



# **LCTH CORPORATION BERHAD**

(633871-A)

(Incorporated in Malaysia)

## **Interim Financial Statements**

31 December 2017

# LCTH CORPORATION BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2017

	Note	Individual Quarter 3 Months Ended		Cumulative-to-date Financial Year Ended	
		31.12.2017 Unaudited RM'000	31.12.2016 Unaudited RM'000	31.12.2017 Unaudited RM'000	31.12.2016 Audited RM'000
Revenue	B1	34,170	28,639	111,956	113,581
Cost of sales		(27,025)	(23,587)	(90,480)	(93,175)
Gross profit		7,145	5,052	21,476	20,406
Other operating income		3,764	3,700	14,924	14,718
Administrative expenses		(5,407)	(2,671)	(20,246)	(17,338)
Selling expenses		(88)	(83)	(310)	(340)
Other expenses		(150)	(167)	(611)	(667)
Share of results of a joint venture		(863)	(111)	(2,179)	280
Profit before tax	B10	4,401	5,720	13,054	17,059
Income tax (expense) / benefit	B5	(433)	297	(2,828)	(2,579)
Profit after tax representing total comprehensive income for the period / year		3,968	6,017	10,226	14,480
Total comprehensive income attributable to equity holders of the Company		3,968	6,017	10,226	14,480
Basic earnings per share (Sen)		1.10	1.67	2.84	4.02
Diluted earnings per share (Sen)		1.10	1.67	2.84	4.02

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2016 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 December 2017

	As At 31.12.2017 Unaudited RM'000	As At 31.12.2016 Audited RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	47,697	45,277
Investment properties	24,936	25,480
Investment in a joint venture	4,528	6,707
Deferred tax assets	3,880	5,369
	<u>81,041</u>	<u>82,833</u>
<b>Current assets</b>		
Inventories	13,315	9,408
Trade and other receivables	25,161	22,435
Other current assets	2,083	456
Due from holding company	170	189
Tax recoverable	-	253
Short-term investments	10,084	8,305
Cash and bank balances	102,731	109,070
	<u>153,544</u>	<u>150,116</u>
<b>TOTAL ASSETS</b>	<u>234,585</u>	<u>232,949</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	22,614	22,073
Other current liabilities	284	109
Due to holding company	1,062	692
Tax payable	289	432
	<u>24,249</u>	<u>23,306</u>
<b>Non-current liability</b>		
Deferred tax liabilities	510	1,043
	<u>510</u>	<u>1,043</u>
<b>Total liabilities</b>	<u>24,759</u>	<u>24,349</u>
<b>Equity attributable to equity holders of the Company</b>		
Share capital	169,911	72,000
Share premium	-	97,911
Retained earnings	39,915	38,689
<b>Total equity</b>	<u>209,826</u>	<u>208,600</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>234,585</u>	<u>232,949</u>
<b>Net current assets</b>	129,295	126,810
<b>Net assets</b>	<u>209,826</u>	<u>208,600</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2016 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 Financial Year Ended 31 December 2017

	Non-distributable <----->		Distributable <----->	
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
<b>Balance at 1 January 2016</b>	72,000	97,911	38,609	208,520
Total comprehensive income for the year	-	-	14,480	14,480
Dividends	-	-	(14,400)	(14,400)
<b>Balance at 31 December 2016</b>	<u>72,000</u>	<u>97,911</u>	<u>38,689</u>	<u>208,600</u>
<b>Balance at 1 January 2017</b>	72,000	97,911	38,689	208,600
Total comprehensive income for the year	-	-	10,226	10,226
Adjustments for effects of Companies Act 2016 (Note a)	97,911	(97,911)	-	-
Dividends	-	-	(9,000)	(9,000)
<b>Balance at 31 December 2017</b>	<u>169,911</u>	<u>-</u>	<u>39,915</u>	<u>209,826</u>

### Note a:

With the Companies Act 2016 ("New Act") coming into effect on 31 January 2017, the credit standing in the share premium accounts of RM97,911,236 has been transferred to the share capital account. The Company may use the credit amounts being transferred from share premium for the purposes as set out in subsection 618(3) of the New Act within 24 months after the commencement of the New Act.

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# LCTH CORPORATION BERHAD

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

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS For the Financial Year Ended 31 December 2017

	Financial Year Ended 31.12.2017 Unaudited RM'000	Financial Year Ended 31.12.2016 Audited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,054	17,059
Adjustments for :		
Depreciation and amortisation	5,621	5,216
Interest income	(3,191)	(3,207)
Investment income	(190)	(231)
Provision for obsolete inventories	48	520
Property, plant and equipment written off	138	76
Gain on disposal of property, plant and equipment	(8)	-
Net unrealised foreign exchange loss / (gain)	1,505	(577)
Write back of allowance for doubtful debt	(292)	-
Bad debts written back	(140)	-
Share of results of a joint venture	2,179	(280)
Operating cash flow before working capital changes	<u>18,724</u>	<u>18,576</u>
Inventories	(3,955)	(1,854)
Receivables	(3,896)	7,394
Other current assets	(1,627)	1,200
Payables	1,027	(5,003)
Other current liabilities	175	(491)
Cash generated from operations	<u>10,448</u>	<u>19,822</u>
Income tax paid	(1,762)	(2,612)
Net cash generated from operating activities	<u>8,686</u>	<u>17,210</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	3,191	3,207
Investment income	190	231
Dividend received from joint venture	-	1,120
Deposits pledged	(282)	(285)
Purchase of property, plant and equipment	(7,680)	(2,837)
Proceeds from disposal of property, plant and equipment	53	-
(Placement) / Withdrawal of short term investments	(1,779)	2,744
Withdrawal of deposits for more than 3-months maturity with licensed bank	<u>34,456</u>	<u>2,604</u>
Net cash generated from investing activities	<u>28,149</u>	<u>6,784</u>
<b>CASH FLOWS FROM FINANCING ACTIVITY</b>		
Dividend payment	(9,000)	(14,400)
Net cash used in financing activity	<u>(9,000)</u>	<u>(14,400)</u>
<b>Net increase in cash and cash equivalents</b>	<b>27,835</b>	<b>9,594</b>
<b>Cash and cash equivalents at beginning of the financial year</b>	<b>37,090</b>	<b>27,496</b>
<b>Cash and cash equivalents at end of the financial year</b>	<b><u>64,925</u></b>	<b><u>37,090</u></b>
<b>For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:-</b>		
Cash in hand and at banks	14,492	28,541
Deposits with licensed banks	82,239	79,729
Repurchase agreements	6,000	800
Total cash and bank balances	<u>102,731</u>	<u>109,070</u>
Less: Deposits pledged	(9,681)	(9,399)
Less: Deposits more than 3 months maturity period with a licensed bank	<u>(28,125)</u>	<u>(62,581)</u>
Cash and cash equivalents	<u>64,925</u>	<u>37,090</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2016 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 27 February 2018.

### 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 2016. 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 2016.

### 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 2016 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

(i) Adoption of standards

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 for Unrealised Losses	1 January 2017
Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017

The adoption of the above standards 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 Amendments and IC Interpretations issued but not yet effective

At the date of authorization of these interim financial statements, the followings Standards Amendments and IC 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 MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4: Insurance Contracts	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments (IFRS issued by IASB in July 2014)	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 1: First-time Adoption of Malaysia Financial Reporting Standards	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16: Leases	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 17: Insurance Contracts	1 January 2021
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 Amendments and IC Interpretations 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 Directors anticipate that the application of MFRS 15 will have impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. 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**

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.

#### **MFRS 16 Leases**

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the potential effect of MFRS 16 and plans to adopt the new standard on the required effective date.

### 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 2016 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 December 2017.



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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 year ended 31 December 2017.

### A9. Dividend Paid

The final single tier tax-exempt dividend of 1.5 sen per share in respect of the year ended 31 December 2016 was paid on 16 May 2017. The first and second interim single tier tax-exempt dividends of total 1 sen per share in respect of the year ended 31 December 2017 were paid on 19 September 2017 and 13 December 2017.

### 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
<b>Financial Year Ended 31 December 2017</b>				
Segment revenue:				
Sales to external customers	1,025	110,931	-	111,956
Inter-segment sales	579	-	(579)	-
Total	<u>1,604</u>	<u>110,931</u>	<u>(579)</u>	<u>111,956</u>
Segment results	<u>1,050</u>	<u>14,183</u>	<u>(2,179)</u>	<u>13,054</u>
<b>Financial Year Ended 31 December 2016</b>				
Segment revenue:				
Sales to external customers	1,219	112,362	-	113,581
Inter-segment sales	579	-	(579)	-
Total	<u>1,798</u>	<u>112,362</u>	<u>(579)</u>	<u>113,581</u>
Segment results	<u>1,214</u>	<u>15,565</u>	<u>280</u>	<u>17,059</u>

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 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

Save as disclosed below, the Board is not aware of any material contingent liabilities incurred or known to be incurred by the Group which may, upon becoming enforceable, have a material impact on the financial results or position of the Group:

(i) A guarantee and indemnity granted by the Company to the landlord for the due performance of the obligations of a subsidiary of the Company under a lease agreement entered into by the subsidiary, including payment of the rent and all other sums due thereunder. As at 31 December 2017, there is no outstanding amounts in respect of this agreement; and

(ii) Corporate guarantees extended by the Company

	<b>As at 31.12.17 RM'000</b>	<b>As at 31.12.16 RM'000</b>
In relation to corporate guarantees given to banks of subsidiaries by the Company	<u>10,558</u>	<u>10,918</u>

There were no contingent assets since the last year ended 31 December 2016.

### A14. Capital Commitments

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

	<b>As at 31.12.17 RM'000</b>	<b>As at 31.12.16 RM'000</b>
Approved and contracted for:		
Property, plant and equipment	<u>10,778</u>	<u>2,337</u>
Approved but not contracted for:		
Property, plant and equipment	<u>-</u>	<u>5,000</u>

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### A15. Related Party Transactions

	Cumulative-to-date Financial Year Ended	
	31.12.17 RM'000	31.12.16 RM'000
With ultimate holding company*:		
Sale of finished goods	340	375
Sale of raw material, spare parts, packaging materials and handling charges	31	-
Sale of precision moulds and dies	18	681
Purchase of raw material, precision plastic parts and components and precision mould and dies	1,183	761
Purchase of property, plant and equipment	9	-
Management fees	<u>1,173</u>	<u>1,073</u>
With related company:		
Purchase of raw material, precision plastic parts and components and precision mould and dies	<u>9</u>	<u>-</u>
With joint venture company:		
Rental of buildings	<u>968</u>	<u>1,287</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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# LCTH CORPORATION BERHAD

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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 ended 31 December 2017.

Acquisition and disposals:-

	Cumulative-to-date Financial Year Ended	
	31.12.17 RM'000	31.12.16 RM'000
Property, Plant and Equipment acquired	7,680	2,837
Property, Plant and Equipment disposed (net book value)	45	-
Gain on disposal	8	-

### A17. Earnings Per Share

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

	Individual Quarter 3 months Ended		Cumulative-to-date Financial Year Ended	
	31.12.17	31.12.16	31.12.17	31.12.16
Net profit attributable to equity holders of the Company (RM'000)	3,968	6,017	10,226	14,480
Weighted average number of ordinary shares ('000)	360,000	360,000	360,000	360,000
Basic earnings and diluted earnings per share (Sen)	1.10	1.67	2.84	4.02

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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

#### *Financial review for current quarter and financial year ended*

	Individual Quarter			Cumulative-to-date		
	3 Months Ended		Changes	Financial Year Ended		Changes
	31.12.17	31.12.16	(Amount RM'000 / %)	31.12.17	31.12.16	(Amount RM'000 / %)
Revenue	34,170	28,639	5,531 / 19.3%	111,956	113,581	(1,625) / -1.4%
Operating Profit	6,044	3,635	2,409 / 66.3%	17,711	15,583	2,128 / 13.7%
Foreign Exchange (Loss) / Gain	(780)	2,196	(2,976) / -135.5%	(2,478)	1,196	(3,674) / 307.2%
Share of result of a joint venture	(863)	(111)	(752) / 677.5%	(2,179)	280	(2,459) / -878.2%
Profit Before Interest and Tax	4,401	5,720	(1,319) / -23.1%	13,054	17,059	(4,005) / -23.5%
<b>Profit Before Tax</b>	<b>4,401</b>	<b>5,720</b>	<b>(1,319) / -23.1%</b>	<b>13,054</b>	<b>17,059</b>	<b>(4,005) / -23.5%</b>
Profit After Tax	3,968	6,017	(2,049) / -34.1%	10,226	14,480	(4,254) / -29.4%
Profit attributable to equity holders of the Company	3,968	6,017	(2,049) / -34.1%	10,226	14,480	(4,254) / -29.4%

#### *Performance of the current quarter against the preceding quarter (Q4 2017 versus Q4 2016)*

The Group recorded a revenue of RM34.2 million for the fourth quarter ended 31 December 2017. This is RM5.5 million or 19.3% higher compared to the revenue of RM28.6 million in the corresponding quarter in 2016. The increase in revenue was due mainly to the increase in orders of consumer and medical products.

The Group recorded a profit before tax of RM4.4 million in the current quarter, which is RM1.3 million lower than the profit before tax of RM5.7 million in the corresponding quarter in 2016. The operating profit recorded at RM6.0 million in the current quarter is RM2.4 million higher than operating profit of RM3.6 million in the corresponding quarter in 2016. However, the positive result in operation was affected by the foreign exchange loss of RM0.8 million and the share of loss of joint venture of RM0.9 million.

#### *Performance of the current financial year ended against the preceding financial year ended (FYE 2017 versus FYE 2016)*

The Group recorded a revenue of RM112.0 million for the current year ended 31 December 2017. This is RM1.6 million or 1.4% lower compared to the revenue of RM113.6 million in the corresponding year in 2016. The decrease in revenue was due mainly to weaker demand from one major customer in consumer products in the first half of year 2017.

The Group recorded a profit before tax of RM13.1 million as of 31 December 2017, which is RM4.0 million lower than the profit before tax of RM17.1 million as of 31 December 2016. This was due mainly to foreign exchange loss of RM2.5 million and share of loss of joint venture amounting to RM2.1 million.

# LCTH CORPORATION BERHAD

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

### B2. Comparison with The Immediate Preceding Quarter

	Current Quarter 31.12.17 RM'000	Immediate Preceding Quarter 30.09.17 RM'000	Changes (Amount) RM'000 / %
Revenue	34,170	29,655	4,515 / 15.2%
Operating Profit	6,044	5,441	603 / 11.1%
Foreign Exchange Loss	(780)	(384)	(396) / -103.1%
Share of result of a joint venture	(863)	(514)	(349) / -67.9%
Profit Before Interest and Tax	4,401	4,543	(142) / -3.1%
<b>Profit Before Tax</b>	<b>4,401</b>	<b>4,543</b>	<b>(142) / -3.1%</b>
Profit After Tax	3,968	3,472	496 / 14.3%
Profit attributable to equity holders of the Company	3,968	3,472	496 / 14.3%

#### **Performance of the current quarter compared with immediate preceding quarter (Q4 2017 versus Q3 2017)**

The Group recorded a revenue of RM34.2 million for the current quarter, an increase of RM4.5 million or 15.2% compared to the RM29.7 million in the immediate preceding quarter. The increase in revenue was due mainly to the increase in orders of consumer and medical products.

The Group recorded a profit before tax of RM4.4 million for the current reporting quarter, a decrease of RM0.1 million compared to the RM4.5 million in the immediate preceding quarter. This was due mainly to higher foreign exchanges loss of RM0.4 million and higher share of loss of joint venture of RM0.3 million, despite achieved higher operating profit of RM0.6 million.

### B3. Prospects

Despite the International Monetary Funds ("IMF") anticipation that the global upswing in economic activity is strengthening, the Group expects the operating conditions in its industry to remain challenging. 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. The Group will continue to expand its market share with existing and new customers, increase the capacity utilization as well as to improve operational efficiency.

### 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 3 Months Ended		Cumulative-to-date Financial Year Ended	
	31.12.17 RM'000	31.12.16 RM'000	31.12.17 RM'000	31.12.16 RM'000
Current year tax	453	572	2,068	2,187
Deferred tax	294	(743)	1,260	499
(Over) / under provision of prior year income tax	(2)	8	(196)	(107)
Over provision of prior year deferred tax	<u>(312)</u>	<u>(134)</u>	<u>(304)</u>	<u>-</u>
	<u>433</u>	<u>(297)</u>	<u>2,828</u>	<u>2,579</u>
Statutory tax rate	24%	24%	24%	24%
Effective tax rate	10%	25%	22%	15%

Current income tax is calculated at the statutory tax rate of 24% (2016: 24%) on the estimated assessable profit for the year. The effective tax rates of the Group for current quarter and financial year ended were lower than the statutory tax rate due mainly to recognition of other deferred tax assets and over provision of prior year's deferred and income tax.

### B6. Corporate Proposals

On 7 December 2017, the Company announced that the Board had on even date received an offer letter from Fu Yu Corporation Limited ("Fu Yu" or "Ultimate Offeror"), on behalf of Fu Yu Investment Pte Ltd ("Fu Yu Investment" or "Non-Entitled Shareholder"), requesting the Company to undertake the Proposed Selective Capital Reduction and Repayment Exercise pursuant to Section 116 of Companies Act 2016 ("Proposed SCR").

The Board, save for the Interested Directors, had, at a meeting held on 10 January 2018, deliberated on the contents of the SCR Offer Letter and had resolved to table the Proposed SCR to Entitled Shareholders of LCTH for their consideration and approval. Details of the Proposed SCR has been set out in the company's announcement dated 10 January 2018.

On 12 January 2018, the application in relation to the Proposed SCR was submitted to the Securities Commission Malaysia pursuant to Paragraph 2(a) of Schedule 3 of the Rules on Take-overs, Mergers and Compulsory Acquisitions.

The Securities Commission Malaysia had, vide its letter dated 13 February 2018, informed that they have no further comments on the circular in relation to the Proposed SCR. The Company had on 14 February 2018 given the Notice of Extraordinary General Meeting ("EGM") to convene the EGM on 8 March 2018 for the purpose of considering and, if thought fit, passing the special resolution in relation to the Proposed SCR.

### B7. Material Litigation

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

# LCTH CORPORATION BERHAD

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

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

### B8. Dividends Declared

No dividend is declared for the current quarter under review. The Board approved the second interim single tier dividend of 0.5 sen per share on 13 November 2017, payable on 13 December 2017 to shareholders on book closure date of 28 November 2017, totalling RM1.8 million for year ended 31 December 2017. 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.

### B9. Earnings per Share

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

### B10. Profit Before Tax

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

	Individual Quarter		Cumulative-to-date	
	3 Months Ended	3 Months Ended	Financial Year Ended	Financial Year Ended
	31.12.17	31.12.16	31.12.17	31.12.16
	RM'000	RM'000	RM'000	RM'000
Interest Income	(844)	(796)	(3,191)	(3,207)
Investment Income	(53)	(44)	(190)	(231)
Rental Income	(2,808)	(2,807)	(11,231)	(11,075)
Depreciation and amortisation of:-				
Properties, plants and equipment	1,384	1,199	5,077	4,619
Investment properties	133	149	544	597
Unrealised foreign exchange loss/(gain)	(137)	(622)	1,505	(577)
Realised foreign exchange loss/(gain)	917	(1,574)	973	(619)
Provision for obsolete inventories	9	282	48	520
Gain on disposal of property, plants and equipment	-	-	(8)	-
Property, plant and equipment written off	36	73	138	76
Write back of allowance for doubtful debt	-	-	(292)	-
Bad debts written back	(140)	-	(140)	-

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 year ended 31 December 2017.

### By Order of the Board

Company Secretary  
27 February 2018