

Financial Results (v13)

RELEASED

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COMPANY INFORMATION SECTION			
Announcement Type	<input checked="" type="radio"/> New Announcement <input type="radio"/> Amended Announcement		
Company Name	LCTH CORPORATION BERHAD		
Stock Name	LCTH		
Stock Code	5092		
Board	Main Market		
Submitting Secretarial Firm	EPSILON ADVISORY SERVICES SDN BHD		

CONTACT DETAIL			
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MAIN							
General Information							
Financial Year End	31 Dec 2018						
Quarter	1 Qtr						
Quarterly report for the financial period ended	31 Mar 2018						
The figures	have not been audited						
Remarks							
Please attach the full Quarterly Report here	<table border="1"> <thead> <tr> <th>No</th> <th>File Name</th> <th>Size</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Interim Financial Statements - 2018Q1.pdf</td> <td>166.4KB</td> </tr> </tbody> </table>	No	File Name	Size	1	Interim Financial Statements - 2018Q1.pdf	166.4KB
No	File Name	Size					
1	Interim Financial Statements - 2018Q1.pdf	166.4KB					

DEFAULT CURRENCY

Currency	Malaysian Ringgit (MYR)
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Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	31 Mar 2018			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	25,595	23,264	25,595	23,264
2. Profit/(loss) before Tax	1,217	2,179	1,217	2,179
3. Profit/(loss) for the period	761	1,538	761	1,538
4. Profit/(loss) attributable to ordinary equity holders of the parent	761	1,538	761	1,538
5. Basic earnings/(loss) per share (Subunit)	0.21	0.43	0.21	0.43
6. Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)	0.5850		0.5829	

Remarks		
<p>In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:</p>		
Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)				
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Gross interest income	824	757	824	757
2. Gross interest expense	0	0	0	0
Remarks				

OTHER CURRENCY

Other Currency	
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Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	31 Mar 2018			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue				
2. Profit/(loss) before Tax				
3. Profit/(loss) for the period				
4. Profit/(loss) attributable to ordinary equity holders of the parent				
5. Basic earnings/(loss) per share (Subunit)				
6. Proposed/Declared dividend per share (Subunit)				
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7. Net assets per share attributable to ordinary equity holders of the parent (\$\$)				
Remarks				

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit.
Example for the subunit as follows:

Country	Base unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

Part A3 : ADDITIONAL INFORMATION (This Information is for Exchange's Internal Use only)				
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Gross interest income				
2. Gross interest expense				
Remarks				



LCTH CORPORATION BERHAD

(633871-A)

(Incorporated in Malaysia)

Interim Financial Statements

31 March 2018

LCTH CORPORATION BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For The Period Ended 31 March 2018

	Note	Individual Quarter 3 Months Ended		Cumulative-to-date 3 Months Ended	
		31.03.2018	31.03.2017	31.03.2018	31.03.2017
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	B1	25,595	23,264	25,595	23,264
Cost of sales		<u>(21,951)</u>	<u>(19,163)</u>	<u>(21,951)</u>	<u>(19,163)</u>
Gross profit		3,644	4,101	3,644	4,101
Other operating income		3,727	3,668	3,727	3,668
Administrative expenses		(5,459)	(5,065)	(5,459)	(5,065)
Selling expenses		(95)	(83)	(95)	(83)
Other expenses		(150)	(161)	(150)	(161)
Share of results of a joint venture		<u>(450)</u>	<u>(281)</u>	<u>(450)</u>	<u>(281)</u>
Profit before tax	B10	1,217	2,179	1,217	2,179
Income tax expense	B5	<u>(456)</u>	<u>(641)</u>	<u>(456)</u>	<u>(641)</u>
Profit after tax representing total comprehensive income for the period		<u>761</u>	<u>1,538</u>	<u>761</u>	<u>1,538</u>
Total comprehensive income attributable to equity holders of the Company		<u>761</u>	<u>1,538</u>	<u>761</u>	<u>1,538</u>
Basic earnings per share (Sen)		0.21	0.43	0.21	0.43
Diluted earnings per share (Sen)		0.21	0.43	0.21	0.43

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2017 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 2018

	As At 31.03.2018 Unaudited RM'000	As At 31.12.2017 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,892	47,697
Investment properties	24,803	24,936
Investment in a joint venture	4,078	4,528
Deferred tax assets	3,877	3,880
	<u>80,650</u>	<u>81,041</u>
Current assets		
Inventories	15,995	13,315
Trade and other receivables	19,302	25,161
Other current assets	2,239	2,083
Due from holding company	540	170
Tax recoverable	34	-
Short-term investments	8,635	10,084
Cash and bank balances	106,569	102,731
	<u>153,314</u>	<u>153,544</u>
	<u>233,964</u>	<u>234,585</u>
TOTAL ASSETS		
EQUITY AND LIABILITIES		
Current liabilities		
Trade and other payables	21,459	22,614
Other current liabilities	217	284
Due to holding company	883	1,062
Tax payable	369	289
	<u>22,928</u>	<u>24,249</u>
Non-current liability		
Deferred tax liabilities	449	510
	<u>449</u>	<u>510</u>
	<u>23,377</u>	<u>24,759</u>
Total liabilities		
Equity attributable to equity holders of the Company		
Share capital	169,911	169,911
Retained earnings	40,676	39,915
	<u>210,587</u>	<u>209,826</u>
Total equity	<u>210,587</u>	<u>209,826</u>
TOTAL EQUITY AND LIABILITIES	<u>233,964</u>	<u>234,585</u>
Net current assets	130,386	129,295
Net assets	<u>210,587</u>	<u>209,826</u>

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2017 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 2018

	Non-distributable ←-----→		Distributable ←-----→	
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 January 2017	72,000	97,911	38,689	208,600
Total comprehensive income for the period	-	-	1,538	1,538
Transition to no par value regime (Note a)	97,911	(97,911)	-	-
Balance at 31 March 2017	<u>169,911</u>	<u>-</u>	<u>40,227</u>	<u>210,138</u>
Balance at 1 January 2018	169,911	-	39,915	209,826
Total comprehensive income for the period	-	-	761	761
Balance at 31 March 2018	<u>169,911</u>	<u>-</u>	<u>40,676</u>	<u>210,587</u>

Note a:

With the Companies Act 2016 ("the 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 Act within 24 months after the commencement of the Act.

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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 31 March 2018

	3 Months Ended 31.03.2018 Unaudited RM'000	3 Months Ended 31.03.2017 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,217	2,179
Adjustments for :		
Depreciation and amortisation	1,442	1,315
Interest income	(824)	(757)
Investment income	(48)	(38)
Provision for obsolete inventories	1	73
Property, plant and equipment written off	-	11
Net unrealised foreign exchange (gain) / loss	(59)	944
Share of results of a joint venture	450	281
Operating cash flow before working capital changes	2,179	4,008
Inventories	(2,681)	434
Receivables	5,541	1,108
Other current assets	(156)	(487)
Payables	(1,328)	(5,877)
Other current liabilities	(67)	(97)
Cash generated from/(used in) operations	3,488	(911)
Income tax paid	(468)	(208)
Net cash generated from/(used in) operating activities	3,020	(1,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	824	757
Investment income	48	38
Deposits pledged	(72)	(69)
Purchase of property, plant and equipment	(1,504)	(1,332)
Withdrawal of short term investments	1,449	417
Withdrawal of deposits for more than 3-months maturity with licensed banks	6,333	28,566
Net cash generated from investing activities	7,078	28,377
Net increase in cash and cash equivalents	10,098	27,258
Cash and cash equivalents at beginning of the financial period	64,925	37,090
Cash and cash equivalents at end of the financial period	75,023	64,348
For the purpose of statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial period:-		
Cash in hand and at banks	17,568	27,403
Deposits with licensed banks	83,801	80,028
Repurchase agreements	5,200	400
Total cash and bank balances	106,569	107,831
Less: Deposits pledged	(9,753)	(9,468)
Less: Deposits more than 3 months maturity period with a licensed bank	(21,793)	(34,015)
Cash and cash equivalents	75,023	64,348

This statement should be read in conjunction with the Company's audited financial statements for the year ended 31 December 2017 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 for release by the Board of Directors on 14 May 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 2017. 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 2017.

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 2017 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

(a) Adoption of standards

Description	Effective for annual periods beginning on or after
MFRS 2: Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 140: Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014-2016 Cycle	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018

The adoption of the above standards do not have significant financial impact to the Group's consolidated financial statements for the current quarter other than the following:

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A3. Significant Accounting Policies (continued)

(a) Adoption of standards (continued)

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 depicts 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.

The Group adopted MFRS 15 using the modified retrospective method. The effect of adopting MFRS 15 is, as follows:

(i) Rendering of services

The Group provides delivery services. These services are bundled together with the sale of goods to a customer. Currently, the Group accounts for the bundled sales as one deliverable and recognises revenue at a point in time. Under MFRS 15, the sale of goods and the rendering of delivery services are separate deliverables of bundled sales. The considerations received or receivable should be allocated between these deliverables based on relative stand-alone selling prices of each deliverable. The delivery services will be recognised over time and its stage of completion will be measured using the actual time incurred to date compared to the estimated time needed to complete the delivery services.

In addition, costs relating to the fulfilment of the delivery services currently classified as distribution expenses shall be reclassified as costs of goods sold under MFRS 15.

The Group did not identify any material impact to revenue, cost of sales and profit for the current financial period upon the adoption of MFRS 15.

(ii) Presentation and disclosure requirements

As required for the condensed interim financial statements, the Group disaggregated revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. The Group also disclosed information about the relation between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to note A10 for the disclosure on disaggregated revenue.

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(a) Adoption of standards (continued)

MFRS 9 Financial Instruments (continued)

The effect of adopting MFRS 9 is, as follows:

(i) Classification and measurement

The Group does not expect a significant impact on its statements of financial position or equity on applying the classification and measurement requirements of MFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group and the Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group applies the simplified approach and records lifetime expected losses on all receivables. Due to the strong creditworthiness of the Group's debtors, the Group has determined that there shall not be any loss allowance required.

(iii) Hedge accounting

As the Group does not apply hedge accounting, applying the hedging requirements of MFRS 9 shall not have a significant impact on the Group and the Company's consolidated financial statements.

(b) Standards issued but not yet effective

At the date of authorization of these interim financial statements, the following Standards, Amendments, Annual Improvements 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
MFRS 9: Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
MFRS 16: Leases	1 January 2019
MFRS 128: Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	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

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

(b) Standards issued but not yet effective (continued)

The adoption of these Standards, Amendments, Annual Improvements and IC Interpretations above will have no material impact on the financial statements in the year of initial adoption, except as discussed below :

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. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at present value of the lease payment that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications.

Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flow) and an interest portion (which will be presented as operating cash flow).

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 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

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 in the midst of assessing the potential impact of MFRS 16 on its financial statements.

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 2017 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.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2018.

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 ended 31 March 2018.

A9. Dividend Paid

No dividend was paid during the current quarter.

A10. Revenue from contracts with customers

3 Months Ended 31 March 2018

	Local RM'000	Export RM'000	Total RM'000
Sales of goods	446	23,687	24,133
Tooling contracts	-	1,462	1,462
Total revenue from contracts with customers	446	25,149	25,595

3 Months Ended 31 March 2017

Sales of goods	322	21,428	21,750
Tooling contracts	-	1,514	1,514
Total revenue from contracts with customers	322	22,942	23,264

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A11. 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
3 Months Ended 31 March 2018				
Segment revenue:				
Sales to external customers	446	25,149	-	25,595
Inter-segment sales	145	-	(145)	-
Total	<u>591</u>	<u>25,149</u>	<u>(145)</u>	<u>25,595</u>
Segment results	<u>35</u>	<u>1,632</u>	<u>(450)</u>	<u>1,217</u>
3 Months Ended 31 March 2017				
Segment revenue:				
Sales to external customers	322	22,942	-	23,264
Inter-segment sales	145	-	(145)	-
Total	<u>467</u>	<u>22,942</u>	<u>(145)</u>	<u>23,264</u>
Segment results	<u>129</u>	<u>2,331</u>	<u>(281)</u>	<u>2,179</u>

A12. Events after the reporting period

Except as disclosed in note B6, there were no material events subsequent to the end of the reporting quarter and the date of this announcement.

A13. Changes in the Composition of the Group

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

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A14. 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 March 2018, there is no outstanding amounts in respect of this agreement; and

(ii) Corporate guarantees extended by the Company

	As at 31.03.18 RM'000	As at 31.12.17 RM'000
In relation to corporate guarantees given to banks of subsidiaries by the Company	<u>10,358</u>	<u>10,558</u>

There were no contingent assets since the last year ended 31 December 2017.

A15. Capital Commitments

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

	As at 31.03.18 RM'000	As at 31.03.17 RM'000
Approved and contracted for: Property, plant and equipment	<u>9,599</u>	<u>2,837</u>
Approved but not contracted for: Property, plant and equipment	<u>-</u>	<u>7,500</u>

A16. Related Party Transactions

	Cumulative-to-date 3 Months Ended	
	31.03.18 RM'000	31.03.17 RM'000
With ultimate holding company*:		
Sale of finished goods	134	34
Sale of precision moulds and dies	513	3
Purchase of raw material, precision plastic parts and components and precision mould and dies	460	355
Management fees	<u>269</u>	<u>282</u>
With joint venture company:		
Rental of buildings	<u>323</u>	<u>323</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.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A17. 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 period ended 31 March 2018.

Acquisition and disposals:-

	Cumulative-to-date 3 Months Ended	
	31.03.18 RM'000	31.03.17 RM'000
Property, Plant and Equipment acquired	1,504	1,332

A18. Earnings Per Share

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

	Individual Quarter 3 months Ended		Cumulative-to-date 3 Months Ended	
	31.03.18	31.03.17	31.03.18	31.03.17
Net profit attributable to equity holders of the Company (RM'000)	761	1,538	761	1,538
Weighted average number of ordinary shares ('000)	360,000	360,000	360,000	360,000
Basic earnings and diluted earnings per share (Sen)	0.21	0.43	0.21	0.43

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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

Financial review for current quarter

	Individual Quarter		Changes (Amount RM'000 / %)	Cumulative-to-date		Changes (Amount RM'000 / %)
	3 Months Ended 31.03.18 RM'000	3 Months Ended 31.03.17 RM'000		3 Months Ended 31.03.18 RM'000	3 Months Ended 31.03.17 RM'000	
Revenue	25,595	23,264	2,331 / 10.0%	25,595	23,264	2,331 / 10.0%
Operating Profit	2,428	2,859	(431) / -15.1%	2,428	2,859	(431) / -15.1%
Foreign Exchange (Loss) / Gain	(761)	(399)	(362) / 90.7%	(761)	(399)	(362) / -90.7%
Share of result of a joint venture	(450)	(281)	(169) / 60.1%	(450)	(281)	(169) / 60.1%
Profit Before Interest and Tax	1,217	2,179	(962) / -44.1%	1,217	2,179	(962) / -44.1%
Profit Before Tax	1,217	2,179	(962) / -44.1%	1,217	2,179	(962) / -44.1%
Profit After Tax	761	1,538	(777) / -50.5%	761	1,538	(777) / -50.5%
Profit attributable to equity holders of the Company	761	1,538	(777) / -50.5%	761	1,538	(777) / -50.5%

Performance of the current quarter against the preceding quarter (Q1 2018 versus Q1 2017)

The Group recorded a revenue of RM25.6 million for the first quarter ended 31 March 2018. This is RM2.3 million or 10.0% higher compared to the revenue of RM23.3 million in the corresponding quarter in 2017. The increase in revenue was due mainly to the increase in orders of medical products and other non-core sales.

The Group recorded a profit before tax of RM1.2 million in the current quarter, which is RM1.0 million lower than the profit before tax of RM2.2 million in the corresponding quarter in 2017. This was due mainly to higher foreign exchange loss of RM0.4 million, higher share of loss of a joint venture of RM0.2 million and lower profit margin on product sold in current quarter.

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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 31.03.18 RM'000	Immediate Preceding Quarter 31.12.17 RM'000	Changes (Amount RM'000 / %)
Revenue	25,595	34,170	(8,575) / -25.1%
Operating Profit	2,428	6,044	(3,616) / -59.8%
Foreign Exchange Loss	(761)	(780)	19 / 2.4%
Share of result of a joint venture	(450)	(863)	413 / 47.9%
Profit Before Interest and Tax	1,217	4,401	(3,184) / -72.3%
Profit Before Tax	1,217	4,401	(3,184) / -72.3%
Profit After Tax	761	3,968	(3,207) / -80.8%
Profit attributable to equity holders of the Company	761	3,968	(3,207) / -80.8%

Performance of the current quarter compared with immediate preceding quarter (Q1 2018 versus Q4 2017)

The Group recorded a revenue of RM25.6 million for the current quarter, a decrease of RM8.6 million or 25.1% compared to the RM34.2 million in the immediate preceding quarter. The decrease in revenue was due mainly to the decrease in orders of consumer and medical products.

The Group recorded a profit before tax of RM1.2 million for the current reporting quarter, a decrease of RM3.2 million compared to the RM4.4 million in the immediate preceding quarter. This was due mainly to lower revenue and lower profit margin on product sold in current quarter.

B3. Prospects

In view of the threat of trade war between United States of America and China, 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		Cumulative-to-date	
	3 Months Ended		3 Months Ended	
	31.03.18	31.03.17	31.03.18	31.03.17
	RM'000	RM'000	RM'000	RM'000
Current year tax	514	472	514	472
Deferred tax	(58)	169	(58)	169
	<u>456</u>	<u>641</u>	<u>456</u>	<u>641</u>
Statutory tax rate	24%	24%	24%	24%
Effective tax rate	37%	25%	37%	29%

Current income tax is calculated at the statutory tax rate of 24% (2017: 24%) on the estimated assessable profit for the 3 months ended 31 March 2018. The effective tax rates of the Group for current quarter was higher than the statutory tax rate due mainly to inclusion of share of result of a joint venture which is net of tax and certain expenses which are not deductible for tax purposes.

B6. Corporate Proposal

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") with the payment of RM0.58 per share to the shareholders of the Company other than the Non-Entitled Shareholders ("Entitled Shareholders").

The Special Resolution in respect of the Proposed SCR was approved on 8 March 2018. The Company had on 28 March 2018 filed the petition to the High Court of Malaya at Kuala Lumpur ("High Court") to obtain an order by the High Court confirming the reduction of share capital in accordance with Section 116 of the Act giving effect to the Proposed SCR. The wholly-owned subsidiary, Classic Advantage Sdn Bhd ("CASB") has on 24 April 2018 received the letter from Ministry of International Trade and Industry ("MITI") dated 19 April 2018 approving the removal of the equity condition in the Manufacturing Licenses of CASB. The High Court of Malaya had on 14 May 2018 granted an order confirming the reduction of share capital in accordance with Section 116 of the Act ("High Court Order"). All the conditions of the SCR have been satisfied.

The SCR will take effect upon lodgement of an office copy of the High Court Order with the Registrar of Companies in Malaysia pursuant to Section 116(6) of the Act. The entitlement date in respect of the SCR will be announced in due course.

Please refer to the Company's announcements dated 7 December 2017, 14 December 2017, 4 January 2018, 5 January 2018, 8 January 2018, 10 January 2018, 12 January 2018, 13 February 2018, 14 February 2018, 8 March 2018, 28 March 2018, 24 April 2018 and 14 May 2018, and the circular to shareholders dated 14 February 2018 for further details on the Proposed SCR.

Save for the Proposed SCR, there is no other pending corporate proposal as at the date of this report.

B7. Material Litigation

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

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

B8. Dividends Declared

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

B9. Earnings per Share

The computation of earnings per share is disclosed in note A18.

B10. Profit Before Tax

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

	Individual Quarter		Cumulative-to-date	
	3 Months Ended		3 Months Ended	
	31.03.18	31.03.17	31.03.18	31.03.17
	RM'000	RM'000	RM'000	RM'000
Interest Income	(824)	(757)	(824)	(757)
Investment Income	(48)	(38)	(48)	(38)
Rental Income	(2,808)	(2,808)	(2,808)	(2,808)
Depreciation and amortisation of:-				
Properties, plants and equipment	1,309	1,171	1,309	1,171
Investment properties	133	144	133	144
Unrealised foreign exchange (gain)/loss	(59)	944	(59)	944
Realised foreign exchange loss/(gain)	820	(545)	820	(545)
Provision for obsolete inventories	1	73	1	73
Property, plant and equipment written off	-	11	-	11

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 2018.

By Order of the Board

Company Secretary
14 May 2018