



LCTH CORPORATION BERHAD

(Company No: 633871-A)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS PERIOD ENDED 30 SEPTEMBER 2013

	Note	Current Quarter 3 months ended		Current financial year-to-date 9 months ended	
		30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Revenue	B1	71,730	60,506	176,836	241,356
Cost of sales		(67,834)	(63,686)	(170,386)	(245,601)
Gross profit/(loss)		<u>3,896</u>	<u>(3,180)</u>	<u>6,450</u>	<u>(4,245)</u>
Other income		2,573	925	22,378	2,889
Selling and Administrative expenses		(3,358)	(4,366)	(11,560)	(14,361)
Other expenses		(22)	(158)	(1,671)	(7,973)
Finance costs		(2)	(1)	(4)	(4)
Share of results of an associate		493	415	712	1,140
Profit/(loss) before tax	A10	<u>3,580</u>	<u>(6,365)</u>	<u>16,305</u>	<u>(22,554)</u>
Income tax (expense)/credit	B5	(339)	4,113	(936)	4,558
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the period		<u>3,241</u>	<u>(2,252)</u>	<u>15,369</u>	<u>(17,996)</u>
Total comprehensive income/ (loss) attributable to:					
Equity holders of the Company		<u>3,241</u>	<u>(2,252)</u>	<u>15,369</u>	<u>(17,996)</u>
Earnings/(Loss) per share					
- Basic (sen)	B10	<u>0.90</u>	<u>(0.63)</u>	<u>4.27</u>	<u>(5.00)</u>
- Diluted (sen)	B10	<u>0.90</u>	<u>(0.63)</u>	<u>4.27</u>	<u>(5.00)</u>

These unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

LCTH CORPORATION BERHAD (633871-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Note	As at 30.09.13 RM'000	As at 31.12.12 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		23,534	38,386
Investment properties		23,541	23,932
Investment in associate		10,323	10,827
		<u>57,398</u>	<u>73,145</u>
Current Assets			
Inventories		17,300	25,013
Trade receivables		67,259	36,470
Other receivables		7,880	5,742
Due from holding companies		852	2,056
Due from related companies		325	495
Tax recoverable		443	4,775
Cash and bank balances	A19	76,200	54,609
		<u>170,259</u>	<u>129,161</u>
TOTAL ASSETS		<u>227,657</u>	<u>202,306</u>
EQUITY AND LIABILITIES			
Share capital		72,000	72,000
Share premium		97,911	97,911
ESOS reserves		250	250
Retained profit/accumulated (losses)		3,632	(11,737)
Total Equity		<u>173,793</u>	<u>158,424</u>
Non-Current Liabilities			
Interest bearing loans and borrowings	B7	52	78
Deferred tax liabilities		1,202	1,265
		<u>1,254</u>	<u>1,343</u>
Current Liabilities			
Trade payables		34,085	18,540
Other payables		13,610	18,906
Interest bearing loans and borrowings	B7	34	34
Due to holding companies		4,294	4,774
Tax payable		587	286
		<u>52,610</u>	<u>42,539</u>
Total Liabilities		<u>53,864</u>	<u>43,882</u>
TOTAL EQUITY AND LIABILITIES		<u>227,657</u>	<u>202,306</u>
NET ASSETS		<u>173,793</u>	<u>158,424</u>
NET ASSETS PER SHARE (RM)		<u>0.48</u>	<u>0.44</u>

The unaudited Condensed Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

LCTH CORPORATION BERHAD (633871-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	Share Capital RM'000	Non- Distributable Share Premium RM'000	ESOS Reserve RM'000	Distributable Retained Profits/ (Accumulated Losses) RM'000	Total RM'000
Opening balance at 1 January 2012	72,000	97,911	250	11,735	181,896
Comprehensive loss for the period	-	-	-	(17,996)	(17,996)
Closing balance as at 30 September 2012	72,000	97,911	250	(6,261)	163,900
Opening balance at 1 January 2013	72,000	97,911	250	(11,737)	158,424
Comprehensive profit for the period	-	-	-	15,369	15,369
Closing balance as at 30 September 2013	72,000	97,911	250	3,632	173,793

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 2012 and the accompanying explanatory notes attached to the Interim Financial Statements.

LCTH CORPORATION BERHAD (633871-A)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2013

	9 months ended	
	30.09.13 Unaudited RM'000	30.09.12 Unaudited RM'000
Profit/(Loss) before tax	16,305	(22,554)
Adjustments items :		
Depreciation and amortisation	4,340	8,447
Interest and investment income	(873)	(616)
Interest expense	4	4
Provision for obsolete inventories	1,277	-
Fixed assets written off	49	-
Bad debts written off	103	-
Gain on disposal of property, plant and equipment	(1,601)	(59)
Gain on disposal of assets held for sale	(16,944)	-
Impairment loss on property, plant and equipment	1,622	7,500
Net unrealised (gain)/loss on foreign exchange	(191)	605
Others		5
Share of results of an associate	(712)	(1,140)
Operating profit/(loss) before working capital changes	3,380	(7,808)
Inventories	6,436	3,052
Receivables	(33,029)	(4,240)
Payables	11,335	(2,720)
Cash used in operations	(11,879)	(11,716)
Interest expense	(4)	(4)
Income tax refunded/(paid)	3,634	(340)
Net cash used in operating activities	(8,249)	(12,060)
Investing activities		
Interest received	740	420
Investment income	133	196
Dividend received (net)	1,216	1,204
Purchase of property, plant and equipment	(2,012)	(3,454)
Proceeds from disposal of property, plant and equipment	1,770	61
Proceeds from disposal of assets held for sale	28,017	-
Net cash generated from/(used in) investing activities	29,864	(1,573)
Financing activity		
Repayment of hire purchase	(25)	(58)
Net cash used in financing activities	(25)	(58)
Net increase/(decrease) in cash and cash equivalents	21,591	(13,691)
Cash and cash equivalents :		
At beginning of the financial year	46,689	54,270
At end of the financial year	68,280	40,579
* Cash and cash equivalents at the end of the financial period comprise the following :		
Cash and bank balances	37,141	26,350
Fixed deposits with licensed banks	25,784	10,394
Repurchase agreements (REPO)	4,300	2,650
Short term investments	8,975	8,725
	76,200	48,119
Less: Deposits held under lien	(7,920)	(7,540)
	68,280	40,579

The unaudited Condensed Consolidated Cash flow Statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 2013

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

A1 Corporate Information

LCTH Corporation Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 14 Nov 2013.

A2 Basis of Preparation

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.

The interim financial statements should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2012. The explanatory notes attached to these condensed consolidated 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 2012.

A3 Significant Accounting Policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2012 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

(i) Adoption of standards and interpretations

MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)

MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)

MFRS 10 Consolidated Financial Statements

MFRS 11 Joint Arrangements

MFRS 12 Disclosure of interests in Other Entities

MFRS 13 Fair Value Measurement

MFRS 119 Employee Benefits

MFRS 127 Separate Financial Statements

MFRS 128 Investment in Associates and Joint Ventures

MFRS 127 Consolidated and Separate Financial Statements

(IAS 27 as revised by IASB in December 2003)

Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

A3 Significant Accounting Policies(cont'd)

Amendments to MFRS 1: First time Adoption of Malaysian Financial Reporting Standards - Government Loan
Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
Amendments to MFRS 11: Joint Arrangements: Transition Guidance
Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
Amendment to MFRSs contained in the document entitled "Annual Improvements 2009-2011 Cycle"

The adoption of the above standards and interpretations do not have significant financial impact to the Group's consolidated financial statements of the current quarter.

(ii) Standards and interpretations issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards and interpretations were issued but not yet effective and have not been applied by the Group:

<u>Description</u>		<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
MFRS 9	Financial Instruments	1 January 2015

The adoption of these standards above will have no material impact on the financial statements in the year of initial adoption.

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 2012 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 September 2013.

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

No dividend was paid during the current quarter.

A10 Profit/(Loss) before tax

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

	Current Quarter		Current Financial	
	3 months ended		year-to-date	
	30.09.13	30.09.12	30.09.13	30.09.12
	RM'000	RM'000	RM'000	RM'000
Interest income	(314)	(119)	(740)	(420)
Investment income	(46)	(45)	(133)	(196)
Interest expense	2	1	4	4
Rental income	(639)	(647)	(1,933)	(1,933)
Amortisation of prepaid land lease payment	30	28	91	82
Depreciation of property, plant and equipment	640	2,612	3,858	7,974
Depreciation of investment properties	131	131	391	391
Loss/(gain) on disposal of assets held for sale	396	-	(16,944)	-
Gain on disposal of property, plant and equipments	(1,631)	(23)	(1,601)	(59)
Foreign exchange (gain)/loss	(40)	(56)	(191)	598
Impairment loss on property, plant and equipment	-	7,500	1,622	7,500
Bad debts written off	64	-	103	-
Provision for obsolete inventories	-	-	1,277	-
Property, plant and equipment written off	22	-	49	-
Gain or loss on disposal of quoted or unquoted investment or properties	-	-	-	-
Gain or loss on derivatives	-	-	-	-
Provision for and write off of receivables	-	-	-	-

A11 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 molds 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
<u>Year-to-date 9 months ended 30 September 2013</u>				
Revenue				
External customers	84,498	92,339	-	176,837
Inter-segment	5,618	-	(5,618)	-
Total revenue	90,116	92,339	(5,618)	176,837
Results				
Segment results	12,291	8,668	(4,654)	16,305
<u>Year-to-date 9 months ended 30 September 2012</u>				
Revenue				
External customers	16,474	224,882	-	241,356
Inter-segment	1,606	-	(1,606)	-
Total revenue	18,080	224,882	(1,606)	241,356
Results				
Segment results	(815)	(20,527)	(1,212)	(22,554)

A12 Events after the reporting period

There were no material events subsequent to the end of the reporting quarter and the date of this announcement.

A13 Changes in the Composition of the Group

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

A14 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 RM11,464,891 (Quarter Ended 30.09.12 : RM12,025,244).

There were no contingent assets since the last financial year ended 31 December 2012.

A15 Capital Commitments

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

	30.09.13 RM'000	30.09.12 RM'000
Approved and contracted for	645	Nil
Approved but not contracted for	29,185	311

A16 Related Party Transactions

	Year-To- Date 30.09.13 RM'000	Year-To- Date 30.09.12 RM'000
With ultimate holding company:*		
Sale of finished goods	589	403
Sale of raw materials, spare parts, packaging materials and handling charges	40	29
(Purchase)/ sales precision moulds and dies	(9)	108
Purchase of precision plastic parts and components and precision mould and dies	708	490
(Sale)/purchase of property, plant and equipment	(7)	169
Management fees	1,069	1,051
With related companies:#		
(Return)/sale of tooling, spare parts, packaging materials	(123)	18
Purchase of property, plant and equipment	20	72

* Ultimate holding company is Fu Yu Corporation Limited

Related companies are companies within the Fu Yu Corporation Limited group

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

A17 Property, plant and equipment

Acquisition and disposals

During the nine months ended 30 September 2013, the Group acquired assets at a cost of RM2.0 million (30 September 2012: RM3.4 million).

Assets with a carrying amount of RM11.2 million including assets held for sale of RM11.0 million were disposed of by the Group during the nine months period ended 30 September 2013 (30 September 2012: RM0.002 million), resulting in gain on disposal of RM18.5 million (30 September 2012: RM0.06million), recognized and included in other income in the statement of comprehensive income.

Impairment loss on property, plant and equipment

During the nine months ended 30 September 2013, the Group provided for impairment loss on the property, plant and equipment of RM1.6 million (30 September 2012: RM7.5 million). The impairment loss was made after a review of the recoverable amount of certain plant and equipment. The impairment loss is included in other expenses in the statement of comprehensive income.

A18 Inventories

During the nine months ended 30 September 2013, the Group recognized a write down of inventories of RM1.3 million (30 September 2012: RM Nil). This expense was included in the cost of sales in the statement of comprehensive income.

A19 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	30.09.13	31.12.12
	RM'000	RM'000
Cash in hand and at banks	37,141	31,656
Repurchase agreements	4,300	3,600
Deposits with licensed banks	25,784	10,541
	<u>67,225</u>	<u>45,797</u>
Cash and bank balances	8,975	8,812
Short term investments	<u>76,200</u>	<u>54,609</u>

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

B1 Performance Review

The Group recorded revenue of RM71.7 million for the current quarter, increased by 18.5% compared to RM60.5 million posted in the corresponding quarter of 2012 due mainly to disposal of inventories in line with transfer of a major OEM customer's business to a contract manufacturer.

The Group reported a gross profit of RM3.9 million for the current quarter as compared to a gross loss of RM3.2 million in the corresponding quarter of 2012. This is attributed to decrease in low margin projects, decrease in rental and depreciation with execution of sub-tenancy agreement by a subsidiary Classic Advantage Sdn Bhd ("CASB") to let out a majority part of the factory and disposal of assets to the purchaser Flextronics Technology (Penang) Sdn Bhd. ("FTSB").

The Group's revenue of RM176.8 million for the 9 months period ended 30 September 2013 is 26.7% lower compared to the RM241.4 million for the same period in 2012, mainly due to the change in procurement strategy of a major customer as mentioned in previous quarters.

Profit before tax for the nine months ended 30 September 2013 amounted to RM16.3 million and RM 15.4 million after taxation, compared to before tax loss of RM22.6 million and RM18 million after taxation in the corresponding period ended 30 September 2012.

The improvement in gross profit, and gain on disposal of assets contributed to the better performance of 3rd quarter of 2013.

B2 Material Changes in Profit before Taxation for the Current Quarter as compared with the immediate Preceding Quarter

The Group's revenue increased by RM14.8 million or 26% as compared to RM56.9 million reported in the 2nd quarter of 2013 due mainly to disposal of inventories in line with transfer of a major OEM customer's business to a contract manufacturer.

The Group reported a profit of RM3.6 million before tax compared to profit before tax of RM14.2 million reported in the 2nd quarter of 2013.

B3 Prospects

As announced in the Company's last quarter announcement on 15 August 2013, the Disposal of underutilised assets by Classic Advantage Sdn Bhd ("CASB") and execution of a sub-tenancy agreement to let out a majority part of the factory to the purchaser Flextronics Technology (Penang) Sdn Bhd. ("FTSB") are expected to improve CASB's assets utilisation and relinquish its lease commitments, and hence improved cost effectiveness of the Group.

The Group will continue to develop its capability in flexible and lean manufacturing and focus on value creation in all functions.

Despite expected drop in volume and turnover as a result of the disposal of excess assets and transfer of a major OEM customer's business to a contract manufacturer, the Group believes that by continuous improvement, right sizing, and targeting niche market it will be able to improve its financial results barring unforeseen circumstances.

B4 Variance of Actual Profit from Forecast Profit

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

B5 Income tax expense/(credit)

	Current Quarter 3 months ended		Current financial 9 months ended	
	30.09.13 RM'000	30.09.12 RM'000	30.09.13 RM'000	30.09.12 RM'000
Income tax	339	(4,104)	936	(3,458)
Deferred tax	-	(9)	-	(1,100)
	<u>339</u>	<u>(4,113)</u>	<u>936</u>	<u>(4,558)</u>

The effective tax rate of the Group for the current quarter and financial year to-date was lower than the statutory income tax rate mainly due to utilization of unabsorbed tax losses.

B6 Corporate Proposals

As announced on 24th April 2013, the wholly owned subsidiary CASB intends to utilize proceeds from disposal of assets held for sale as follows:

- (i) RM15.0 million to secure a building, whether to build, rent or purchase, that suits its current business need within twelve months from the effective date of the Sub-Tenancy Agreement. CASB will continue to operate from the Property until then. Any unutilized portion of this allocated amount will be used for CASB's working capital; and
- (ii) RM14.5 million to repay advances from LCTH within 3 months from the completion of the APA.

Pending for finalization of tender/bid for construction of new building, the proceeds have been utilized as follows:

Purpose	Proposed Utilization	Actual utilization	Intended Timeframe for utilisation	Deviation		Explanation
				Amount	%	
Repayment of advances from LCTH	RM14.5million	RM14.5million	Utilized	-	-	Not applicable
Investment in factory building	RM15.0million	71K	1 year	14.9million	99	Approved and not contracted for

B7 Group Borrowings and Debts Securities

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

	As at 30.09.13 RM'000	As at 31.12.12 RM'000
Short term borrowings		
Secured – Finance lease	34	34
	<u>34</u>	<u>34</u>
Long term borrowings		
Secured – Finance lease	52	78
	<u>52</u>	<u>78</u>
	<u>86</u>	<u>112</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/(Loss) per share

Basic

Basic earnings per share is calculated by dividing the net profit/(loss) after tax attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial period.

	Current Quarter 3 months ended		Current financial year-to-date 9 months ended	
	30.09.13	30.09.12	30.09.13	30.09.12
Profit/(Loss) attributable to shareholders (RM'000)	3,241	(2,252)	15,369	(17,996)
Weighted average number of ordinary shares in issue ('000)	360,000	360,000	360,000	360,000
Earnings/(Loss) per share (sen)	<u>0.90</u>	<u>(0.63)</u>	<u>4.27</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 Derivative financial instruments

As at the reporting date of 30 September 2013, the Group has no outstanding derivative financial instruments.

B12 Gains/Losses arising from fair value changes of financial liabilities

There are no gains/losses arising from fair value changes of any financial liabilities.

B13 Breakdown of realised and unrealised profits or losses of the Group

	At end of preceding quarter 30.06.13 RM'000	At end of current quarter 30.09.13 RM'000
Total retained profits before adjustments		
-Realised profits		
-Unrealised losses	56,466	58,087
	<u>(1,277)</u>	<u>(982)</u>
	<u>55,189</u>	<u>57,105</u>
Total share of retained profits from associate		
-Realised profits	3,770	5,139
-Unrealised losses	(345)	(157)
	<u>3,425</u>	<u>4,982</u>
Less: Consolidation adjustments	<u>(58,225)</u>	<u>(58,455)</u>
	<u>(54,800)</u>	<u>(53,473)</u>
Accumulated Retained profits	<u>389</u>	<u>3,632</u>

By Order of the Board

Company Secretary