

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 2017						
Quarter	2 Qtr						
Quarterly report for the financial period ended	30 Jun 2017						
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 - 2017Q2 (final).pdf</td> <td>156.1KB</td> </tr> </tbody> </table>	No	File Name	Size	1	Interim Financial Statements - 2017Q2 (final).pdf	156.1KB
No	File Name	Size					
1	Interim Financial Statements - 2017Q2 (final).pdf	156.1KB					

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	30 Jun 2017			
	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000	[dd/mm/yyyy] \$\$'000
1. Revenue	24,867	28,603	48,131	60,463
2. Profit/(loss) before Tax	1,931	4,367	4,110	6,825
3. Profit/(loss) for the period	1,248	3,263	2,786	5,105
4. Profit/(loss) attributable to ordinary equity holders of the parent	1,248	3,263	2,786	5,105
5. Basic earnings/(loss) per share (Subunit)	0.35	0.91	0.77	1.42
6. Proposed/Declared dividend per share (Subunit)	0.50	0.50	0.50	0.50
	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 (\$\$)	0.5722		0.5794	
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
	30 Jun 2017 [dd/mm/yyyy] \$\$'000	30 Jun 2016 [dd/mm/yyyy] \$\$'000	30 Jun 2017 [dd/mm/yyyy] \$\$'000	30 Jun 2016 [dd/mm/yyyy] \$\$'000
1. Gross interest income	794	848	1,551	1,635
2. Gross interest expense	0	0	0	0

Remarks

OTHER CURRENCY

Other Currency				
Part A2 : SUMMARY OF KEY FINANCIAL INFORMATION				
Summary of the Key Financial Information for the financial period ended	30 Jun 2017			
	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				

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LCTH CORPORATION BERHAD

(633871-A)

(Incorporated in Malaysia)

Interim Financial Statements

30 June 2017

LCTH CORPORATION BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Period Ended 30 June 2017

	Note	Individual Quarter 3 Months Ended		Cumulative-to-date 6 Months Ended	
		30.06.2017	30.06.2016	30.06.2017	30.06.2016
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	B1	24,867	28,603	48,131	60,463
Cost of sales		(20,996)	(23,980)	(40,159)	(49,739)
Gross profit		3,871	4,623	7,972	10,724
Other operating income		3,711	3,727	7,379	7,338
Administrative expenses		(4,917)	(3,869)	(9,982)	(11,006)
Selling expenses		(63)	(84)	(146)	(193)
Other expenses		(150)	(166)	(311)	(333)
Share of results of a joint venture		(521)	136	(802)	295
Profit before tax	B9	1,931	4,367	4,110	6,825
Income tax expense	B5	(683)	(1,104)	(1,324)	(1,720)
Profit after tax representing total comprehensive income for the period		<u>1,248</u>	<u>3,263</u>	<u>2,786</u>	<u>5,105</u>
Total comprehensive income attributable to equity holders of the Company		<u>1,248</u>	<u>3,263</u>	<u>2,786</u>	<u>5,105</u>
Basic earnings per share (Sen)		0.35	0.91	0.77	1.42
Diluted earnings per share (Sen)		0.35	0.91	0.77	1.42

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 30 June 2017

	As At 30.06.2017 Unaudited RM'000	As At 31.12.2016 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	47,680	45,277
Investment properties	25,203	25,480
Investment in a joint venture	5,905	6,707
Deferred tax assets	4,981	5,369
	<u>83,769</u>	<u>82,833</u>
Current assets		
Inventories	10,249	9,408
Trade receivables	17,941	20,124
Other receivables	3,106	2,767
Due from holding company	156	189
Tax recoverable	-	253
Short-term investments	8,759	8,305
Cash and bank balances	105,492	109,070
	<u>145,703</u>	<u>150,116</u>
TOTAL ASSETS	<u>229,472</u>	<u>232,949</u>
EQUITY AND LIABILITIES		
Current liabilities		
Trade payables	10,401	11,238
Other payables	11,031	10,944
Due to holding company	523	692
Tax payable	606	432
	<u>22,561</u>	<u>23,306</u>
Non-current liability		
Deferred tax liabilities	925	1,043
	<u>925</u>	<u>1,043</u>
Total liabilities	<u>23,486</u>	<u>24,349</u>
Equity attributable to equity holders of the Company		
Share capital	169,911	72,000
Share premium	-	97,911
Retained earnings	36,075	38,689
Total equity	<u>205,986</u>	<u>208,600</u>
TOTAL EQUITY AND LIABILITIES	<u>229,472</u>	<u>232,949</u>
Net current assets	123,142	126,810
Net assets	<u>205,986</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 Period Ended 30 June 2017

	Non-distributable <----->		Distributable <----->	
	Share capital RM'000	Share premium RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 January 2016	72,000	97,911	38,609	208,520
Total comprehensive income for the period	-	-	5,105	5,105
Dividends	-	-	(10,800)	(10,800)
Balance at 30 June 2016	<u>72,000</u>	<u>97,911</u>	<u>32,914</u>	<u>202,825</u>
Balance at 1 January 2017	72,000	97,911	38,689	208,600
Total comprehensive income for the period	-	-	2,786	2,786
Adjustments for effects of Companies Act 2016 (Note a)	97,911	(97,911)	-	-
Dividends			(5,400)	(5,400)
Balance at 30 June 2017	<u>169,911</u>	<u>-</u>	<u>36,075</u>	<u>205,986</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 Period Ended 30 June 2017

	6 Months Ended 30.06.2017 Unaudited RM'000	6 Months Ended 30.06.2016 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,110	6,825
Adjustments for :		
Depreciation and amortisation	2,666	2,584
Interest income	(1,551)	(1,635)
Investment income	(86)	(136)
Provision for obsolete inventories	39	182
Property, plant and equipment written off	14	3
Gain on disposal of property, plant and equipment	(1)	-
Net unrealised foreign exchange loss	1,437	608
Share of results of a joint venture	802	(295)
Operating cash flow before working capital changes	7,430	8,136
Inventories	(880)	(2,243)
Receivables	1,269	3,676
Other current assets	(901)	623
Payables	(829)	(6,752)
Other current liabilities	(19)	(529)
Cash generated from operations	6,070	2,911
Income tax paid	(627)	(956)
Net cash generated from operating activities	5,443	1,955
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,551	1,635
Investment income	86	136
Dividend received from joint venture	-	1,120
Deposits pledged	(139)	(145)
Purchase of property, plant and equipment	(4,828)	(222)
Proceeds from disposal of property, plant and equipment	23	-
(Placement) / Withdrawal of short term investments	(454)	2,152
Withdrawal of deposits for more than 3-months maturity with licensed bank	33,627	6,777
Net cash generated from investing activities	29,866	11,453
CASH FLOWS FROM FINANCING ACTIVITY		
Dividend payment	(5,400)	(10,800)
Net cash used in financing activity	(5,400)	(10,800)
Net increase in cash and cash equivalents	29,909	2,608
Cash and cash equivalents at beginning of the financial period	37,090	27,496
Cash and cash equivalents at end of the financial period	66,999	30,104
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	18,130	19,937
Deposits with licensed banks	83,262	75,033
Repurchase agreements	4,100	2,800
Total cash and bank balances	105,492	97,770
Less: Deposits pledged	(9,539)	(9,259)
Less: Deposits more than 3 months maturity period with a licensed bank	(28,954)	(58,407)
Cash and cash equivalents	66,999	30,104

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 11 August 2017.

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.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A3. Significant Accounting Policies (continued)

(ii) Standards Amendments, Annual Improvement and IC Interpretations issued but not yet effective

At the date of authorization of these interim financial statements, the followings Standards Amendments, Annual Improvement 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
Annual Improvements to MFRS Standards 2014-2016 Cycle	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
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, Annual Improvement 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.

LCTH CORPORATION BERHAD

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

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 30 June 2017.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A7. Material Changes in Estimates

There have been no significant changes in estimates used for the preparation of the interim financial statements.

A8. Changes in Debts and Equity Securities

There were no issuances, cancellations, repurchase, resale and repayments of debt and equity securities for the current financial period to-date.

A9. Dividend Paid

The final single tier tax-exempt dividend of 1.5 sen per share in respect of the year ended 31 December 2016 was paid on 16 May 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
6 Months Ended 30 June 2017				
Segment revenue:				
Sales to external customers	505	47,626	-	48,131
Inter-segment sales	290	-	(290)	-
Total	<u>795</u>	<u>47,626</u>	<u>(290)</u>	<u>48,131</u>
Segment results	<u>363</u>	<u>4,549</u>	<u>(802)</u>	<u>4,110</u>
6 Months Ended 30 June 2016				
Segment revenue:				
Sales to external customers	371	60,092	-	60,463
Inter-segment sales	290	-	(290)	-
Total	<u>661</u>	<u>60,092</u>	<u>(290)</u>	<u>60,463</u>
Segment results	<u>968</u>	<u>5,857</u>	<u>-</u>	<u>6,825</u>

A11. Events after the reporting period

There were no material events subsequent to the end of the reporting quarter and the date of this announcement.

LCTH CORPORATION BERHAD

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A12. Changes in the Composition of the Group

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

A13. Contingent Liabilities and Contingent Assets

	As at 30.06.17 RM'000	As at 31.12.16 RM'000
In relation to corporate guarantees given to banks of subsidiaries by the Company	<u>10,518</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:

	As at 30.06.17 RM'000	As at 30.06.16 RM'000
Approved and contracted for:		
Property, plant and equipment	<u>639</u>	<u>360</u>
Approved but not contracted for:		
Property, plant and equipment	<u>7,500</u>	<u>5,000</u>

A15. Related Party Transactions

	Cumulative-to-date 6 Months Ended	
	30.06.17 RM'000	30.06.16 RM'000
With ultimate holding company*:		
Sale of finished goods	134	159
Sale of raw material, spare parts, packaging materials and handling charges	31	-
Sale of precision moulds and dies	3	635
Purchase of raw material, precision plastic parts and components and precision mould and dies	525	512
Management fees	<u>563</u>	<u>417</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>645</u>	<u>644</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

A16. Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation. There was no revaluation of property, plant and equipment for the current quarter and financial year to-date.

Acquisition and disposals:-

	Cumulative-to-date 6 Months Ended	
	30.06.17 RM'000	30.06.16 RM'000
Property, Plant and Equipment acquired	4,828	222
Property, Plant and Equipment disposed (net book value)	22	-
Gain on disposal	1	-

A17. Earnings Per Share

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

	Individual Quarter 3 months Ended		Cumulative-to-date 6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
Net profit attributable to equity holders of the Company (RM'000)	1,248	3,263	2,786	5,105
Weighted average number of ordinary shares ('000)	360,000	360,000	360,000	360,000
Basic earnings and diluted earnings per share (Sen)	0.35	0.91	0.77	1.42

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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 and financial year to date

	Individual Quarter			Changes (Amount RM'000 / %)	Cumulative-to-date		
	3 Months Ended		30.06.17		6 Months Ended		Changes (Amount RM'000 / %)
	30.06.17	30.06.16			30.06.17	30.06.16	
	RM'000	RM'000	RM'000 / %	RM'000	RM'000	RM'000 / %	
Revenue	24,867	28,603	(3,736) / -13.1%	48,131	60,463	(12,332) / -20.4%	
Operating Profit	3,368	3,501	(133) / -3.8%	6,226	8,335	(2,109) / -25.3%	
Foreign Exchange (Loss) / Gain	(916)	730	(1,646) / -225.5%	(1,314)	(1,805)	491 / 27.2%	
Share of result of a joint venture	(521)	136	(657) / -483.1%	(802)	295	(1,097) / -371.9%	
Profit Before Interest and Tax	1,931	4,367	(2,436) / -55.8%	4,110	6,825	(2,715) / -39.8%	
Profit Before Tax	1,931	4,367	(2,436) / -55.8%	4,110	6,825	(2,715) / -39.8%	
Profit After Tax	1,248	3,263	(2,015) / -61.8%	2,786	5,105	(2,319) / -45.4%	
Profit attributable to equity holders of the Company	1,248	3,263	(2,015) / -61.8%	2,786	5,105	(2,319) / -45.4%	

Performance of the current quarter against the preceding quarter (Q2 2017 versus Q2 2016)

The Group recorded a revenue of RM24.9 million for the second quarter ended 30 June 2017. This is RM3.7 million or 13.1% lower compared to the revenue of RM28.6 million in the corresponding quarter in 2016. The decrease in revenue was due mainly to decrease in customers' orders.

The Group recorded a profit before tax of RM1.9 million in the current quarter, which is RM2.4 million lower than the profit before tax of RM4.3 million in the corresponding quarter in 2016. This was due mainly to a foreign exchange loss of RM0.9 million in current quarter as compared to a gain of RM0.7 million in the corresponding quarter in 2016. In addition, share of result of joint venture decreased by RM0.7 million in the current reporting quarter as compared to the corresponding quarter in 2016.

Performance of the current year to date against the preceding year to date (1H 2017 versus 1H 2016)

The Group recorded a revenue of RM48.1 million for the current year to date ended 30 June 2017. This is RM12.3 million or 20.4% lower compared to the revenue of RM60.4 million in the corresponding period in 2016. The decrease in revenue was due mainly to decrease in customers' orders.

The Group recorded a profit before tax of RM4.1 million in the first half of year 2017, which is RM2.7 million lower than the profit before tax of RM6.8 million in the first half of year 2016. This was due mainly to lower gross profit from lower revenue and decrease in share of result of joint venture amounting to RM2.7 million and RM1.1 million respectively, offset with the lower foreign exchange loss of RM0.5 million.

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B2. Comparison with The Immediate Preceding Quarter

	Current Quarter 30.06.17 RM'000	Immediate Preceding Quarter 31.03.17 RM'000	Changes (Amount RM'000 / %)
Revenue	24,867	23,264	1,603 / 6.9%
Operating Profit	3,368	2,858	510 / 17.8%
Foreign Exchange (Loss) / Gain	(916)	(398)	(518) / -130.2%
Share of result of a joint venture	(521)	(281)	(240) / -85.4%
Profit Before Interest and Tax	1,931	2,179	(248) / -11.4%
Profit Before Tax	1,931	2,179	(248) / -11.4%
Profit After Tax	1,248	1,538	(290) / -18.9%
Profit attributable to equity holders of the Company	1,248	1,538	(290) / -18.9%

Performance of the current quarter compared with immediate preceding quarter (Q2 2017 versus Q1 2017)

The Group recorded a revenue of RM24.9 million for the current quarter, an increase of RM1.6 million or 6.9% compared to the RM23.3 million in the immediate preceding quarter. The increase in revenue was due mainly to increase in customers' orders.

The Group recorded a profit before tax of RM1.9 million for the current reporting quarter, a decrease of RM0.3 million compared to the RM2.2 million in the immediate preceding quarter. This was due mainly to higher foreign exchange loss of RM0.5 million in the current reporting quarter as compared to the immediate preceding quarter.

B3. Prospects

In view of the ongoing uncertainties in the global economic situation, including volatility in crude oil prices and foreign exchange rates, the Group expects the economic climate for the second half of year 2017 to be 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. However, the Group will continue to expand its market share with existing and new customers, 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.

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B5. Income Tax Expense

	Individual Quarter 3 Months Ended		Cumulative-to-date 6 Months Ended	
	30.06.17 RM'000	30.06.16 RM'000	30.06.17 RM'000	30.06.16 RM'000
Current year tax	582	593	1,054	1,004
Deferred tax	101	511	270	716
	<u>683</u>	<u>1,104</u>	<u>1,324</u>	<u>1,720</u>
Statutory tax rate	24%	24%	24%	24%
Effective tax rate	35%	25%	32%	25%

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 the current quarter and financial year to-date were higher than the statutory tax rate due mainly to certain expenses which are not deductible and inclusion of share of result of a joint venture which is net of tax.

B6. Material Litigation

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

B7. Dividends Declared

The Board approved the first interim single tier dividend of 0.5 sen per share on 11 August 2017, payable on 19 September 2017 to shareholders on book closure date of 28 August 2017, totalling RM1.8 million for year ending 31 December 2017.

B8. Earnings per Share

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

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B9. Profit Before Tax

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

	Individual Quarter		Cumulative-to-date	
	3 Months Ended		6 Months Ended	
	30.06.17	30.06.16	30.06.17	30.06.16
	RM'000	RM'000	RM'000	RM'000
Interest Income	(794)	(848)	(1,551)	(1,635)
Investment Income	(48)	(71)	(86)	(136)
Rental Income	(2,808)	(2,757)	(5,616)	(5,462)
Depreciation and amortisation of:-				
Properties, plants and equipment	1,218	1,126	2,389	2,286
Investment properties	133	149	277	298
Unrealised foreign exchange loss/(gain)	493	(1,773)	1,437	608
Realised foreign exchange loss/(gain)	422	1,043	(123)	1,197
(Reversal of) / Provision for obsolete inventories	(34)	182	39	182
Gain on disposal of property, plants and equipment	(1)	-	(1)	-
Property, plant and equipment written off	3	-	14	3

There were no gain or loss on disposal of quoted or unquoted investments, impairment of assets, gain or loss on derivatives and exceptional items for the current quarter under review and cumulative period ended 30 June 2017.

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

	As at	
	30.06.17	31.12.16
	RM'000	RM'000
Retained earnings of the Company and its subsidiaries :		
- Realised Profit	105,542	105,335
- Unrealised (Loss)/Profit	<u>(1,437)</u>	<u>577</u>
	<u>104,105</u>	<u>105,912</u>
Total share of retained profits from joint venture :		
- Realised (loss)/Profit	(358)	232
- Unrealised (Loss)/Profit	<u>(137)</u>	<u>75</u>
	<u>(495)</u>	<u>307</u>
Less: Consolidation adjustments	<u>(67,535)</u>	<u>(67,530)</u>
Retained earnings per financial statements	<u>36,075</u>	<u>38,689</u>

By Order of the Board

Company Secretary
11 August 2017