



LCTH CORPORATION BERHAD

(633871-A)

(Incorporated in Malaysia)

Interim Financial Statements

30 September 2016

LCTH CORPORATION BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Period Ended 30 September 2016

	Note	Individual Quarter 3 Months Ended		Cumulative-to-date 9 Months Ended	
		30.09.2016 Unaudited RM'000	30.09.2015 Unaudited RM'000	30.09.2016 Unaudited RM'000	30.09.2015 Unaudited RM'000
Revenue	B1	24,479	28,754	84,942	87,939
Cost of sales		(19,849)	(22,514)	(69,588)	(71,941)
Gross profit		4,630	6,240	15,354	15,998
Other income		3,680	3,606	11,018	10,861
Selling and administrative expenses		(3,725)	(1,664)	(14,924)	(8,739)
Other expenses		(167)	(164)	(500)	(511)
Finance costs		-	-	-	(1)
Share of results of a joint venture		96	605	391	1,682
Profit before tax	B9	4,514	8,623	11,339	19,290
Income tax expense	B5	(1,156)	(1,442)	(2,876)	(3,803)
Profit net of tax representing total comprehensive income for the period		<u>3,358</u>	<u>7,181</u>	<u>8,463</u>	<u>15,487</u>
Total comprehensive income attributable to equity holders of the Company		<u>3,358</u>	<u>7,181</u>	<u>8,463</u>	<u>15,487</u>
Basic earnings per share (Sen)		0.93	1.99	2.35	4.30
Diluted earnings per share (Sen)		0.93	1.99	2.35	4.30

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 30 September 2016

	As At 30.09.2016 Unaudited RM'000	As At 31.12.2015 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,596	47,135
Investment properties	25,630	26,077
Investment in a joint venture	6,817	7,547
Deferred tax assets	4,339	5,863
	<u>81,382</u>	<u>86,622</u>
Current assets		
Inventories	9,774	8,074
Trade receivables	17,896	23,908
Other receivables	3,752	5,098
Due from holding company	260	1,820
Tax recoverable	266	213
Short Term Investment	10,846	11,049
Cash and bank balances	101,898	101,795
	<u>144,692</u>	<u>151,957</u>
TOTAL ASSETS	<u>226,074</u>	<u>238,579</u>
EQUITY AND LIABILITIES		
Share capital	72,000	72,000
Share premium	97,911	97,911
Retained profit	34,472	38,609
Total equity	<u>204,383</u>	<u>208,520</u>
Non-current liabilities		
Deferred tax liabilities	890	1,038
	<u>890</u>	<u>1,038</u>
Current liabilities		
Trade payables	8,567	12,572
Other payables	11,440	14,884
Due to holding company	350	640
Tax payable	444	925
	<u>20,801</u>	<u>29,021</u>
Total liabilities	<u>21,691</u>	<u>30,059</u>
TOTAL EQUITY AND LIABILITIES	<u>226,074</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 30 September 2016

	Non-distributable			Distributable	Total
	←-----→			←-----→	
	Share capital	Share premium	ESOS reserve	Retained earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2015	72,000	97,911	250	16,981	187,142
Total comprehensive income for the period	-	-	-	15,487	15,487
Dividend	-	-	-	(1,800)	(1,800)
Balance at 30 September 2015	<u>72,000</u>	<u>97,911</u>	<u>250</u>	<u>30,668</u>	<u>200,829</u>
Balance at 1 January 2016	72,000	97,911	-	38,609	208,520
Total comprehensive income for the period	-	-	-	8,463	8,463
Dividend	-	-	-	(12,600)	(12,600)
Balance at 30 September 2016	<u>72,000</u>	<u>97,911</u>	<u>-</u>	<u>34,472</u>	<u>204,383</u>

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LCTH CORPORATION BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For The Period Ended 30 September 2016

	9 Months Ended 30.09.2016 Unaudited RM'000	9 Months Ended 30.09.2015 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	11,339	19,290
Adjustments for :		
Depreciation and amortisation	3,868	3,879
Interest income	(2,411)	(2,163)
Investment income	(187)	(201)
Interest expense	-	1
Provision for obsolete inventories	238	-
Property, plant and equipment written off	3	65
Gain on disposal of properties, plant and equipment	-	(40)
Net unrealised loss/(gain) on foreign exchange	45	(2,831)
Share of results of a joint venture	(391)	(1,682)
Operating cash flow before working capital changes	<u>12,504</u>	<u>16,318</u>
Inventories	(1,939)	4,214
Receivables	8,981	4,434
Payables	<u>(7,848)</u>	<u>(5,670)</u>
Cash generated from operations	11,698	19,296
Interest expense	-	(1)
Income tax paid	<u>(2,033)</u>	<u>(1,803)</u>
Net cash generated from operating activities	<u>9,665</u>	<u>17,492</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	2,411	2,163
Investment income	187	201
Dividend received (net)	1,120	1,898
Deposits held under lien	(216)	(254)
Purchase of property, plant and equipment	(884)	(8,827)
Proceeds from disposal of property, plant and equipment	-	71
Withdrawal of short term investments	204	4,597
Net cash generated from/(used in) investing activities	<u>2,822</u>	<u>(151)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend payment	(12,600)	(1,800)
Repayment of hire purchase	-	(41)
Net cash used in financing activities	<u>(12,600)</u>	<u>(1,841)</u>
Net (decrease)/increase in cash and cash equivalents	(113)	15,500
Cash and cash equivalents at beginning of the financial period	<u>92,680</u>	<u>73,783</u>
Cash and cash equivalents at end of the financial period	<u>92,567</u>	<u>89,283</u>
Cash and cash equivalents at the end of the financial period comprise the following:-		
Cash and bank balances	18,389	19,164
Fixed deposits with licensed banks	83,209	72,962
Repurchase agreements (REPO)	300	6,200
	<u>101,898</u>	<u>98,326</u>
Less: Deposits held under lien	<u>(9,331)</u>	<u>(9,043)</u>
	<u>92,567</u>	<u>89,283</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)

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 09 November 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 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.

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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 2 Share-Based Payment	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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

A3. Significant Accounting Policies (continued)

MFRS 9 Financial Instruments

On 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.

MFRS 16 Leases

The scope of IFRS 16 includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payment (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be required to re-measure the lease liability upon the occurrence of certain events (e.g., a change in the lease term), a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases.

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 30 September 2016.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 final single tier tax-exempt dividend of 3 sen per share in respect of the year ended 31 December 2015 was paid on 18 May 2016. The first interim single tier tax-exempt dividend of 0.5 sen per share in respect of the year ending 31 December 2016 was paid on 20 September 2016.

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 markets. 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 segments.

	Local RM'000	Export RM'000	Eliminations RM'000	Total RM'000
9 Months Ended 30 September 2016				
Segment revenue:				
Sales to external customers	679	84,263	-	84,942
Inter-segment sales	434	-	(434)	-
Total	<u>1,113</u>	<u>84,263</u>	<u>(434)</u>	<u>84,942</u>
Segment results	<u>1,587</u>	<u>9,752</u>	<u>-</u>	<u>11,339</u>
9 Months Ended 30 September 2015				
Segment revenue:				
Sales to external customers	121	87,818	-	87,939
Inter-segment sales	414	-	(414)	-
Total	<u>535</u>	<u>87,818</u>	<u>(414)</u>	<u>87,939</u>
Segment results	<u>3,101</u>	<u>16,189</u>	<u>-</u>	<u>19,290</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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 30.09.16 RM'000	As at 31.12.15 RM'000
In relation to corporate guarantees given to banks of subsidiaries by the Company	<u>10,925</u>	<u>10,753</u>

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

A14. Capital Commitments

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

	As at 30.09.16 RM'000	As at 30.09.15 RM'000
Approved and contracted for:		
Property, plant and equipment	<u>522</u>	<u>1,343</u>
Approved but not contracted for:		
Property, plant and equipment	<u>5,000</u>	<u>5,000</u>

A15. Related Party Transactions

	Cumulative 9 Months Ended	
	30.09.16 RM'000	30.09.15 RM'000
With ultimate holding company*:		
Sale of finished goods	247	344
Sale of raw material, spare parts, packaging materials and handling charges	-	3
Sale of precision moulds and dies	728	2,817
Purchase of raw material, precision plastic parts and components and precision mould and dies	602	253
Management fees	<u>628</u>	<u>579</u>
With related company:		
Purchase of property, plant and equipment	<u>-</u>	<u>34</u>
With joint venture company:		
Rental of buildings	<u>965</u>	<u>965</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.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 9 Months Ended	
	30.09.16 RM'000	30.09.15 RM'000
Property, Plant and Equipment acquired	884	8,827
Property, Plant and Equipment disposed (net book value)	-	31
Gain on disposal	-	40

A17. Earnings Per Share

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

	Individual Quarter 3 months Ended		Cumulative 9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
Net Profit attributable to equity holders of the Company (RM'000)	3,358	7,181	8,463	15,487
Weighted average number of ordinary shares ('000)	360,000	360,000	360,000	360,000
Basic earnings and diluted earnings per share (Sen)	0.93	1.99	2.35	4.30

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LCTH CORPORATION BERHAD

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

B1. Performance Review

The Group recorded a revenue of RM24.5 million for the third quarter ended 30 September 2016. This is RM4.3 million or 14.9% lower compared to the revenue of RM 28.8 million in the corresponding quarter in 2015. The decrease in revenue was due mainly to decrease in customers' orders.

The Group recorded a profit before tax of RM4.5 million in the current quarter, which is RM4.1 million lower than the reported profit before tax of RM8.6 million in the corresponding quarter in 2015. This was due mainly to lower revenue as mentioned above and lower foreign exchange gain of RM2.4 million in current quarter as compared to the corresponding quarter in 2015.

B2. Comparison with The Immediate Preceding Quarter

The Group recorded a revenue of RM24.5 million for the current quarter, a decrease of RM4.1 million or 14.4% compared to RM28.6 million recorded in the immediate preceding quarter. The decrease in revenue was due mainly to decrease in customers' orders.

The Group recorded a profit before tax of RM4.5 million for the current reporting quarter, an increase of RM0.1 million compared to RM4.4 million posted in the immediate preceding quarter. This was due mainly to higher foreign exchange gain of RM0.1 million in the current reporting quarter as compared to the immediate preceding quarter.

B3. Prospects

In view of the current uncertain global economic situation, including China's slower economic growth, volatility in crude oil prices and foreign exchange rate, the Group expects a more challenging economic climate for the rest of this year. The volatility of US Dollar against Ringgit Malaysia, if continued, is expected to influence 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		9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Current year tax	611	1,484	1,615	2,919
Deferred tax	526	(42)	1,242	884
Over provision of prior year income tax	(115)	-	(115)	-
Under provision of prior year deferred tax	134	-	134	-
	<u>1,156</u>	<u>1,442</u>	<u>2,876</u>	<u>3,803</u>
Statutory tax rate	24%	25%	24%	25%
Effective tax rate	26%	17%	25%	20%

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 due mainly to certain expenses which are not deductible and under provision of prior year deferred tax expenses.

B6. Material Litigation

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

B7. Dividends Declared

The Board approved a second interim single tier tax-exempt dividend of 0.5 sen per share on 9 November 2016, payable on 13 December 2016 to shareholders on book closure date of 28 November 2016, totalling RM 1.8 million. Together with the first interim tax-exempt dividend of 0.5 sen per share, a total of 1 sen per share has been declared for the current financial year.

B8. Earnings per Share

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

LCTH CORPORATION BERHAD

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

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

B9. Profit Before Tax

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

	3 months Ended		Cumulative 9 Months Ended	
	30.09.16	30.09.15	30.09.16	30.09.15
	RM'000	RM'000	RM'000	RM'000
Interest Expense	-	-	-	1
Interest Income	(776)	(762)	(2,411)	(2,163)
Investment Income	(51)	(55)	(187)	(201)
Rental Income	(2,806)	(2,705)	(8,268)	(8,115)
Depreciation and amortisation of:-				
Properties, plants and equipment	1,134	1,209	3,420	3,431
Investment properties	150	149	448	448
Unrealised foreign exchange (gain)/loss	(563)	(2,340)	45	(2,831)
Realised foreign exchange (gain)/loss	(242)	(852)	955	(2,177)
Provision for obsolete inventories	56	-	238	-
Gain on disposal of properties, plants and equipment	-	(10)	-	(40)
Property, plant and equipment written off	-	-	3	65

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 30 September 2016.

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

	As at	
	30.09.16	31.12.15
	RM'000	RM'000
Retained earnings of the Company and its subsidiaries :		
- Realised Profit	97,884	99,893
- Unrealised (Loss) / Profit	(45)	1,367
	<u>97,839</u>	<u>101,260</u>
Total share of retained profits from joint venture :		
- Realised Profit	580	592
- Unrealised (Loss) / Profit	(163)	555
	<u>417</u>	<u>1,147</u>
Less: Consolidation adjustments	<u>(63,784)</u>	<u>(63,798)</u>
Retained earnings per financial statements	<u>34,472</u>	<u>38,609</u>

By Order of the Board

Company Secretary
09 November 2016