



**LKT INDUSTRIAL BERHAD**  
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT**  
**FOR QUARTER ENDED 31 MARCH 2008**

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**LKT INDUSTRIAL BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2008**

(The figures have not been audited)

	As At 31-Mar-08 RM'000	As At 31-Dec-07 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	77,842	79,380
Prepaid lease payments	21,166	21,273
Intangible assets	1,909	2,002
<b>Current assets</b>		
Receivables, deposits and prepayments	33,992	34,927
Inventories	28,422	25,042
Assets classified as held for sale	90	298
Tax recoverable	5,510	9,904
Cash and cash equivalents	20,595	14,509
	<u>88,609</u>	<u>84,680</u>
<b>TOTAL ASSETS</b>	<u>189,526</u>	<u>187,335</u>
<b>EQUITY AND LIABILITIES</b>		
Share capital	70,881	70,881
Reserves	63,043	62,518
<b>Equity attributable to equity holders of the parent</b>	<u>133,924</u>	<u>133,399</u>
Minority interest	48	48
<b>Total equity</b>	<u>133,972</u>	<u>133,447</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,564	3,749
Borrowings	17,336	18,745
<b>Current liabilities</b>		
Trade and other payables	28,780	25,206
Borrowings	5,737	6,147
Tax payable	137	41
	<u>34,654</u>	<u>31,394</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>189,526</u>	<u>187,335</u>
Net assets per share (sen)	<u>189</u>	<u>188</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007.

The accompanying notes form an integral part of this interim report.

**LKT INDUSTRIAL BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	Note	Current Quarter 3 months ended		Cumulative Quarter 3 months ended	
		31-Mar-08 RM'000	31-Mar-07 RM'000 (Restated)	31-Mar-08 RM'000	31-Mar-07 RM'000 (Restated)
<b>Revenue</b>		<b>44,858</b>	<b>42,165</b>	<b>44,858</b>	<b>42,165</b>
Cost of support services and goods sold		(39,458)	(38,341)	(39,458)	(38,341)
<b>Gross profit</b>		<b>5,400</b>	<b>3,824</b>	<b>5,400</b>	<b>3,824</b>
Other income		967	961	967	961
Other expenses		(739)	(460)	(739)	(460)
Distribution and administrative expenses		(4,983)	(4,037)	(4,983)	(4,037)
Finance costs		(255)	(228)	(255)	(228)
Share of loss of jointly controlled entity		-	(15)	-	(15)
<b>Profit before taxation</b>		<b>390</b>	<b>45</b>	<b>390</b>	<b>45</b>
Taxation		(61)	(515)	(61)	(515)
<b>Profit / (Loss) for the period</b>		<b>329</b>	<b>(470)</b>	<b>329</b>	<b>(470)</b>
<b>Attributable to:</b>					
Equity holders of the parent		329	(470)	329	(470)
Minority interest		-	-	-	-
		<b>329</b>	<b>(470)</b>	<b>329</b>	<b>(470)</b>
<b>Earnings / (Loss) per share</b>					
Basic earnings / (loss) per share (sen)	27(a)	0.46	(0.68)	0.46	(0.68)
Diluted earnings / (loss) per share (sen)	27(b)	0.46	(0.68)	0.46	(0.68)

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007.

The accompanying notes form an integral part of this interim report.

Unaudited Interim Financial Report 31 March 2008

Company No: 298188 A

**LKT INDUSTRIAL BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	Reserves									
	Non Distributable			Distributable						
	Share Capital	Share Premium	Reserve on consolidation	Assets Revaluation Reserve	Translation Reserve	Share Option Reserve	Retained Earnings	Shareholders Fund	Minority Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1.1.2007</b>	68,710	4,011	-	5,197	269	-	69,975	148,162	49	148,211
Foreign exchange translation differences	-	-	-	-	(51)	-	-	(51)	-	(51)
Net loss recognised directly in equity	-	-	-	-	(51)	-	-	(51)	-	(51)
Loss for the period	-	-	-	-	-	-	(470)	(470)	-	(470)
Share options exercised	4	-	-	-	-	-	-	4	-	4
Transfer to share premium for options exercised	-	1	-	-	-	-	-	1	-	1
<b>As at 31.3.2007</b>	<b>68,714</b>	<b>4,012</b>	<b>-</b>	<b>5,197</b>	<b>218</b>	<b>-</b>	<b>69,505</b>	<b>147,646</b>	<b>49</b>	<b>147,695</b>
<b>As at 1.1.2008</b>	<b>70,881</b>	<b>6,850</b>	<b>-</b>	<b>5,197</b>	<b>101</b>	<b>-</b>	<b>50,370</b>	<b>133,399</b>	<b>48</b>	<b>133,447</b>
Foreign exchange translation differences	-	-	-	-	196	-	-	196	-	196
Net gain recognised directly in equity	-	-	-	-	196	-	-	196	-	196
Profit for the period	-	-	-	-	-	-	329	329	-	329
<b>As at 31.3.2008</b>	<b>70,881</b>	<b>6,850</b>	<b>-</b>	<b>5,197</b>	<b>297</b>	<b>-</b>	<b>50,699</b>	<b>133,924</b>	<b>48</b>	<b>133,972</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007.  
The accompanying notes form an integral part of this interim report.

**LKT INDUSTRIAL BERHAD**

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 31 MARCH 2008**

(The figures have not been audited)

	3 months ended	
	31-Mar-08 RM'000	31-Mar-07 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxation	390	45
Adjustments for:-		
Non-cash items	2,134	4,394
Non-operating items	153	188
Operating profit before working capital changes	<u>2,677</u>	<u>4,627</u>
Net change in current assets	(2,750)	8,152
Net change in current liabilities	<u>3,882</u>	<u>(11,452)</u>
Cash generated from operations	3,809	1,327
Tax paid	(118)	(3,730)
Tax refund	4,363	143
Net cash from / (used in) operating activities	<u>8,054</u>	<u>(2,260)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other investments	<u>(265)</u>	<u>(9,384)</u>
Net cash used in investing activities	<u>(265)</u>	<u>(9,384)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from shares issued	-	5
Borrowings	(1,819)	8,978
Interest paid	<u>(255)</u>	<u>(228)</u>
Net cash (used in) / generated from financing activities	<u>(2,074)</u>	<u>8,755</u>
Net change in Cash & Cash Equivalents	5,715	(2,889)
Effect of foreign exchange fluctuations	371	(30)
Cash & Cash equivalents brought forward	<u>14,483</u>	<u>15,928</u>
Cash & Cash equivalents carried forward	<u>20,569</u>	<u>13,009</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	9,616	12,887
Deposits with licensed banks (excluding pledged deposits)	<u>10,953</u>	<u>122</u>
	<u>20,569</u>	<u>13,009</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Report for the year ended 31 December 2007.

The accompanying notes form an integral part of this interim report.

## **LKT INDUSTRIAL BERHAD**

(Incorporated in Malaysia)

### **NOTES TO THE INTERIM FINANCIAL REPORT**

(The figures have not been audited)

#### **1. Basis of preparation**

The interim financial report is unaudited and has been prepared in accordance with FRS 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2007. These explanatory notes attached to the interim financial report provides an explanation of the events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2007.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements except for the adoption of the following new/revised FRSS:

		<b>Effective Date</b>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
Amendment to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
FRS 139	Financial Instruments: Recognition and Measurement	To be announced
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7	Applying the Restatement Approach under FRS 129 <sup>2004</sup> Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8	Scope of FRS 2	1 July 2007

FRS 111, FRS 120 and the Interpretations listed above are not applicable to the Group.

FRS 139, Financial Instruments: Recognition and Measurement has been deferred to a date to be announced and has not been adopted by the Group.

The adoption of the abovementioned FRSS do not have any significant financial impact on the results and the financial position of the Group.

**2. Audit opinion**

The audit report for the audited financial statements of the Group for the year ended 31 December 2007 was not subject to any qualification.

**3. Seasonality or cyclical of interim operations**

The Group's operation is dependent on the cyclical trend of the electronics and semiconductors industries.

**4. Unusual items due to their nature, size or incidence**

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial period-to-date.

**5. Changes in estimates**

There were no changes in estimates that have had material effect in the current quarter and financial period-to-date.

**6. Debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 March 2008.

**7. Dividends paid**

No dividend is paid during the current financial period.

**8. Segmental reporting**

**(a) Analysis by business segment**

	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>REVENUE</b>				
External sales	44,858	-	-	44,858
Inter segment sales	3,131	2,389	(5,520)	-
	<u>47,989</u>	<u>2,389</u>	<u>(5,520)</u>	<u>44,858</u>

	Manufacturing RM'000	Others RM'000	Eliminations RM'000	Consolidated RM'000
<b>RESULTS</b>				
Segment result (external)	1,088	(342)	(204)	542
Interest income				103
Finance expenses				(255)
Profit before taxation				<u>390</u>
Taxation				(61)
Profit after taxation				<u><u>329</u></u>

**(b) Secondary Segment – Geographical**

In determining the geographical segments of the Group, revenue is based on the geographical location of the customers. Total assets and capital expenditure are based on the geographical location of assets.

	Revenue RM'000	Total Assets Employed RM'000	Capital Expenditure RM'000
Malaysia	14,925	184,225	624
Asia (excludes Malaysia)	10,445	5,301	3
North America	13,418		
Europe	4,656		
Others	1,414		
	<u>44,858</u>	<u>189,526</u>	<u>627</u>

Inter-segment pricing on inter segment transactions are determined at arm's length according to the normal course of business.

**9. Property, plant and equipment**

The valuations of the property, plant and equipment have been brought forward without any amendments from the previous audited financial statements.

Property, plant and equipment amounting to RM0.63 million were acquired during current period-to-date (three months ended 31 March 2007: RM9.42 million).

There was no disposal of property, plant and equipment during current period-to-date (three months ended 31 March 2007: RM0.01 million).

**10. Subsequent events**

There were no material events subsequent to the end of the current quarter.

**11. Changes in the composition of the Group**

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

**12. Contingent liabilities**

There is no contingent liability since the last annual balance sheet date.

**13. Capital commitments**

	31 March 2008 RM'000	31 March 2007 RM'000
Contracted but not provided for	<u>482</u>	<u>13,799</u>



#### 14. Related party transactions

There were no intercompany transactions other than those incurred in the ordinary course of business consistent with the previous quarters.

There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

#### 15. Review of performance

The Group recorded higher revenue of RM44.9 million as compared to RM42.1 million in the preceding quarter, with a marginal profit before tax of RM0.4 million as compared to loss before tax of RM5.9 million in the preceding quarter, mainly due to substantial provision for doubtful debts of RM5.3 million in the preceding quarter.

#### 16. Variation of results against immediate preceding year's corresponding quarter

The Group's revenue for the quarter improved by RM2.7 million to RM44.9 million as compared to RM42.2 million in the immediate preceding year's corresponding quarter. This has resulted in a higher profit before tax of RM0.4 million for the current quarter as compared to RM0.1 million in the immediate preceding year's corresponding quarter.

#### 17. Current year prospects

The Board is currently reviewing the entire business structure and is expecting certain consolidation and restructuring activities to be carried out in order to maximize the Group's resources in achieving future capacity and capability growth. The Directors expect the current year's performance to be better than last year.

#### 18. Profit forecast and profit guarantee

No profit forecast or profit guarantee has been issued by the Group.

#### 19. Taxation

	31 March 2008 RM'000	31 March 2007 RM'000
Current period		
- provision for taxation	246	482
- deferred taxation	(125)	33
	<hr/> 121	<hr/> 515
Prior period		
- over provision for taxation	-	-
- deferred taxation	(60)	-
	<hr/> 61	<hr/> 515
	<hr/> <hr/>	<hr/> <hr/>

The effective tax rate was lower than the statutory tax rate principally due to tax incentives enjoyed by certain subsidiaries under the Promotion of Investment Act, 1986 (as amended) and Section 127 (3)(b) of the Income Tax Act, 1967.

## 20. Unquoted investments and properties

There are no sales of unquoted investments and/or properties for the current quarter and current financial period-to-date.

## 21. Quoted investments

There are no purchases or disposal of quoted securities for the current quarter and current financial period-to-date.

## 22. Corporate proposal

There are no outstanding corporate proposals as at the date of this report.

## 23. Borrowings and debt securities

	As At 31 March 2008 RM'000	As At 31 December 2007 RM'000
<b>Short term borrowings</b>		
Secured	5,737	6,147
<b>Long term borrowings</b>		
Secured	17,336	18,745
<b>TOTAL</b>	<u>23,073</u>	<u>24,892</u>

The above borrowings are denominated in Ringgit Malaysia.

## 24. Off balance sheet financial instruments

There are no off balance sheet financial instruments as at the date of this report other than:-

	Contract Amount RM'000
Forward foreign exchange contracts (within 1 year)	53,068

## 25. Material litigation

There is no pending material litigation.

## 26. Proposed dividend

No dividend has been recommended for the current quarter.

The Board of Directors proposed a first and final tax exempt dividend of 5% for the financial year ended 31 December 2007 subject to shareholders' approval at the forthcoming Annual General Meeting.

## 27. Earnings / (Loss) per share

### (a) Basic earnings / (loss) per share

The basic earnings per share for the financial period has been calculated based on the Group's net profit attributable to shareholders of RM0.329 million for the 3 months over the weighted average number of ordinary shares in issue of 70,881,357.

Weighted average number of ordinary shares used for calculation of basic earnings / (loss) per share:

	3 months ended 31 March 2008	3 months ended 31 March 2007
Issued ordinary shares at beginning of period	70,881,357	68,710,357
Effect of shares issued during the period	-	2,667
Weighted average number of ordinary shares	<u>70,881,357</u>	<u>68,713,024</u>

### (b) Diluted earnings / (loss) per share

Dilutive earnings per share is not applicable for the current quarter as there were no outstanding employee share options outstanding as at the end of the current quarter.

Adjusted weighted average number of ordinary shares issued and issuable used for calculation of diluted loss per share for the immediate preceding year's corresponding quarter:

	3 months ended 31 March 2008	3 months ended 31 March 2007
Issued ordinary shares at beginning of period	70,881,357	68,710,357
Effect of shares issued during the period	-	2,667
Effect of share options	-	342,053
Adjusted weighted average number of ordinary shares issued and issuable	<u>70,881,357</u>	<u>69,055,077</u>

## 28. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report on 13 May 2008.

By Order of the Board  
**LKT Industrial Berhad (298188 A)**

Lam Voon Kean (MIA 4793)  
Company Secretary

Penang  
13 May 2008