<u>(7,540)</u>	<u>(7,540)</u>
	<u>40,579</u>	<u>80,551</u>

The unaudited Condensed Consolidated Cash flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2011 and the accompanying explanatory notes attached to the Interim Financial Statements.

# **LCTH CORPORATION BERHAD**

(633871-A)

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

**3rd QUARTER ENDED 30 SEPTEMBER 2012**

### **A COMPLIANCE WITH FINANCIAL REPORTING STANDARDS (“FRS”) 134: INTERIM FINANCIAL REPORTING**

#### **A1 First-Time Adoption of Malaysian Financial Reporting Standards (“MFRS”)**

This condensed consolidated interim financial statements (“Condensed Report”) have been prepared in accordance with MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Condensed Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”). For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standards (“FRS”).

This Condensed Report is the Group’s first MFRS compliant Condensed Report and hence MFRS 1: First-Time Adoption of Malaysian Financial Reporting Standards (MFRS 1) has been applied.

The date of transition to the MFRS framework is 1 January 2011. At that transition date, the Group reviewed its accounting policies and considered the transitional opportunities under MFRS 1.

The Group has not adopted any new/revised MFRSs that has been issued as at the date of authorisation of these Interim Financial Statements but is not yet effective for the Group. The impact of the transition from FRS to MFRS is described in Note A2 below.

#### **A2 Significant Accounting Policies and application of MFRS 1**

##### **Application of MFRS 1**

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. As the requirements under FRS and MFRS are similar, the significant accounting policies adopted in preparing this Condensed Report are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

##### **(a) Definition of Cash and Cash Equivalents**

Under FRS, the Group defined all its cash in hand and at banks, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts as cash and cash equivalents.

## A2 Significant Accounting Policies and application of MFRS 1 (Continued)

### Application of MFRS 1 (Continued)

#### (a) Definition of Cash and Cash Equivalents (Continued)

Upon transition to MFRS, the Group redefined its cash and cash equivalents to mean cash balances, bank deposits and short term investments with maturities of three months or less. For the purpose of statement of cash flows, deposit held under lien is excluded, net of outstanding bank overdrafts. The comparative information for the relevant periods in the condensed consolidated statements of cash flow has been restated accordingly.

#### Reconciliation of cash flows for the period ended 30 September 2011:

	<b>FRS for the period ended 30.9.2011</b>	<b>Reclassification</b>	<b>MFRS for the period ended 30.09.2011</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Increase in placement of deposit held under lien	-	(7,540)	(7,540)
Net cash generated used in investing activities	(411)	(7,540)	(7,951)
Cash and cash equivalents at end of the period	88,091	(7,540)	80,551

#### (b) Property, plant and equipment

Under FRS, all items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss as incurred. Subsequent to recognition, properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Upon the transition to MFRS, the Group has elected to re-measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard the fair value of leasehold land and building at the date of transition as its deemed cost at that date. As at that date, an increase of RM 1,735,000 (30 September 2011: RM1,705,000; 31 December 2011: RM1,696,000) was recognized in property, plant and equipment and retained earnings.

## A2 Significant Accounting Policies and application of MFRS 1 (Continued)

### Application of MFRS 1 (Continued)

#### (b) Property, plant and equipment (Continued)

##### (i) Reconciliation of equity as at 1 January 2011

	<b>FRS as at 1.1.2011 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS as at 1.1.2011 RM'000</b>
Property, plant and equipment	48,267	1,735	50,002
Retained earnings	29,615	1,735	31,350

---

##### (ii) Reconciliation of equity as at 30 September 2011

	<b>FRS as at 30.09.2011 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS as at 30.09.2011 RM'000</b>
Property, plant and equipment	46,193	1,706	47,899
Retained earnings	16,208	1,706	17,914

---

##### (iii) Reconciliation of equity as at 31 December 2011

	<b>FRS as at 31.12.2011 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS as at 31.12.2011 RM'000</b>
Property, plant and equipment	47,838	1,696	49,534
Retained earnings	10,473	1,696	12,169

---

##### (iv) Reconciliation of total comprehensive income for the period ended 30 September 2011

	<b>FRS for the period ended 30.09.2011 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS for the period ended 30.09.2011 RM'000</b>
Administrative expenses	7,512	29	7,541
Loss before tax	14,560	29	14,589

---

## A2 Significant Accounting Policies and application of MFRS 1 (Continued)

### Application of MFRS 1 (Continued)

(b) Property, plant and equipment (Continued)

(v) Reconciliation of total comprehensive income for the period ended 31 December 2011

	<b>FRS for the period ended 31.12.2011 RM'000</b>	<b>Adjustment RM'000</b>	<b>MFRS for the period ended 31.12.2011 RM'000</b>
Administrative expenses	10,252	39	10,291
Loss before tax	21,477	39	21,516

## 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 2011 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 September 2012.

## 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 Loss before taxation

Amount charged/(credited) in arriving at loss before taxation :

	Current Quarter 3 months ended		Current Financial year-to-date 9 months ended	
	30.09.12 RM'000	30.09.11 RM'000	30.09.12 RM'000	30.09.11 RM'000
Interest Income	(119)	(337)	(420)	(880)
Investment Income	(45)	(196)	(196)	(554)
Interest Expense	2	1	4	7
Rental Income	(647)	(623)	(1,933)	(1,869)
Amortisation of prepaid land lease payment	28	28	82	82
Depreciation of property, plant and equipment	2,612	2,340	7,974	6,881
Depreciation of investment properties	131	131	391	391
Gain on disposal of property, plant and equipment	(23)	(13)	(59)	(58)
Impairment loss on property, plant and equipment	-	-	7,500	-
Foreign exchange (gain)/loss	(56)	(1,121)	598	(474)
Gain or loss on disposal of quoted or unquoted investment or properties	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Provision for and write off of receivables	-	-	-	-
Provision for and write off of inventories	-	-	-	-

## 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 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.

	Local RM'000	Export RM'000	Elimination RM'000	Group RM'000
<b><u>Year-to-date 9 months ended 30 September 2012</u></b>				
Revenue	18,080	224,882	(1,607)	241,356
<b>Results</b>				
Segment results-gross profit/(loss)	909	(3,548)	(1,607)	(4,245)
<b><u>Year-to-date 9 months ended 30 September 2011</u></b>				
Revenue	6,454	72,901	(3,362)	75,993
<b>Results</b>				
Segment results-gross profit/(loss)	1,941	(11,292)	(3,362)	(12,713)

#### **A11 Material Events Subsequent to the end of the financial period**

On 30 October 2012, Classic Advantage Sdn Bhd (“CASB”) and Ministry of Finance (“MOF”) and Inland Revenue Board (“IRB”) agreed to enter into a consent order. By consent, it is agreed that:

- (1) IRB is to refund CASB the sum of RM4,374,000 that was paid by CASB to the IRB on 3.7.2009 within 14 days of service of the order of the court.
- (2) IRB is agreeable to CASB rescinding the Section 108 dividends and therefore it is ordered that CASB’s Section 108 account as at 1.1.2008 be revised to reflect a credit of RM1,506,000 and CASB be allowed to utilise the said balance.
- (3) CASB be further allowed to declare dividends utilizing the credit in its tax exempt account for reinvestment allowance.
- (4) CASB be allowed to rescind the dividends that were distributed utilizing the Section 108 credit in the year 2006; and
- (5) There shall be no order as to costs.

This is an adjusting event after the reporting period and the financial statements for the period ended 30 September 2012 have been adjusted for accordingly.

#### **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 RM12,025,244.

There were no contingent assets since the last financial year ended 31 December 2011.

#### **A14 Capital Commitments**

The amount of capital commitments not provided for in the interim financial statements as at 30 September 2012 are as follows:

	<b>RM’000</b>
Approved but not contracted for	<u>311</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 recorded revenue of RM60.5 million for the current quarter, increased by 144% compared to RM24.8 million posted in the corresponding quarter of 2011. This is mainly due to the new major project which started production in November 2011. However, the Group reported a gross loss of RM3.1 million for the current quarter. This is attributed to the two new projects from existing customer which were secured in 1<sup>st</sup> Quarter 2012 having yet to achieve the optimal operational efficiency.

The Group's revenue of RM241 million for the 9 month period ended 30 September 2012 is 218% higher compared to RM 76 million for the same period of 2011. The significant increase in revenue is due to new major projects as mentioned above. The Group recorded a gross loss of RM4.2 million for the financial period under review compared to the gross loss of RM 12.7 million reported in the corresponding period.

The Group posted a loss before tax of RM22.6 million for the period under review, after accounting for foreign exchange loss of RM0.6 million and impairment loss on property, plant and equipment of RM7.5 million.

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

The Group's revenue decreased by RM36.3 million or 37% as compared to the 2nd quarter of 2012 due to the reduction of customer orders from existing projects. The Group reported a loss before tax of RM6.4 million compared to RM12.2 million in the 2<sup>nd</sup> quarter. This is mainly due to the impairment loss on property, plant and equipment of RM7.5 million posted in the immediate preceding quarter.

### **B3 Prospects**

The Euro-debt crisis continues to impact demand for customer products. The Group's major project has accordingly been affected with reduction of orders from customer.

Despite the keen competition, the Group will endeavour to secure more new projects from existing and new customers to cover the reduction in sales order as well as minimize concentration risk on one major customer. In addition, the Group will continue to intensify its efforts to improve operational efficiency and cost management.

### **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 30.09.12 RM'000</b>	<b>Current financial year-to- date 30.09.12 RM'000</b>
Income tax	4,104	3,458
Deferred tax	9	1,100
	<u>4,113</u>	<u>4,558</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 is mainly due to loss in the major subsidiary. Tax refund of RM4.73 million is adjusted as described in note A11.

**B6 Corporate Proposals**

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

**B7 Group Borrowings and Debts Securities**

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

	<b>As at 30.09.12 RM'000</b>	<b>As at 31.12.11 RM'000</b>
<b>Short term borrowings</b>		
Secured – Finance lease	8	25
	<u>8</u>	<u>25</u>
<b>Long term borrowings</b>		
Secured – Finance lease	113	54
	<u>113</u>	<u>54</u>
	<u>121</u>	<u>79</u>

**B8 Changes in Material Litigation**

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

**B9 Dividends Declared**

No dividend is declared for the current quarter.

## B10 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 30.09.12</b>	<b>Current financial year-to-date 30.09.12</b>
Loss attributable to shareholders (RM'000)	(2,252)	(17,996)
Weighted average number of ordinary shares in issue ('000)	360,000	360,000
Loss per share (sen)	<u>(0.63)</u>	<u>(5.00)</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.

## B11 Breakdown of realised and unrealised profits or losses of the Group

	<b>At end of preceding quarter 31.06.12 RM'000 (Restated)</b>	<b>At end of current quarter 30.09.12 RM'000</b>
Total retained profits before adjustments		
-Realised profits	87,560	80,859
-Unrealised losses	<u>(829)</u>	<u>(1,367)</u>
	<u>86,731</u>	<u>79,492</u>
Total share of retained profits from associate		
-Realised profits	3,194	3,609
-Unrealised losses	<u>( 479)</u>	<u>(471)</u>
	<u>2,715</u>	<u>3,138</u>
Less: Consolidation adjustments	<u>(85,871)</u>	<u>(88,457)</u>
	<u>(83,156)</u>	<u>(85,319)</u>
Accumulated losses	<u>(3,575)</u>	<u>(5,827)</u>

### By Order of the Board

Company Secretary