



# **LCTH CORPORATION BERHAD**

(633871-A)

(Incorporated in Malaysia)

## **Interim Financial Statements**

31 March 2016

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Period Ended 31 March 2016

	Note	Individual Quarter 3 Months Ended		Cumulative-to-date 3 Months Ended	
		31.03.2016 Unaudited RM'000	31.03.2015 Unaudited RM'000	31.03.2016 Unaudited RM'000	31.03.2015 Unaudited RM'000
Revenue	B1	31,860	26,070	31,860	26,070
Cost of sales		<u>(25,759)</u>	<u>(22,429)</u>	<u>(25,759)</u>	<u>(22,429)</u>
Gross profit		6,101	3,641	6,101	3,641
Other Income		3,611	3,697	3,611	3,697
Selling and Administrative expenses		(7,246)	(3,048)	(7,246)	(3,048)
Other expenses		(167)	(174)	(167)	(174)
Share of results of a joint venture		<u>159</u>	<u>683</u>	<u>159</u>	<u>683</u>
Profit before tax	B9	2,458	4,799	2,458	4,799
Income tax expense	B5	<u>(616)</u>	<u>(1,001)</u>	<u>(616)</u>	<u>(1,001)</u>
Profit net of tax representing total comprehensive income for the period/year		<u>1,842</u>	<u>3,798</u>	<u>1,842</u>	<u>3,798</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>1,842</u>	<u>3,798</u>	<u>1,842</u>	<u>3,798</u>
Basic earnings per share (Sen)		0.51	1.06	0.51	1.06
Diluted earnings per share (Sen)		0.51	1.06	0.51	1.06

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	As At 31.03.2016 Unaudited RM'000	As At 31.12.2015 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	46,142	47,135
Investment properties	25,947	26,077
Investment in a joint venture	6,585	7,547
Deferred tax assets	5,508	5,863
	<u>84,182</u>	<u>86,622</u>
<b>CURRENT ASSETS</b>		
Inventories	8,241	8,074
Trade receivables	23,448	23,908
Other receivables	4,392	5,098
Due from holding company	590	1,820
Tax recoverable	244	213
Short Term Investment	11,137	11,049
Cash and bank balances	103,991	101,795
	<u>152,043</u>	<u>151,957</u>
	<u>236,225</u>	<u>238,579</u>
<b>TOTAL ASSETS</b>		
<b>EQUITY AND LIABILITIES</b>		
Share capital	72,000	72,000
Share premium	97,911	97,911
Retained profit	40,451	38,609
<b>Total equity</b>	<u>210,362</u>	<u>208,520</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	888	1,038
	<u>888</u>	<u>1,038</u>
<b>Current liabilities</b>		
Trade payables	11,730	12,572
Other payables	11,686	14,884
Due to holding company	723	640
Tax payable	836	925
	<u>24,975</u>	<u>29,021</u>
<b>Total liabilities</b>	<u>25,863</u>	<u>30,059</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>236,225</u>	<u>238,579</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Period Ended 31 March 2016

	Non-distributable			Distributable	Total
	Outstanding			Retained	
	Share capital	Share premium	ESOS reserve	earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 01 January 2015</b>	72,000	97,911	250	16,981	187,142
Total comprehensive income for the period	-	-	-	3,798	3,798
<b>Balance at 31 March 2015</b>	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>20,779</u>	<u>190,940</u>
<b>Balance at 01 January 2016</b>	72,000	97,911	-	38,609	208,520
Total comprehensive income for the period	-	-	-	1,842	1,842
<b>Balance at 31 March 2016</b>	<u>72,000</u>	<u>97,911</u>	<u>-</u>	<u>40,451</u>	<u>210,362</u>

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This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 31 March 2016

	3 Months Ended 31.03.2016 Unaudited RM'000	3 Months Ended 31.03.2015 Unaudited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,458	4,799
Adjustments for :		
Depreciation and amortisation	1,309	1,182
Interest income	(787)	(673)
Investment income	(65)	(87)
Property, plant and equipment written off	3	66
Gain on disposal of properties, plant and equipment	-	(30)
Net unrealised loss/(gain) on foreign exchange	2,381	(486)
Share of results of a joint venture	(159)	(683)
Operating cash flow before working capital changes	5,140	4,088
Inventories	(167)	1,174
Receivables	(407)	(288)
Payables	(3,536)	(1,000)
Cash generated from operations	1,030	3,974
Income tax paid	(530)	(264)
Net cash generated from operating activities	500	3,710
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	787	673
Investment income	65	87
Dividend received (net)	1,120	-
Deposits held under lien discharged	-	104
Purchase of property, plant and equipment	(188)	(4,311)
Proceeds from disposal of property, plant and equipment	-	60
(Placement)/withdrawal of short term investment	(87)	2,280
Net cash generated from/(used in) investing activities	1,697	(1,107)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of hire purchase	-	(3)
Net cash used in financing activities	-	(3)
<b>Net increase in cash and cash equivalents</b>	2,197	2,600
<b>Cash and cash equivalents at beginning of the financial period</b>	92,680	73,783
<b>Cash and cash equivalents at end of the financial period</b>	94,877	76,383
<b>Cash and Cash Equivalents at the end of the financial period comprise the following:-</b>		
Cash and bank balances	19,053	11,867
Fixed deposits with licensed banks	80,338	66,800
Repurchase agreements (REPO)	4,600	6,400
	103,991	85,067
Less: Deposits held under lien	(9,114)	(8,684)
	94,877	76,383

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements.

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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 12 May 2016.

### A2. Basis of Preparation

This condensed consolidated interim financial statements ("Condensed Report") have been prepared in accordance with MFRS 134: Interim Financial Reporting, IAS 34: 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 2015. 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 2015.

### 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 2015 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

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidated Exception	1 January 2016
MFRS14: Regulatory Deferral Accounts	1 January 2016

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

# LCTH CORPORATION BERHAD

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A3. Significant Accounting Policies (continued)

(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:

Description	Effective for annual periods beginning on or after
Amendments to MFRS107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
MFRS 16 Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of these standards above will have no material impact on the financial statements in the year of initial adoption, except as discuss below :

#### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

#### **MFRS 9 Financial Instruments**

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group’s financial assets, but no impact on the classification and measurement of the Group’s financial liabilities.

# **LCTH CORPORATION BERHAD**

(Incorporated in Malaysia - Company No. 633871-A)

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

### **A3. Significant Accounting Policies (continued)**

#### **MFRS 16 Leases**

In 15 April 2016, MASB has issued MFRS 16 Leases to replace the existing Standard on Leases, MFRS 117. MFRS 16 is word-for-word IFRS 16 Leases as issued by the International Accounting Standards Board, and has the same effective date of 1 January 2019. Earlier application is permitted provided MFRS 15 Revenue from Contracts with Customers is also applied. Currently under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its balance sheet assets and liabilities arising from the former but not the latter. As a result, many users have resorted to adjust the lessees' financial statements for the effects of operating leases commitments to enable comparison with entities that borrow to buy assets. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its balance sheet are expected to increase.

### **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 2015 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 31 March 2016.

### **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.



# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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 the United States of America and Singapore being the principal market segment.

	Local RM'000	Export RM'000	Eliminations RM'000	Total RM'000
<b>3 Months Ended 31 March 2016</b>				
Revenue:				
External customers	209	31,651	-	31,860
Inter-segment	145	-	(145)	-
Total	<u>354</u>	<u>31,651</u>	<u>(145)</u>	<u>31,860</u>
Segment results	<u>316</u>	<u>2,142</u>	<u>-</u>	<u>2,458</u>
<b>3 Months Ended 31 March 2015</b>				
Segment revenue				
Sales to external customers	38	26,032	-	26,070
Inter-segment sales	145	-	(145)	-
Total	<u>183</u>	<u>26,032</u>	<u>(145)</u>	<u>26,070</u>
Segment results	<u>1,067</u>	<u>3,732</u>	<u>-</u>	<u>4,799</u>

### A11. Events after the reporting 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

	As at 31.03.16 RM'000	As at 31.12.15 RM'000
In relation to corporate guarantees given to banks and suppliers of subsidiaries by the Company	<u>11,452</u>	<u>10,753</u>

There were no contingent assets since the last financial year ended 31 December 2015.

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A14. Capital Commitments

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

	As at 31.03.16 RM'000	As at 31.03.15 RM'000
Approved and contracted for:		
Property, plant and equipment	<u>145</u>	<u>3,476</u>
Approved but not contracted for		
Property, plant and equipment	<u>5,000</u>	<u>5,000</u>

### A15. Related Party Transactions

	Cumulative 3 Months Ended	
	31.03.16 RM'000	31.03.15 RM'000
With ultimate holding company*:		
Sale of finished goods	105	153
Sales of raw material, spare parts, packaging materials and handling charges	-	5
Sale of precision moulds and dies	259	1,164
Purchase of raw material, precision plastic parts and components and precision mould and dies	302	66
Management fees	<u>210</u>	<u>188</u>
With joint venture company:		
Rental of buildings	<u>322</u>	<u>322</u>

\* Ultimate holding company is Fu Yu Corporation Limited

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.

### A16. Property, Plant and Equipment

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.

Acquisition and disposals:-

	Cumulative 3 Months Ended	
	31.03.16 RM'000	31.03.15 RM'000
Property, Plant and Equipment acquired	188	4,311
Property, Plant and Equipment disposed (net book value)	-	30
Gain on disposal	-	30

# LCTH CORPORATION BERHAD

(Incorporated in Malaysia - Company No. 633871-A)

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A17. Earnings Per Share

The basic and diluted earnings per share were derived as below:-

	Individual Quarter 3 months Ended		Cumulative 3 Months Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
Profit attributable to shareholders (RM'000)	1,842	3,798	1,842	3,798
Weighted average number of ordinary shares ('000)	360,000	360,000	360,000	360,000
Basic earnings and diluted earnings per share (Sen)	0.51	1.06	0.51	1.06

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# **LCTH CORPORATION BERHAD**

(Incorporated in Malaysia - Company No. 633871-A)

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

### **B1. Performance Review**

With the increase in orders from one of its major customers, the Group recorded an increase of RM5.8 million or 22.2% in revenue from RM26.1 million in the corresponding quarter in 2015 to RM31.9 million in the first quarter ended 31 March 2016.

Despite the increase in gross profit by RM2.5 million, the Group recorded a decrease in profit before tax of RM2.3 million from RM4.8 million in the corresponding quarter to RM2.5 million in the current reporting quarter. This was mainly attributable to the loss in foreign exchange of RM2.5 million in current reporting quarter as compared to gain in foreign exchange of RM1.4 million in the corresponding quarter. In addition, share of profit of joint venture decreased by RM0.5 million in the current reporting quarter.

### **B2. Comparison with The Immediate Preceding Quarter**

The Group recorded revenue of RM31.9 million for the current quarter, a slight decrease of RM0.3 million or 1% compared to RM32.2 million recorded in the immediate preceding quarter. The decrease in revenue was due to decrease in customers' order as a result of weaker demand during the festive season of Q1 2016.

The Group recorded a profit before tax of RM2.5 million for the current reporting quarter, a decrease of RM2.4 million compared to RM4.9 million posted in the immediate preceding quarter. This was due to the increase of foreign exchange loss of RM 1.6 million.

### **B3. Prospects**

The Group has seen improvement in its operating results arising from the right-sizing and lean manufacturing exercises. The volatility of US Dollar against Ringgit Malaysia if continued, is expected to affect the results of the Group going forward as the Group is predominantly involved in export sales. However, barring unforeseen circumstances, the Group is cautiously optimistic in achieving satisfactory results for year 2016.

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

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

# LCTH CORPORATION BERHAD

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

### B5. Income Tax Expense

	Individual Quarter		Cumulative	
	3-month Ended		3 Months Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Current year tax	411	611	411	611
Deferred tax	205	390	205	390
	<u>616</u>	<u>1,001</u>	<u>616</u>	<u>1,001</u>
Statutory tax rate	24%	25%	24%	25%
Effective tax rate	25%	21%	25%	21%

Current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year. The effective tax rate of the Group for the current quarter and financial year to-date is slightly higher than the statutory income tax rate mainly due to certain expenses which are not deductible.

### B6. Material Litigation

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

### B7. Dividends Declared

No dividend is declared for the current quarter and the comparative period.

### B8. Earnings per Share

The computation of earnings per share is disclosed in note A17.

### B9. Profit Before Tax

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

	3 months Ended		Cumulative 3 Months Ended	
	31.03.16	31.03.15	31.03.16	31.03.15
	RM'000	RM'000	RM'000	RM'000
Interest Income	(787)	(673)	(787)	(673)
Investment Income	(65)	(87)	(65)	(87)
Rental Income	(2,705)	(2,705)	(2,705)	(2,705)
Depreciation and amortisation of:-				
Properties, Plants and Equipment	1,160	1,033	1,160	1,033
Investment Properties	149	149	149	149
Unrealised foreign exchange loss/(gain)	2,381	(486)	2,381	(486)
Realised foreign exchange loss /(gain)	154	(936)	154	(936)
Gain on disposal of properties, plants and equipment	-	(30)	-	(30)
Property, plant and equipment written off	3	66	3	66

There were no gain or loss on disposal of quoted or unquoted investments, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter under review and cumulative period ended 31 March 2016.

# LCTH CORPORATION BERHAD

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

### B10. Breakdown of realised and unrealised profits or losses of the Group

	As at	
	31.03.16	31.12.15
	RM'000	RM'000
Retained earnings of the Company and its subsidiaries :		
- Realised Profit	106,444	99,893
- Unrealised (Loss) / Profit	(2,381)	1,367
	<u>104,063</u>	<u>101,260</u>
Total share of retained profits from joint venture :		
- Realised Profit	572	592
- Unrealised (Loss) / Profit	(386)	555
	<u>186</u>	<u>1,147</u>
Less: Consolidation adjustments	<u>(63,798)</u>	<u>(63,798)</u>
Retained earnings per financial statements	<u>40,451</u>	<u>38,609</u>

By Order of the Board

Company Secretary  
12 May 2016