



LKT INDUSTRIAL BERHAD

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT

FOR QUARTER ENDED 30 JUNE 2009

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LKT INDUSTRIAL BERHAD

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2009

(The figures have not been audited)

	As At 30-Jun-09 RM'000	As At 31-Mar-09 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	84,860	77,071
Prepaid lease payments	20,637	20,744
Intangible assets	1,825	1,941
Current assets		
Receivables, deposits and prepayments	34,332	28,264
Inventories	33,973	36,243
Tax recoverable	824	818
Cash and cash equivalents	16,193	24,760
	<u>85,322</u>	<u>90,085</u>
TOTAL ASSETS	<u>192,644</u>	<u>189,841</u>
EQUITY AND LIABILITIES		
Share capital	70,881	70,881
Reserves	52,826	51,728
Total equity	<u>123,707</u>	<u>122,609</u>
Non-current liabilities		
Deferred tax liabilities	2,201	2,196
Borrowings	22,247	23,304
Current liabilities		
Trade and other payables	35,598	30,833
Borrowings	8,872	10,857
Tax payable	19	42
	<u>44,489</u>	<u>41,732</u>
TOTAL EQUITY AND LIABILITIES	<u>192,644</u>	<u>189,841</u>
Net assets per share (sen)	<u>175</u>	<u>173</u>

The Condensed Consolidated Balance Sheet should be read in conjunction with the Audited Financial Report for the financial period ended 31 March 2009.

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 30 JUNE 2009**

(The figures have not been audited)

	Current Quarter 3 months ended 30-Jun-09 RM'000	Cumulative Quarter 3 months ended 30-Jun-09 RM'000
Revenue	45,943	45,943
Cost of support services and goods sold	(41,480)	(41,480)
<hr/>		
Gross profit	4,463	4,463
Other incomes	1,940	1,940
Other expenses	(2,332)	(2,332)
Distribution and administrative expenses	(2,768)	(2,768)
Finance costs	(245)	(245)
<hr/>		
Profit before taxation	1,058	1,058
Taxation	(48)	(48)
<hr/>		
Profit for the period	1,010	1,010
<hr/> <hr/>		
Attributable to:		
Equity holders of the parent	1,010	1,010
Minority interest	-	-
<hr/>		
	1,010	1,010
<hr/> <hr/>		
Earnings per share		
Basic earnings per share (sen)	1.42	1.42

The Condensed Consolidated Income Statement should be read in conjunction with the Audited Financial Report for the 15 months period ended 31 March 2009.

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

Note: There are no comparative figures disclosed for the individual quarter and the cumulative quarter of the preceding year following the change in financial year end from 31 December to 31 March in the preceding financial period.

LKT INDUSTRIAL BERHAD

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2009**

(The figures have not been audited)

	←		Reserves			→		Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Non Distributable	Translation Reserve	Distributable	Retained Earnings				
	Assets Revaluation Reserve	Share Option Reserve								
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As at 1.4.2008	70,881	6,850	5,197	297	-	50,698	133,923	48	133,971	
Foreign exchange translation differences	-	-	-	(368)	-	-	(368)	-	(368)	
Net loss recognised directly in equity	-	-	-	(368)	-	-	(368)	-	(368)	
Loss for the period	-	-	-	-	-	(3,436)	(3,436)	1	(3,435)	
5% first and final tax exempt dividend - 2007	-	-	-	-	-	(3,544)	(3,544)	-	(3,544)	
As at 30.6.2008	70,881	6,850	5,197	(71)	-	43,718	126,575	49	126,624	
As at 1.4.2009	70,881	6,850	3,282	243	-	41,353	122,609	-	122,609	
Foreign exchange translation differences	-	-	-	72	-	-	72	-	72	
Realisation of profit on transfer of equipments	-	-	-	-	-	16	16	-	16	
Net profit recognised directly in equity	-	-	-	72	-	16	88	-	88	
Profit for the period	-	-	-	-	-	1,010	1,010	-	1,010	
As at 30.06.2009	70,881	6,850	3,282	315	-	42,379	123,707	-	123,707	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Report for the financial period ended 31 March 2009.

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 30 JUNE 2009**

(The figures have not been audited)

	3 months ended
	30-Jun-09
	RM'000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	1,058
Adjustments for:-	
Non-cash items	2,010
Non-operating items	224
Operating profit/(loss) before working capital changes	<u>3,292</u>
Net change in current assets	(5,988)
Net change in current liabilities	<u>4,470</u>
Cash generated from operations	1,774
Tax paid	<u>(71)</u>
Net cash generated from operating activities	<u>1,703</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Other investments	<u>(7,000)</u>
Net cash used in investing activities	<u>(7,000)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Bank borrowings, net of repayment	(3,042)
Interest paid	<u>(245)</u>
Net cash generated from/(used in) financing activities	<u>(3,287)</u>
Net change in cash and cash equivalents	(8,584)
Effect of foreign exchange fluctuations	17
Cash and cash equivalents brought forward	<u>24,760</u>
Cash and cash equivalents carried forward	<u>16,193</u>
Cash and cash equivalents at the end of the financial period comprise the following:	
Cash and bank balances	9,609
Deposits with licensed banks	<u>6,584</u>
	<u>16,193</u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Audited Financial Report for the 15 months period ended 31 March 2009.
The accompanying notes form an integral part of this interim report.

Note: There are no comparative figures disclosed for the individual quarter and the cumulative quarter of the preceding year following the change in financial year end from 31 December to 31 March in the preceding financial period.

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 financial period ended 31 March 2009. 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 financial period ended 31 March 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements.

The Group has not applied the following accounting standards (including its consequential amendments) and Interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective:

		Effective Date
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segment	1 July 2009
FRS 123	Borrowing Costs	1 January 2010
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards	1 January 2010
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations	1 January 2010
Amendments to FRS 127	Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions	1 January 2010
IC Interpretation 13	Customer Loyalty Programmes	1 January 2010
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2010

FRS 4, IC Interpretation 13 and 14 are not applicable to the Group. Hence, no further disclosure is necessary.

The impact of applying FRS 7 and FRS 139 on the financial statements upon initial adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemptions given in the respective FRSS. The adoption of the other FRSS and Interpretations is not expected to have any significant impact on the financial statements of the Group upon initial application other than as discussed below:

FRS 8, Operating Segment

FRS 8 which replaces FRS 114, Segment Reporting, requires identification and reporting of operating segments based on internal reports that are regularly reviewed by the entity's chief operation decision makers in order to allocate resources to the segments and to assess their performance. Currently, the Group presents segment information by its business and geographical segments. The adoption of FRS 8 will not have any significant impact on the financial statements of the Group other than expanded disclosure requirements, if any.

2. Audit opinion

The audit report for the audited financial statements of the Group for the financial period ended 31 March 2009 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 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 30 June 2009.

7. Dividends paid

No dividend is paid during the current financial period.

8. Segmental reporting

(a) Analysis by business segment

The Group's business segment mainly comprised of the design, manufacture and fabrication of precision tools, machine parts, and assembly of automated equipment and machine.

Business segmental information has not been prepared as the Group's entire revenue, operating profit, assets employed, liabilities, capital expenditure, depreciation and amortisation, and non-cash expenses are mainly confined to one business segment.

(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	5,442	188,068	9,316
Asia (excludes Malaysia)	30,892	4,576	3
North America	8,265	-	-
Europe	611	-	-
Others	733	-	-
	<u>45,943</u>	<u>192,644</u>	<u>9,319</u>

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 RM9.3 million were acquired during the current period to date (three months ended 30 June 2008: RM0.8 million).

There was no disposal of property, plant and equipment during the current period to date (three months ended 30 June 2008: RM0.1 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

	30 June 2009 RM'000	30 June 2008 RM'000
Contracted but not provided for	<u>16,228</u>	<u>19,448</u>

14. Significant related party transaction

Significant transaction with related parties is as follows:

	3 months ended 30 June 2009 RM'000
Singapore Aerospace Manufacturing Pte Ltd ("SAM"), the Penultimate Holding Company	
- Sales of aerospace parts	16
- Training and engineering supports provided	41
JEP Precision Engineering Pte Ltd, 15% owned company by SAM	
- Purchase of machine accessories	<u>177</u>

15. Review of performance

The Group recorded higher revenue of RM45.9 million for the quarter as compared to RM29.8 million in the preceding quarter, with a profit before tax of RM1.1 million for the quarter as compared to a loss before tax of RM3.4 million in the preceding quarter. The increase in profit was mainly attributed to the 54% increase in revenue in the current quarter coupled with the realisation of ongoing cost reduction efforts.

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

The Group's revenue for the quarter increased slightly by RM0.5 million to RM45.9 million as compared to RM45.4 million in the immediate preceding year's corresponding quarter. Nonetheless, the Group recorded a profit before tax of RM1.1 million for the quarter as compared to a loss before tax of RM3.1 million in the immediate preceding year's corresponding quarter. The loss then was due to RM3.6 million restructuring expenses and impairment loss recognised on plant and equipment which otherwise would have posted a profit before tax of RM0.5million. Excluding the restructuring expenses and impairment loss, the Group posted an improvement on profit before tax of RM0.6 million.

17. Current year prospects

The ongoing uncertainty in global economic conditions makes it difficult to project the future demand, and the Group's major customers are still not providing any form of forecast. Under the current recessionary condition, the Board expects a very challenging year for the Group.

18. Profit forecast and profit guarantee

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

19. Taxation

	3 months ended 30 June 2009 RM'000
Current period	
- provision for taxation	3
- deferred taxation	9
	<hr/>
	12
Prior period	
- under provision for taxation	40
- deferred taxation	(4)
	<hr/>
	48
	<hr/> <hr/>

The effective tax rate is lower than the statutory tax rate mainly 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 were no sales of unquoted investments and/or properties for the current quarter and current financial period-to-date.

21. Quoted investments

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

22. Corporate proposal

There were no corporate proposals that have been announced by the Group but not completed as at the date of this announcement except on 22 August 2008, CIMB Investment Bank Berhad (“CIMB”) announced on behalf of the Company the following proposed restructuring to comply with the public shareholding spread requirement, involving the:

- Proposed bonus issue of 53,161,017 new ordinary shares of RM1.00 each in LKT (“LKT Shares”), to be credited as fully paid-up, on the basis of three (3) new LKT Shares for every four (4) existing LKT Shares held on an entitlement date to be determined and announced later (“Proposed Bonus Issue”);
- Proposed selective capital repayment exercise under Section 64 of the Companies Act, 1965 for 64,042,374 LKT Shares held by Singapore Precision Engineering Limited (“SPE”) after the Proposed Bonus Issue (“Proposed SCR”);
- Proposed issuance to SPE of 64,042,374 irredeemable convertible preference shares of RM1.00 each in LKT at an issue price of RM1.00 each, to be credited as fully paid-up by applying the credit arising from the Proposed SCR (“Proposed ICPS Issuance”);
- Proposed amendments to the Memorandum and Articles of Association of LKT; and
- Proposed increase in the authorised share capital of LKT.

(Collectively, the “Proposals”)

As of to date, the Company has obtained the relevant approvals from the Securities Commission and Ministry of International Trade and Industry for the Proposals. However, on 14 November 2008, the Company announced that the Proposals have been deferred due to current adverse market conditions.

On 19 December 2008, the Company announced that Bursa has approved the extension of time of six (6) months until 13 August 2009 for the Company to comply with the public shareholding spread requirement under the Listing Requirements of Bursa Securities.

The Company has on 22 July 2009 applied to Bursa Malaysia Securities Berhad (“Bursa Securities”) for a further extension of time of 6 months up to 13 February 2010 for the Company to comply with the public shareholding spread requirement under the Listing Requirements of Bursa Securities.

23. Borrowings and debt securities

	As At 30 June 2009 RM'000	As At 31 March 2009 RM'000
Short term borrowings		
Secured	7,262	7,451
Unsecured	1,610	3,406
Long term borrowings		
Secured	22,247	23,304
TOTAL	31,119	34,161

Included in the above, borrowings denominated in foreign currency are as follows:

	USD'000	RM'000 Equivalent
Short term borrowings		
Secured	403	1,428
Unsecured	148	525
Long term borrowings		
Secured	3,452	12,219
	4,003	14,172

24. Financial instruments

	Contracted Amount RM'000	Fair Value RM'000
Forward foreign exchange contracts (within 1 year)	12,743	12,505

25. Material litigation

There were no pending material litigation as at the date of this report.

26. Proposed dividend

No dividend has been recommended for the current quarter.

27. Earnings per share

(a) Basic earning per share

The basic earning per share for the financial period has been calculated based on the Group's net profit attributable to shareholders of RM1.0 million for the 3 months ended 30 June 2009 over the number of ordinary shares in issue during the period of 70,881,357.

28. Authorisation for issue

The Board of Directors authorised the issue of this unaudited interim financial report on 04 August 2009.

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

Lam Voon Kean (MIA 4793)
Company Secretary

Penang
04 August 2009