LCTH CORPORATION BERHAD

(633871-A)

ANNUAL REPORT

2007

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NOTICE OF FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourth Annual General Meeting of the Company will be held at Melati Hall, 2nd Floor Club House, Hotel Sofitel Palm Resort, Jalan Persiaran Golf, Off Jalan Jumbo, 81250 Senai, Johor on Friday, 18 April 2008 at 10.30 a.m. for the purpose of considering the following businesses :

1. To receive the Audited Financial Statements for the year ended 31 December 2007 together with the Reports of the Directors and the Auditors thereon.

2. To re-elect the following Directors who are retiring pursuant to Article 101 of the Company's Articles of Association :

   (i) Ching Heng Yang — **Resolution 1**

   (ii) Tam Wai — **Resolution 2**

3. To consider and, if thought fit, pass the following resolution : — **Resolution 3**

   "THAT, pursuant to Section 129(6) of the Companies Act, 1965, Datuk Muhammad Feisol Bin Haji Hassan be re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting."

4. To re-appoint Messrs. Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Resolution 4**

5. To consider and, if thought fit, pass the following resolutions :

   ORDINARY RESOLUTION NO. 1
   Authority to allot shares pursuant to Section 132D of the Companies Act, 1965 — **Resolution 5**

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

   ORDINARY RESOLUTION NO. 2
   Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving the Company's subsidiaries, Classic Advantage Sdn Bhd and Fu Hao Manufacturing (M) Sdn Bhd with the companies in the Fu Yu Corporation Ltd Group. — **Resolution 6**

   "THAT approval be and is hereby given to the Company's subsidiaries, Classic Advantage Sdn Bhd and Fu Hao Manufacturing (M) Sdn Bhd, to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature and to give effect to the specified Recurrent Related Party Transactions with the companies in the Fu Yu Corporation Ltd Group as stated in Section 2.2.3 of the Circular to Shareholders dated 27 March 2008 which are necessary for the day to day operations of LCTH Group provided that :

i) the transactions are carried out in the ordinary course of business and are on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and not detrimental to the minority shareholders; and

ii) disclosure is made in the Annual Report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate during the financial year; pursuant to the Shareholders' Mandate during the financial year;

AND THAT such approval shall continue to be in force until :

a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting the authority is renewed; or
b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Malaysian Companies Act, 1965 ("the Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
c) revoked or varied by resolution passed by the Shareholders in general meeting;

whichever is earlier,

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Renewal of Shareholders' Mandate."

Resolution 7

SPECIAL RESOLUTION NO. 1

"THAT the following Articles of Association of the Company be amended as follows :

i) That the existing definition of "Approved Market Place" in Article 2 be deleted in toto.

ii) That the existing Article 33 be amended as follows :

Existing Article 33	New Article 33
Where if applicable -	Where if applicable -
(a) the securities of the Company are listed on an Approved Market Place; and	(a) the securities of the Company are listed on another stock exchange; and
(b) the Company is exempted from compliance with Section 14 of the Central Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act, 1998, as the case may be under the Rules in respect of such securities,	(b) the Company is exempted from compliance with Section 14 of the Securities Industry (Central Depositories) Act 1991 or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Central Depository in respect of such securities,

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the Approved Market Place (hereinafter referred to as the "Foreign Register"), to the register of holders maintained by the Registrar of the Company in Malaysia (hereinafter referred to as "the Malaysian Register") subject to the following conditions:- (i) there shall be no change in the ownership of such securities; and (ii) the transmission shall be executed by causing such securities to be credited directly into the securities account of such securities holder. For the avoidance of doubt, where the requirements of subparagraphs (a) and (b) above are fulfilled, the Company shall not allow any transmission of securities from the Malaysian Register into the Foreign Register.	the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of the other stock exchange, to the register of holders maintained by the registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.

By Order of the Board

LEONG OI WAH (MAICSA 7023802)
Company Secretary

Petaling Jaya
27 March 2008

NOTES:

1. *A member of the company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.*

2. *A proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.*

3. *A member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the member specifies the proportion of his securities holdings to be represented by each proxy.*

4. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorized in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.*

5. *The instrument appointing a proxy shall be left at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.*

NOTES ON SPECIAL BUSINESS

(i) Ordinary Resolution No. 1

The proposed Ordinary Resolution No. 1 will give powers to the Directors to issue up to a maximum ten per centum (10%) of the issued share capital of the Company for the time being for such purposes as the Directors would consider in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

(ii) Ordinary Resolution No. 2

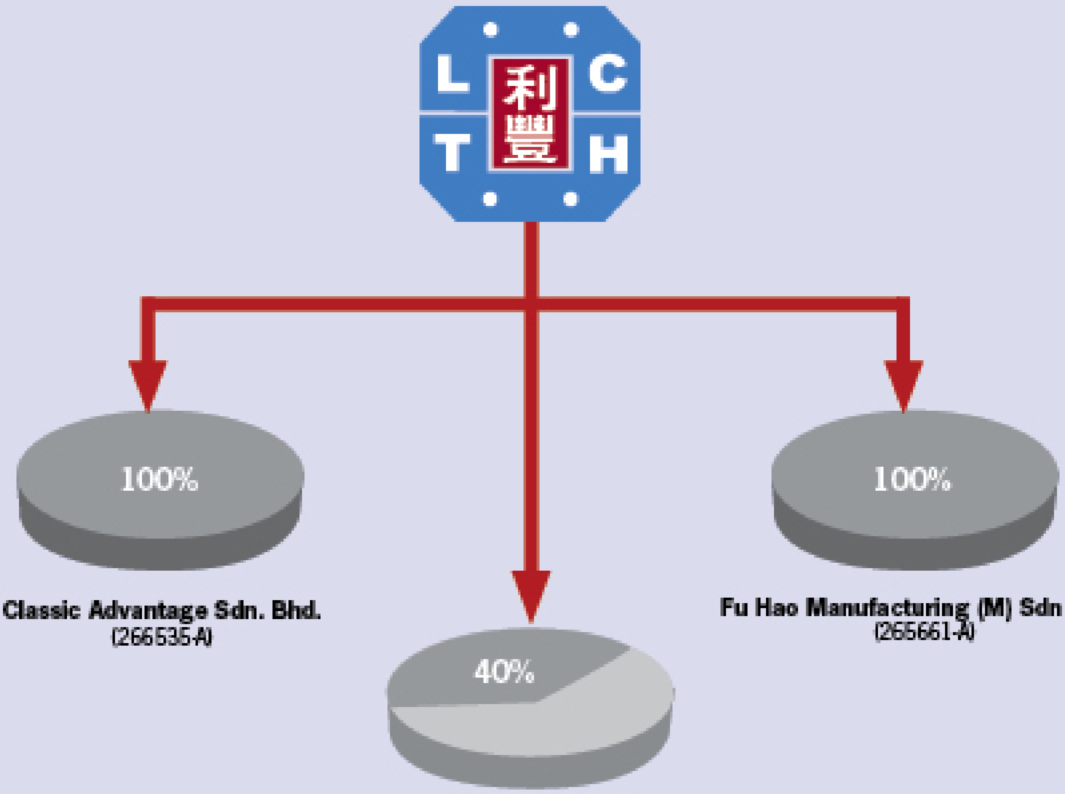
Please refer to the Circular to Shareholders dated 27 March 2008.

(iii) Special Resolution No. 1

This Resolution is to amend the Company's Articles of Association in line with the amendments in the Listing Requirements of Bursa Malaysia Securities Berhad.

CORPORATE STRUCTURE

LCTH CORPORATION BERHAD



Classic Advantage Sdn. Bhd.
(266535-A)

Fu Hao Manufacturing (M) Sdn. Bhd.
(265661-A)

REXAM Malaysia Sdn. Bhd.
(732802-U)
(formerly known as O-I Plastics Malaysia Sdn. Bhd.)

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Muhammad Feisol Bin Haji Hassan (Chairman / Independent Non-Executive Director)

Ho Nee Kit (Vice Chairman / Executive Director)

Hew Lien Lee (Managing Director)

Ching Heng Yang (Executive Director)

Tam Wai (Executive Director)

Lim Shook Kong (Executive Director) (appointed on 27 March 2007)

Ong Seng Pheow (Independent Non-Executive Director)

COMPANY SECRETARY
Leong Oi Wah (MAICSA 7023802)
21, Jalan 4/54, 46050 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7803 1126

REGISTERED OFFICE
312, 3rd Floor, Block C, Kelana Square
17 Jalan SS 7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 603-7803 1126
Fax: 603-7806 1387

HEAD/MANAGEMENT OFFICE
11, Jalan Persiaran Teknologi
Taman Teknologi Johor
81400 Senai
Johor Darul Ta'zim
Tel: 607-599 9980

AUDITORS
Ernst & Young (AF 0039)
Suite 11.2, Level 11, Menara Pelangi
2, Jalan Kuning, Taman Pelangi
80400 Johor Bahru
Johor Darul Ta'zim
Tel: 607-334 1740

SOLICITORS
Lee Choon Wan & Co
No. 12, Lorong Dungun
Damansara Heights
50490 Kuala Lumpur
Tel: 603-2093 0078

PRINCIPAL BANKERS
RHB Bank Berhad (6171-M)
180-181, Jalan Belimbing
81400 Senai
Johor Darul Ta'zim
Tel: 607-599 6960

Malayan Banking Berhad (3813-K)
No. 2741, 2742 & 2743
Jalan Chain Ferry
Taman Inderawasih
13600 Perai
Penang
Tel: 604-399 2967

REGISTRAR
Epsilon Registration Services Sdn Bhd (629261-T)
G-01, Ground Floor, Plaza Permata
Jalan Kampar, Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 603- 4047 3999
Fax: 603- 4042 6352

STOCK EXCHANGE LISTING
Main Board of Bursa Malaysia Securities Berhad
Date of listing : 8 November 2004

STOCK INFORMATION
Bursa Malaysia Code : 5092

PROFILE
OF THE BOARD OF DIRECTORS

Datuk Muhammad Feisol Bin Haji Hassan

Datuk Muhammad Feisol Bin Haji Hassan, aged 70, a Malaysian, was appointed as an Independent Non-Executive Director and Vice Chairman of the Company on 3 June 2004. Following the resignation of Lui Choon Hay as the Director and Chairman of the Company on 16 January 2007, he was appointed as Chairman of the Company on 12 February 2007. He is also the Chairman of the Nomination Committee and Remuneration Committee as well as member of the Audit Committee. He graduated from University Malaya with a Bachelor of Arts degree in 1959. He started his career with the Government Service and served in the government for 26 years before moving into the private sector. His career included service in both State and Federal level including in district and land administration, personnel, financial planning and management and policy implementation. At Federal level, he had served the Ministries of Home Affairs, Information, Prime Minister's Department and National and Rural Development. After his public service career, he was the Chief Executive Officer of Rakyat First Merchant Bankers Berhad from 1985 to 1989. At present, he sits on the board of directors and is an audit committee member in Bina Darulaman Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a director of International Islamic University Holdings Sdn Bhd, Amanah Saham Kedah Berhad and Maersk Shipping Group of Companies.

Ho Nee Kit, aged 54, a Singaporean, was appointed as the Executive Director of LCTH on 3 June 2004 and as the Vice Chairman of the Company on 12 February 2007. His involvement in the plastic injection moulding and mould fabrication industries began in 1975 when he joined Ata Industries (Pte) Ltd, a company involved in fabrication of moulds. In 1978, he left to establish Fu Yu Manufacturing Pte Ltd (now known as Fu Yu Corporation Limited ("FYC"), a company involved in the manufacturing of plastic injection moulding and mould fabrication. As the co-founder of FYC, he has been instrumental in overseeing all aspects of the management of operations of FYC and its subsidiaries including the LCTH Group of companies. He was also appointed as director of Fu Yu Holding Pte. Ltd. ("FYH") in 1994. Presently he is the Executive Director of FYC and also director of FYC's subsidiaries.

Ho Nee Kit

Hew Lien Lee, aged 51, a Malaysian, was appointed as the Managing Director of LCTH on 3 June 2004. He is also the Audit Committee member of the Company. His career started in 1978, when he joined G.E Housewares Pte Ltd as a technician. In 1979, he left to join Technomer Moulding Pte Ltd, a company involved in plastic injection moulding as senior supervisor. In 1984, he left to join FYC as production supervisor. Between 1984 and 2003, he held several positions in FYC including production and operations manager, and finally as group general manager. In 1993, he was appointed as a director of Classic Advantage Sdn. Bhd. and Fu Hao Manufacturing (M) Sdn. Bhd. He has more than 25 years of experience in the plastic injection moulding industry and has been instrumental in the success of the LCTH Group. Since 2001, he has been responsible for the overall strategic direction and management of the LCTH Group.

Hew Lien Lee

Ching Heng Yang

Ching Heng Yang, aged 57, a Singaporean, was appointed as the Executive Director of LCTH on 3 June 2004. His career started in 1970 when he joined Mandarin Pte Ltd, Singapore as mould fabricator. In 1974, he left to join Ata Industries (Pte) Ltd, a company involved in mould fabrication. In 1978, he left the company to establish FYC, a company involved in the manufacturing of plastic injection moulding and mould fabrication. As the co-founder of FYC, he has extensive experience in the plastic injection moulding industry as a result of more than 33 years of experience in the industry. Apart from being appointed as a director of FYH in 1994, he has been instrumental in the success of FYC and its subsidiaries, including the LCTH Group of companies. He is currently the Executive Chairman of FYC. He is also the Executive Director of FYC and also director of FYC's subsidiaries.

Tam Wai, aged 57, a Singaporean, was appointed as the Executive Director of LCTH on 3 June 2004. He brings along with him more than 35 years of experience in plastic injection moulding industry. His career started in 1968 when he joined Hui Yuan Plastic Pte Ltd in Singapore, a company involved in fabrication of moulds. In 1975, he left to join Seng Seng Pte Ltd as a mould fabricator before leaving in 1977 to join Ata Industries (Pte) Ltd as a tooling engineer. Subsequently in 1978, he left to establish FYC, a company involved in the manufacturing of plastic injection moulding and mould fabrication. As the co-founder of FYC, he is responsible for overseeing the mould design and fabrication operations of FYC and its subsidiaries. He was also appointed as director of FYH in 1994. Presently he is the Executive Director of FYC and also director of FYC's subsidiaries.

Tam Wai

PROFILE
OF THE BOARD OF DIRECTORS

Lim Shook Kong

Lim Shook Kong, aged 56, a Malaysian, was appointed as the Executive Director of LCTH on 27 March 2007. He served as the Group General Manager of LCTH since 3 June 2004. He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW"), a member of the Finance Faculty of the ICAEW, a member of the Malaysian Institute of Accountants ("MIA") and a member of the Singapore Institute of Directors. He has over 30 years of experience in audit, accounting, financial management, corporate finance and corporate governance in various companies/industries in Singapore and Malaysia. He was previously the Finance Director and Chief Financial Officer of FYC and has resigned from those posts since 3 January 2008.

Ong Seng Pheow, aged 59, a Malaysian, was appointed to the Board of LCTH on 3 June 2004. He is an Independent Non-Executive Director of the Company and is the Chairman of the Audit Committee. He is also a member in the Remuneration and Nomination Committee. He is a member of the Malaysian Institute of Certified Public Accountants and the MIA. He has over 34 years experience in public practice with an international firm of accountants and was its National Director of Assurance and Advisory Business Services in Malaysia from 1994 till he retired in December 2003. He is currently also an independent non-executive director of Daiman Development Berhad, George Kent (Malaysia) Berhad and HELP International Corporation Berhad, which are companies listed on the Bursa Securities as well as a director in RHB Bank Berhad and RHB Insurance Berhad.

Ong Seng Pheow

OTHER INFORMATION

(i) Family relationship

Save for Mr. Tam Wai and Mr. Lui Choon Hay, a major shareholder of the Company, who are brothers-in-law, there is no other family relationship between the directors and major shareholder of the Company.

(ii) Conflict of interest

Save as disclosed in the Circular to shareholders dated 27 March 2008 where the directors, Messrs Ching Heng Yang, Tam Wai, Ho Nee Kit and Hew Lien Lee who have interest in the recurrent related party transactions; none of the other directors has any conflict of interest.

(iii) Convictions

The Directors of LCTH Corporation Berhad have no convictions for offences within the past 10 years.

CHAIRMAN'S STATEMENT

"On behalf of the Board of Directors of LCTH Corporation Berhad ("LCTH" or "the Company"), I have the pleasure of presenting LCTH's annual report for the financial year ("FY") ended 31 December 2007."

FINANCIAL PERFORMANCE

For the FY 2007, the Group was operating in a very competitive environment where continuous crude oil price hikes during the year resulted in higher operating costs, strengthening of RM vis-à-vis USD and intense price pressure from customers.

The Group's revenue for FY 2007 of RM355 million registered a growth of 13.3% compared to FY 2006. This is attributed to new products launched and increase of sales orders from customers.

Despite the increase in the Group's revenue, Profit Before Tax ("PBT") decreased by 37.6%. The crude oil price increases reached unprecedented levels and reached US$ 100 per barrel in December 2007 coupled with the "cost down" imposed by customers, caused margins to be squeezed; from 15.6% in FY 2006 to 10.2% in FY 2007. The Group's 40% associate company, REXAM Malaysia Sdn. Bhd. ("REXAM") (formerly known as O-I Plastics Malaysia Sdn. Bhd.) has yet to make a significant contribution to the Group's results, as it only commenced its operations during the 1st quarter of FY 2007 and the Group has recognized its share of REXAM's losses for FY 2007 of RM497k.

The Group's Profit After Tax ("PAT") was RM18 million for FY 2007 compared to RM32 million in FY 2006. Despite a lower PBT reported in FY 2007, the Group reported a higher tax charge in FY 2007 due to lower utilization of Reinvestment Allowances brought forward from FY 2006 to set off with the current period's chargeable income.

SIGNIFICANT CORPORATE DEVELOPMENT

REXAM has entered into another lease agreement with Classic Advantage Sdn. Bhd. ("CASB", a wholly-owned subsidiary of LCTH) for the lease of a 48,000 sq ft built-up new factory on 14 March 2007. The new factory building was handed over to REXAM on 4 June 2007 and is currently used by REXAM for its new ink filling operation, which commenced end of 2007.

On 11 July 2007, LCTH announced that CASB proposed to enter into a sale and lease back arrangement with Mapletree Industrial Fund Limited or its nominees to dispose a parcel of leasehold land together with six (6) blocks of factories, one (1) office block and related ancillary buildings erected thereon and including mechanical equipment (collectively known as PLO 21 Property) for a cash consideration of RM80 million ("Proposed Disposal").

The Sale and Purchase Agreement ("SPA") was signed on 12 September 2007 with Mapletree MIF Malaysia 2 Sdn. Bhd. ("MMM2") and on 26 September 2007, the Lease Agreement was executed for the lease of the Property to CASB pursuant to the Proposed Sale and Leaseback. On 25 February 2008, CASB and MMM2 by way of an agreement letter agreed to extend the Approval Period for a further four (4) months from 11 January 2008 and to vary the terms of the SPA to deal with the rectification works on the Property.

The Proposed Disposal will enable LCTH Group to unlock capital resources from being tied up in long-term assets and realize the Property at a fair market value whilst enhancing the Group's financial position and providing working capital to CASB. The Proposed Sale and Leaseback by CASB will ensure that the on-going business activities of the Group are not disrupted and its operations shall continue at the Property.

On 12 September 2007, LCTH also made an announcement to undertake the following corporate proposals :

(a) Proposed Capital repayment via cash distribution of RM72 million to the shareholders of LCTH, involving the following :

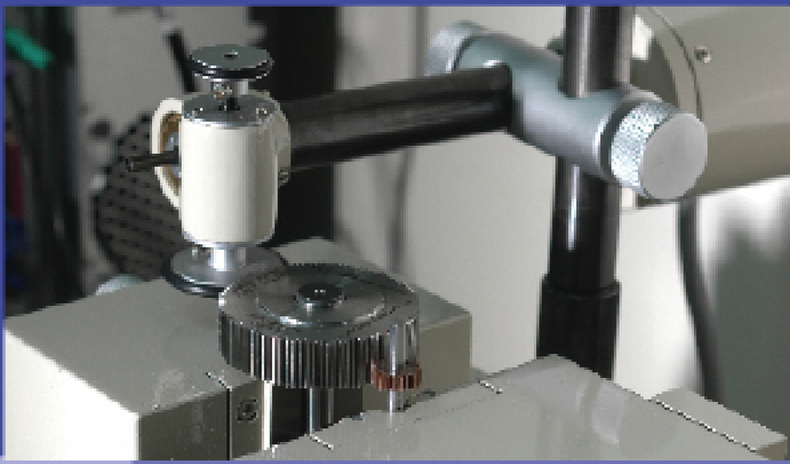
   (i) Proposed Bonus Issue of 120 million new LCTH shares on the basis of one (1) new LCTH Share for every five (5) existing LCTH Shares held prior to the Proposed Capital Reduction;

   (ii) Proposed Capital Reduction of the issued and paid-up capital of the Company after the Proposed Bonus Issue from RM144 million to RM72 million representing a capital reduction of RM0.10 par value for every one (1) existing LCTH Share held after the Proposed Bonus Issue; and

(b) Proposed consolidation of 720 million ordinary shares RM0.10 each in LCTH after the Proposed Capital Repayment into 360 million ordinary shares of RM0.20 each in LCTH on the basis of two (2) ordinary shares of RM0.10 each in LCTH to be consolidated into one (1) ordinary share of RM0.20 each in LCTH.

The Proposed Capital Repayment and Proposed Share Consolidation are conditional upon the Proposed Sale and Leaseback but not vice-versa. The Proposed Share Consolidation is conditional upon the Proposed Capital Repayment but not vice-versa.

The Proposed Capital Repayment and Proposed Share Consolidation are part of LCTH's capital management plan to improve the Company's capital structure and maximize shareholders' value. The proposals are expected to enhance the Earnings Per Share and return on equity. In addition, the distribution of part of the proceeds from the Proposed Disposal is to return capital, which is in excess of its needs to its shareholders in recognition of their continuous support.



All the above proposals were approved by the shareholders of LCTH by way of poll at its Extraordinary General Meeting ("EGM") held on 7 November 2007.

As of the date of this annual report, I am pleased to inform the shareholders that the approvals from various authorities like Foreign Investment Committee for the Proposed Sale and Leaseback by MMM2 and consents from the Johor State Authority for the transfer and leaseback of the said Property have been obtained. The SPA was announced as "unconditional" on 12 March 2008 and only the approval from the High Court for the Proposed Capital Reduction is still pending. With this, we are expecting the Proposals to complete by the end of 2nd Quarter of 2008.

DIVIDENDS

LCTH's dividend policy remains consistent with the declaration made in the Company's Prospectus; to distribute no less than 50% of its consolidated PAT to its shareholders after careful review of the Group's reserves needed for growth and expansion and provided that there are sufficient cash flow and tax credits to frank the dividends.

To-date, LCTH has paid a total tax-exempt interim dividend of 2.25 sen per share for the FY 2007, representing 71.4% of the PAT for FY 2007.

The Board has not recommended any final dividend for FY 2007.

2008 AND BEYOND

The growth of global economy is expected to be slower due to the slow down of the USA economy coupled with the volatility of crude oil price. If this continues, this would affect plastic manufacturers due to higher resin prices and plastic components, higher transportation costs and other associated direct and indirect costs. In addition, our margins will be affected by the expected lifting of certain Government subsidies applicable to petroleum, diesel and related products in the country, brought about by the crude oil price hikes.

The strengthening of the RM against USD will also have an impact on our margins. This challenging environment is further faced with threats from globalisation where customers are constantly exploring costs down opportunities and sourcing from cheaper locations both in the country and globally.

The Group shall continue to expand its customer base tapping on its strength as the preferred precision plastic moulding partner and will continue to work closely with its customers in providing precision plastic related products and services. It will also continue to promote its tooling division which commenced operation at the end of 2005, by capturing more work for the design and fabrication of moulds.

Despite the intense competition, the Group is committed to utilize all its resources and technical expertise to improve its margins by maintaining high quality products and productivity and sustain growth in revenue through continuous innovation.

HUMAN RESOURCES DEVELOPMENT

The Group recognises the importance of employees as its assets and believes that training is an integral part of the success and efficiency of the Group's operations. Continuous training programmes are identified through the training-needs-analysis and these are conducted to equip the employees towards fulfilling the Group's long-term growth. This includes technical training, workshops, courses, seminars and other programmes to be developed to suit the needs and requirements of the Group.

CORPORATE SOCIAL RESPONSIBILITY

The Group firmly believes that the community is also a stakeholder. As part of the call for greater corporate social awareness amongst public corporations, the Group endeavored to be a responsible corporate citizen to its employees and the community. The Group does not have any formal corporate social responsibilities programme.

The Group has also collaborated with the local universities under its industrial trainees' programme, which provide the students with the industry exposure of their related field of studies.

The Group's subsidiary in Perai, Fu Hao Manufacturing (M) Sdn. Bhd. ("FHM") participated in the Blood Donation Campaign in July 2007 and also made food contributions to Handicapped Children's Home, Penang. The Group has also made contributions to charitable organizations.

CORPORATE GOVERNANCE

The Board is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group. The measures undertaken by the Board are set out in the Corporate Governance Statement in this annual report.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude to all our valued customers, shareholders, business partners and associates, bankers, government authorities and relevant regulatory authorities for their continuing support to the Group.

Last but not least, I wish to express my deepest appreciation to my fellow directors, the management and staff of the Group at all levels for their contribution, untiring commitment, dedication and loyalty, who have been extremely supportive throughout the challenging FY 2007.

Datuk Muhammad Feisol Bin Haji Hassan
Chairman
27 March 2008

AUDIT COMMITTEE REPORT

COMPOSITION

Ong Seng Pheow	Chairman (Independent Non-Executive Director)
Datuk Muhammad Feisol bin Haji Hassan	Member (Chairman/Independent Non-Executive Director)
Hew Lien Lee	Member (Managing Director)

TERMS OF REFERENCE

Membership

The Committee shall be appointed by the Board from amongst its Directors (except alternate directors) which fulfills the following requirements :

(a) the audit committee must be composed of no fewer than three (3) members;

(b) a majority of the audit committee must be independent directors; and

(c) at least one member of the audit committee :

(i) must be a member of the Malaysian Institute of Accountants; or

(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and :

(aa) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act, 1967; or

(bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act, 1967; or

(iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad

The members of the Committee shall elect a Chairman from among their number who shall be an independent director.

The Board shall, within three (3) months of a vacancy occurring in the Committee which result in the number of members reduced to below three (3), appoint such number of new members as may be required to make up the minimum number of three (3) members.

The Board shall review the term of office and performance of the Committee and each of its members at least once every three years.

Rights

The Committee shall, in accordance with the procedure determined by the Board and at the cost of the Company :

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company;
(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the company, whenever deemed necessary.

Functions

The functions of the Committee shall include the following :

(1) review the following and report the same to the Board :

(a) with the external auditor, the audit plan;
(b) with the external auditor, his evaluation of the system of internal controls;
(c) with the external auditor, his audit report;
(d) the assistance given by the employees of the Company to the external auditor;
(e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
(f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
(g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on :
(i) changes in or implementation of major accounting policy changes;
(ii) significant and unusual events; and
(iii) compliance with accounting standards and other legal requirements;
(h) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity;
(i) any letter of resignation from the external auditors of the Company; and
(j) whether there is reason (supported by grounds) to believe that the Company's external auditor is not suitable for re-appointment; and

(2) recommend the nomination of a person or persons as external auditors.

(3) to consider the major findings of internal investigations and management's response.

Meetings

Meetings of the Committee shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider that one is necessary and shall have the right to appear and be heard at any meeting of the Committee. The Chairman shall convene a meeting whenever any member of the Committee requests for a meeting. Written notice of the meeting together with the agenda shall be given to the members of the Committee and external auditor where applicable. The quorum for a meeting of the Committee shall be two (2) provided always that the majority of members present must be independent directors.

Other Board members and senior management may attend any particular meeting only at the Committee's invitation.

The Company Secretary shall be the Secretary of the Committee.

Reporting Procedures

The Secretary shall maintain minutes of the proceedings of the meetings of the Committee and circulate such minutes to all members of the Board.

AUDIT COMMITTEE MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2007, four (4) Audit Committee Meetings were held and the details of attendance of each member are as follows :

Audit Committee Members	Total meetings attended
Ong Seng Pheow	4/4
Datuk Muhammad Feisol bin Haji Hassan	4/4
Hew Lien Lee	3/3

ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2007, the Audit Committee, in discharging its functions and duties, carried out the following activities :

(a) review of the audited financial statements and quarterly reports of the Group prior to submission to the Board of Directors for consideration and approval;

(b) review of the related party transactions entered into by the Group;

(c) review of the statutory audit plan and scope of audit of external auditors;

(d) review of the fees of the external auditors;

(e) review of the internal audit plan;

(f) review of the findings and recommendations in the quarterly internal audit reports and the effectiveness of the internal audit function; and

(g) review of the new accounting policies adopted by the Group in compliance with the new Financial Reporting Standards.

For the financial year ended 31 December 2007, the Audit Committee also examined with the External Auditors and Management on the impact of the new Financial Reporting Standards on the Group.

INTERNAL AUDIT FUNCTION

The Group's internal audit functions are outsourced to an external professional internal audit and risk management consulting firm, which reports to the Audit Committee and assists the Board of Directors in monitoring and managing risks and internal controls. The Audit Committee approves the internal audit plan tabled during the Audit Committee meeting during the financial year.

The scope of internal audit covers the audits of all operations of all subsidiary companies in the Group. The approach adopted by the Group is of a risk based approach to the implementation and monitoring of controls of the subsidiary companies.

The internal auditors have been assigned to review and assessed the adequacy of such controls prevailing in those key operational areas selected for reviewed.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("the Board") of LCTH Corporation Berhad ("the Company") is committed to a corporate culture that emphasizes good corporate governance and practice throughout the Company and its subsidiary companies ("the Group").

The Group will continue to endeavour to comply with all the key Principles and Best Practices of the Malaysian Code on Corporate Governance ("the Code") in its effort to observe high standards of transparency, accountability and integrity. The Group believes that good governance will help to realize long-term shareholders value, whilst taking into account the interest of other stakeholders.

The following paragraphs describe how the Group has applied the Principles of the Code and how the Board has complied with the Best Practices set out in the Code for the financial year ended 31 December 2007.

BOARD OF DIRECTORS

The Company is led and managed by an experienced Board comprising members with a wide range of experience in relevant fields such as entrepreneurship, economics, manufacturing, marketing, finance, accounting, legal and public service. The Directors bring a broad range of skills, experiences and knowledge required to successfully direct and supervise the Group's business activities. A brief profile of each Director is presented on pages 8 to 11 of the Annual Report.

Board Composition and Balance

During the financial year ended 31 December 2007, the Board composition included an Independent Non-Executive Chairman, an Executive Vice Chairman, a Managing Director, three (3) Executive Directors and one (1) Independent Non-Executive Director.

The roles of the Chairman of the Board and Managing Director are segregated. The Chairman is primarily responsible for the proper conduct and working of the Board whilst the Managing Director is responsible for the day-to-day running of the business and implementation of Board policies and decisions.

The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgement. They present a good mix of industry-specific knowledge plus broad business and commercial experience They provide guidance, unbiased, fully balanced and independent views, advice and judgement to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.

The Board has also appointed Datuk Muhammad Feisol bin Haji Hassan as the Senior Independent Director to whom concerns may be conveyed.

Board Responsibilities

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the Executive Directors are aware and are responsible for meeting. The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration of significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in recognizing that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are in place systems that effectively monitor and manage these risks with a view to the long term viability of the Group.

As certain Board functions are delegated to Management, the Board ensures Management is of the highest calibre and has in place programmes to train and develop Management and also provide for the orderly succession of Management.

The Company has in place a policy to enable the Group to communicate effectively with its shareholders, other stakeholders and the public generally. The policy ensures that it effectively interprets the operations of the Group to the shareholders and accommodates feedback from shareholders, which should be factored into the Group's business decisions.

Supply of Information

Prior to Board meetings, an agenda together with the relevant documents and information are distributed to all Directors. The Managing Director and/or other relevant Board members will provide comprehensive explanation of pertinent issues and recommendations by the management. The issues would then be deliberated and discussed thoroughly by the Board prior to decision-making.

Apart from the above, the Board members are updated on the Company's activities and its operations on a regular basis. All Directors have access to all information of the Company on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities.

All Directors have access to the advice and services of the Company Secretary and to obtain independent professional advice, whenever necessary, at the expense of the Company.

Board Meetings

There were five (5) Board of Directors' Meetings held during the financial year ended 31 December 2007. Details of the attendance of the Directors at the Board of Directors' Meetings are as follows :

Directors	Total meetings attended	Percentage of Attendance (%)
Datuk Muhammad Feisol bin Haji Hassan	5/5	100
Ho Nee Kit	5/5	100
Hew Lien Lee	5/5	100
Ching Heng Yang	5/5	100
Tam Wai	5/5	100
Lim Shook Kong	4/4	100
Ong Seng Pheow	5/5	100

Appointment to the Board

A Nomination Committee has been established by the Board comprising wholly Independent Non-Executive Directors as follows :

Datuk Muhammad Feisol bin Haji Hassan	Chairman (Chairman/Independent Non-Executive Director)
Ong Seng Pheow	Member (Independent Non-Executive Director)

The Committee is generally responsible to :

(i) assess the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director;

(ii) assess the size of the Board and review the mix of skills and experience and other qualities of the Board members required for the Board to function completely and efficiently; and

(iii) assess and recommend new nominees for appointment to the Board for the Board's final decision-making.

The Board is entitled to the services of the Company Secretary who would ensure that all appointments are properly made upon obtaining all necessary information from the Directors.

The Nomination Committee met twice during the financial year ended 31 December 2007.

Re-election

In accordance with the provisions of the Articles of Association of the Company, one-third (1/3) of the Board of Directors for the time being or if their number is not three (3) or multiples of three (3), then the number nearest to one-third (1/3) shall retire from office at each Annual General Meeting and shall be eligible for re-election.

Directors' Training

All the Directors of the Company has attended the Mandatory Accreditation Programme conducted by Bursa Malaysia Training Sdn Bhd and has complied with the requirements of attending Continuing Education Programme within the stipulated timeframe stipulated in the Listing Requirements.

The Board of Directors have assessed the training needs of the Directors and for the financial year ended 31 December 2007, Directors have attended two in-house trainings in respect of the updates on the major amendments made to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and Companies (Amendment) Act, 2007. Regular updates are also provided by the Company Secretary on the latest changes to the Listing Requirements and other regulatory requirements relating to the discharge of the Directors' duties and responsibilities.

Directors' Remuneration

For the financial year ended 31 December 2007, the Remuneration Committee established by the Board comprised exclusively of Independent Non-Executive Directors, as follows :

Datuk Muhammad Feisol bin Haji Hassan	Chairman (Chairman/Independent Non-Executive Director)
Ong Seng Pheow	Member (Independent Non-Executive Director)

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the executive directors. In the case of non-executive directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the non-executive directors concerned.

The Remuneration Committee met twice during the financial year ended 31 December 2007 to review the bonuses and increments of the Executive Directors, directors' fee and meeting allowance as well as the insurance benefits of directors and employees.

Details of Directors' remuneration for the financial year ended 31 December 2007 are set out as below :

Group	Fees (RM'000)	Salaries and Emoluments (RM'000)	Bonus (RM'000)	Other Emoluments (RM'000)	Total (RM'000)
Executive Directors	206	1,761	258	87	2,312
Non-Executive Directors	191	-	-	-	191

The number of Directors whose total remuneration falls within the respective bands is as follows :

	Number of Directors	
	Executive	Non-Executive
Below RM50,000	-	1
RM50,001 – RM100,000	1	1
RM100,001 – RM150,000	-	1
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	-	-
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	3	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	1	-
	6	3

Directors do not participate in decisions regarding their own remuneration packages. Any increase in Directors' fees will be approved at the Annual General Meeting by the shareholders.

SHAREHOLDERS

Dialogue with Investors

Recognising the importance of timely dissemination of information to shareholders and other stakeholders, the Board is committed to ensuring that the shareholders and other stakeholders are well informed of the Group's strategy performance and major developments of the Company and the information is communicated to them through the following :

(i) the Annual Report;

(ii) the various disclosures and announcements made to Bursa Securities including the Quarterly Results and Annual Results;

(iii) the website at www.lcth.com which shareholders as well as members of the public are invited to access for the latest information on the Group; and

(iv) the meetings with fund managers and analysts and interviews by the press.

General Meetings

The Company's Annual General Meeting ("AGM") serves as a principle forum for dialogue with shareholders. Shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. Extraordinary General Meetings is held as and when required.

ACCOUNTABILITY AND AUDIT

The oversight function of the Board is served by the Audit Committee that has been established comprising a majority of Independent Non-Executive Directors, as follows :

Ong Seng Pheow	Chairman (Independent Non-Executive Director)
Datuk Muhammad Feisol bin Haji Hassan	Member (Chairman/Independent Non-Executive Director)
Hew Lien Lee	Member (Managing Director)

The Company did not adopt the recommendations made by the Code for its Audit Committee to comprise only of non-executive directors as the Board has not identified suitable candidate to be appointed to its Board yet.

Further details on the duties and activities of the Audit Committee is set out on pages 16 to 18 of this Annual Report.

Financial Reporting

The Directors are responsible to present a true and fair assessment of the Group's position and prospects in the annual reports and quarterly reports. The quarterly financial results were reviewed by the Audit Committee and approved by the Board of Directors prior to submission to Bursa Malaysia Securities Berhad.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in the ensuing section.

Statement of Directors' Responsibility for Preparing Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2007, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of the financial statements, subject to any material departures being disclosed and explained in the notes to the financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose with reasonable accuracy, the financial position of the Group and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

Internal Control

The Board has an overall responsibility in maintaining a sound internal control system that provides reasonable assurance of effective and efficient operations and compliance with internal procedures and guidelines. The Statement on Internal Control is set out on pages 24 to 25 of this Annual Report.

Relationship with the Auditors

The Board has established a formal and transparent arrangement for maintaining appropriate relationships with the external auditors in seeking professional advice and ensuring the compliance with the appropriate accounting standards. The Audit Committee met with the external auditors to discuss their audit plan, audit findings and the financial statements.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets. The Bursa Malaysia Securities Berhad ("Bursa Securities") Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal controls. The Bursa Securities' statement on internal control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements.

The Board of Directors of LCTH Corporation Berhad ("the Board") is pleased to present the Statement of Internal Control, which was prepared in accordance with the Guidance. The Board believes the practice of good corporate governance is an important continuous process and not just a matter to be covered as compliance in its Annual Report. Hence, the Board endeavors to maintain an adequate system of internal control that is designed to manage, rather than eliminate risk, and to improve the governance process of the Group.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the internal control system to cover the financial, compliance and operational controls of the Group. The Board also recognizes its responsibility for reviewing the adequacy and integrity of the system of internal control to safeguard shareholders' investment and the Group's assets. However, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK MANAGEMENT FRAMEWORK

The Board maintains the Group's risk management policy and framework to continually update and identify the various risk factors that could have a potentially significant impact on the Group's mid to long term business objectives. As a result of this, the 3-year risk-based audit plan developed and approved by the Audit Committee needs to be reviewed to accurately reflect the risk areas for the Group.

The Board, throughout the current financial year, has identified, evaluated and managed the significant risks faced by the Group through monitoring of the Group's operational efficiency and profitability at its Board Meetings.

INTERNAL AUDIT FUNCTION

CGRM Infocomm Sdn Bhd ("CGRM"), an independent professional firm, supports the Audit Committee, and by extension, the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

In particular, CGRM appraises and contributes towards improving the Group's risk management and control systems and reports to the Audit Committee on a quarterly basis. In assessing the adequacy and effectiveness of the system of internal control and financial control procedures of the Group, the Audit Committee reports to the Board on its activities, significant audit results or findings and the necessary recommendations or actions needed to be taken by management to rectify those issues.

The internal audit work plan, which reflects the risk profile of the Group's major business sectors is routinely reviewed and approved by the Audit Committee. The scope of CGRM's function covered the audit and review of governance, risk assessment, compliance, operational and financial control across all business units.

CGRM conforms to the requirements of the Guidelines on the Internal Audit Function issued by The Institute of Internal Auditors Malaysia in July 2002 as well as the Standards for the Professional Practice of Internal Auditing (SPPIA) and the Code of Ethics issued by The Institute of Internal Auditors Inc.

KEY PROCESS

The Group's key internal control processes based on COSO ("Committee of Sponsoring Organisation of the Treadway Commission") principles benchmarking are as follows :

Control Environment

- There is a clear roles and responsibilities of the Board and management as defined in the organisational structure.
- LCTH are in midst of undertaking a review of its Delegation of Authorities ("DOA") that delineates the lines of authorities by the Board to management.
- Annual budgets are prepared by each operating unit and consolidated by the Group Finance function. These are thoroughly reviewed before they are tabled to the Management Committee, Audit Committee and the Board for approval.
- LCTH has implemented 'Conflict of Interest' declaration and it demonstrates the Board and Management's strong commitment towards governance, a more transparent code of conduct and better disclosure on existing and potential recurrent related party transactions.

Risk Assessment

- The Board acknowledges the importance of managing business risks and is committed to re-activate the Risk Management Committee ("RMC") incepted in October 2006. The RMC is dedicated to review the principal risks of the Group on an ongoing basis. This will involve the updating of the risk profiles of all the Group's operating units on a periodic basis in collaboration with Management and timely reporting of key risks to the attention of the Risk Management Committee and the Board.

Control Activities

- Documented group-wide standard operating policies and procedures are periodically reviewed and revised to reflect current practices and relevancy.
- Management regards safeguarding of assets as essential and had enhanced asset management procedures and implementing scheduled preventive maintenance on relevant company assets.
- Annual audit by internal and external quality auditors were conducted to ensure compliance with and continuous improvement of the ISO 9001:2000 certification as assurance to the quality standards of products and services provided by the Group.

Information & Communication

- Group-wide standard operating policies and procedures are communicated to all levels of the organization for implementation.
- Monthly departmental Key Performance Indicators (KPI) and cost saving reports are submitted to the Assistant General Manager to enable the analysis and monitoring of department's performance and achievements.

Monitoring

- The Group's performance is monitored by the Group Finance function who prepares monthly management accounts with comparisons against the approved budget. The monthly management accounts are reviewed and deliberated by Management in its Monthly Operations Meeting whilst the Board is informed of any major variances to the budget with follow-up and updates on Management action taken.
- The Board monitors the Group's performance by reviewing its quarterly results and operations and examines the announcement to the Bursa Malaysia Securities Berhad. These are reviewed by the Audit Committee before they are tabled to the Board.
- Management constantly monitored the gaps for highlighted issues through the conduct of follow-up audits and had showed its commitment and provides the leadership in rectifying them.

CONCLUSION

The management continues to take measures and maintains an ongoing commitment to strengthen the Group's control environment and processes. During the year, there were no material losses caused by breakdown in internal controls.

It should be appreciated that the system of internal control only provide reasonable assurance in managing business risks rather than eliminating them and there is no absolute assurance towards material misstatement or loss.

This statement was made in accordance with a resolution of the Board dated 19 March 2008.

OTHER INFORMATION

SHARE BUY-BACK

The Company has not undertaken any share buy-back exercise for the financial year under review.

OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

During the financial year ended 31 December 2007, the Company has not issued any options, warrants or convertible securities.

AMERICAN DEPOSITORY RECEIPT (ADR) OR GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR or GDR programme.

SANCTIONS AND/OR PENALTIES

There were no sanctions and/or penalties imposed on the Company and/or its subsidiaries, directors or management by any regulatory bodies.

NON-AUDIT FEES

The non-audit fees paid by the Group to the external auditors during the financial year ended 31 December 2007 was RM44,450.

PROFIT GUARANTEE

The Company did not receive any profit guarantee for the financial year ended 31 December 2007.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or its subsidiaries involving the Directors' and/or Major Shareholders' interest for the financial year ended 31 December 2007 other than the related party transactions as disclosed in Note 32 to the financial statements.

REVALUATION POLICY

The Group has not adopted any revaluation policy on its properties.

VARIATION IN RESULTS

There were no material variances between the audited results for the financial year ended 31 December 2007 and the unaudited results previously announced.

UTILISATION OF PROCEEDS

As at 31 December 2007, the gross proceeds arising from the Public Issue of RM156.325 million has been used in the following manners :

	Utilisation Approved RM'000	Amount Used RM'000
Purchase of land	16,000	16,037
Construction of building	55,000	55,000
Purchase of machineries	25,000	25,000
Moulds and dies fabrication	25,000	15,287
Working capital	28,125	39,268
Plants relocation and consolidation	3,000	1,533
Estimated listing expenses	4,200	4,200
	156,325	156,325

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 17 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the year	18,318,867	12,624,583

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

The amount of dividends declared and paid by the Company since 31 December 2006 were as follows :

	RM
In respect of the financial year ended 31 December 2006 as reported in the directors' report of that year :	
3rd interim dividend of 2.00 sen per share less 28% taxation, paid on 18 January 2007	8,640,000
Final dividend of 2.00 sen per share tax exempt, paid on 16 May 2007	12,000,000
In respect of the financial year ended 31 December 2007 :	
1st interim dividend of 1.00 sen per share tax exempt declared on 9 May 2007 and paid on 8 June 2007	6,000,000
2nd interim dividend of 1.00 sen per share tax exempt declared on 8 August 2007 and paid on 10 September 2007	6,000,000
3rd interim dividend of 0.25 sen per share tax exempt declared on 14 November 2007 and paid on 13 December 2007	1,500,000
	34,140,000

The directors do not propose any final dividend in respect of the current financial year.

DIRECTORS

The directors of the Company in office since the date of the last report and at the date of this report are :

Datuk Muhammad Feisol bin Haji Hassan	(Chairman)
Ho Nee Kit	(Vice Chairman)
Hew Lien Lee	(Managing Director)
Ching Heng Yang	
Tam Wai	
Lim Shook Kong	(Appointed on 27 March 2007)
Ong Seng Pheow	

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows :

The Company

	Number of Ordinary Shares of RM0.20 Each			
	1 January 2007/ date of appointment	**Bought**	**Sold**	**31 December 2007**
Direct Interest				
Datuk Muhammad Feisol bin Haji Hassan	310,300	-	-	310,300
Ho Nee Kit	615,200	-	-	615,200
Hew Lien Lee	5,052,541	-	-	5,052,541
Ching Heng Yang	500,000	-	-	500,000
Tam Wai	610,000	-	-	610,000
Lim Shook Kong	464,800	-	-	464,800
Ong Seng Pheow	166,000	24,000	-	190,000
Deemed Interest				
Ho Nee Kit	376,133,763	72,492,306	(24,800,000)	423,826,069
Ching Heng Yang	376,133,763	72,492,306	(24,800,000)	423,826,069
Tam Wai	376,133,763	72,492,306	(24,800,000)	423,826,069

Ultimate Holding Company - Fu Yu Holdings Pte. Ltd.

	Number of Ordinary Shares of $1 Each			
	1 January			31 December
Direct Interest	2007	Bought	Sold	2007
Ho Nee Kit	1	-	-	1
Ching Heng Yang	1	-	-	1
Tam Wai	1	-	-	1

Penultimate Holding Company - Fu Yu Corporation Limited

	Number of Ordinary Shares of $0.10 Each			
	1 January			31 December
	2007	Bought	Sold	2007
Direct Interest				
Ho Nee Kit	12,321,725	-	-	12,321,725
Hew Lien Lee	100,000	-	-	100,000
Ching Heng Yang	4,287,975	-	-	4,287,975
Tam Wai	12,037,975	-	-	12,037,975
Deemed Interest				
Ho Nee Kit	338,710,000	-	-	338,710,000
Ching Heng Yang	338,710,000	-	-	338,710,000
Tam Wai	339,010,000	-	-	339,010,000

By virtue of their interests in the ultimate holding company, Ching Heng Yang, Tam Wai and Ho Nee Kit are also deemed interested in shares in all the subsidiaries of the ultimate holding company to the extent the ultimate holding company has an interest.

The ultimate holding company's subsidiaries are as follows :

	Shares Held At 31 December 2007	
	Par Value	Number
Fu Yu Investment Pte. Ltd.	S$1	100,000
Chang Fu Resources Pte. Ltd.	S$1	1,600,002
Classic Advantage Sdn Bhd	RM0.50	1,412,756
Fu Hao Manufacturing (M) Sdn. Bhd.	RM1	353,188
Fu Yu Trading Limited	HK$1	2
Fu Yu International Enterprise Limited	HK$1	1,000,000
IFN Pte. Ltd.	S$1	1,800,000
Nanotechnology Manufacturing Pte. Ltd.	S$1	14,400,000
SolidMicron Technologies Pte. Ltd.	S$1	4,000,000
Fortune Mission Sdn. Bhd. (Under Members' Voluntary Liquidation)	RM1	250,000
Fu Yu Guadalajara S.A.de.c.v. (Under Members' Voluntary Liquidation)	Peso 1	50,000

	Cost of investments	
	Currency	Value
Fu Yu Moulding & Tooling (Tianjin) Co. Ltd.	US$	10,700,000
Fu Yu Moulding & Tooling (Shanghai) Co. Ltd.	US$	5,000,000
Fu Yu Moulding & Tooling (Suzhou) Co. Ltd.	US$	25,000,000
Fu Yu Moulding & Tooling (Wujiang) Co. Ltd.	US$	3,010,000
Fu Yu Moulding & Tooling (Dongguan) Co. Ltd.	HK$	122,388,001
QingDao Fu Qiang Electronics Co. Ltd.	US$	4,400,000
Fu Yu Moulding & Tooling (Zhuhai) Co. Ltd.	HK$	17,600,000
Fu Ying Moulding & Tooling (Shanghai) Co. Ltd.	US$	1,400,000
Fu Yu Electronics (Dongguan) Co. Ltd.	HK$	4,999,600

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render :

(i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist :

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors :

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT AND SUBSEQUENT EVENTS

Significant events during the financial year and details of the subsequent events are as disclosed in Note 34 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 March 2008.

HO NEE KIT **HEW LIEN LEE**

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **HO NEE KIT** and **HEW LIEN LEE**, being two of the directors of **LCTH CORPORATION BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 33 to 69 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 19 March 2008

HO NEE KIT **HEW LIEN LEE**

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **HEW LIEN LEE**, being the Director primarily responsible for the financial management of **LCTH CORPORATION BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 33 to 69 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the abovenamed HEW LIEN LEE)
at Johor Bahru in the State of Johor)
on 19 March 2008) **HEW LIEN LEE**

Before me,

REPORT OF THE AUDITORS
TO THE MEMBERS OF LCTH CORPORATION BERHAD

We have audited the financial statements set out on pages 33 to 69. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion :

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of :

   (i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the financial year then ended; and

   (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purpose of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' report on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG
AF 0039
Chartered Accountants

Low Khung Leong
2697/01/09(J)
Partner

Kuala Lumpur, Malaysia
19 March 2008

INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Revenue	3	354,666,859	312,999,555	14,078,027	33,506,466
Cost of sales	4	(318,586,217)	(264,112,707)	-	-
Gross profit		36,080,642	48,886,848	14,078,027	33,506,466
Other operating income	5	3,910,580	2,641,801	473,965	694,350
Administrative expenses		(15,227,063)	(15,241,911)	(2,036,434)	(1,774,548)
Selling expenses		(1,880,453)	(1,806,200)	-	-
Other expenses	6	(484,856)	-	-	-
Operating profit		22,398,850	34,480,538	12,515,558	32,426,268
Finance costs	7	(499,629)	(8,246)	-	-
Share of results of an associate	18	(496,528)	(152,302)	-	-
Profit before tax	8	21,402,693	34,319,990	12,515,558	32,426,268
Income tax expense	11	(3,083,826)	(2,676,693)	109,025	(5,686,038)
Profit for the year		18,318,867	31,643,297	12,624,583	26,740,230
Attributable to :					
Equity holders of the Company		18,318,867	31,643,297	12,624,583	26,740,230
Earnings per share attributable to equity holders of the Company (sen) :					
Basic/Diluted	12	3.05	5.27		
Dividend per share (sen) :	13			4.25	5.76

The accompanying notes form an integral part of the financial statements.

BALANCE SHEETS
AS AT 31 DECEMBER 2007

	Note	Group 2007 RM	Group 2006 RM (restated)	Company 2007 RM	Company 2006 RM
ASSETS					
Non-current assets					
Property, plant and equipment	14	93,449,753	157,181,312	137,442	212,317
Investment properties	15	24,290,603	-	-	-
Prepaid land lease payments	16	7,051,064	16,264,425	-	-
Investments in subsidiaries	17	-	-	91,051,000	91,051,000
Investment in associate	18	351,170	847,698	1,000,000	1,000,000
		125,142,590	174,293,435	92,188,442	92,263,317
Current assets					
Inventories	19	32,738,086	36,404,767	-	-
Trade and other receivables	20	73,200,238	69,390,666	150,919,356	174,684,047
Tax recoverables		8,983,964	7,753,280	775,593	623,293
Cash and cash equivalents	22	58,352,196	78,409,418	17,054,738	14,633,375
		173,274,484	191,958,131	168,749,687	189,940,715
Non-current assets classified as held for sale	23	66,659,148	-	-	-
TOTAL ASSETS		365,076,222	366,251,566	260,938,129	282,204,032
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	24	120,000,000	120,000,000	120,000,000	120,000,000
Share premium	24	121,911,236	121,911,236	121,911,236	121,911,236
Retained earnings	25	31,179,683	38,360,816	18,301,552	31,176,969
TOTAL EQUITY		273,090,919	280,272,052	260,212,788	273,088,205
Non-current liabilities					
Borrowings	26	1,552,040	40,686	-	-
Deferred tax liabilities	28	10,949,488	12,801,259	-	-
		12,501,528	12,841,945	-	-
Current liabilities					
Borrowings	26	15,912,792	9,463	-	-
Trade and other payables	29	60,203,651	64,401,254	725,341	475,827
Current tax payable		63,688	86,852	-	-
Dividends payable		-	8,640,000	-	8,640,000
Liabilities directly associated with assets held for sale	23	3,303,644	-	-	-
		79,483,775	73,137,569	725,341	9,115,827
TOTAL LIABILITIES		91,985,303	85,979,514	725,341	9,115,827
TOTAL EQUITY AND LIABILITIES		365,076,222	366,251,566	260,938,129	282,204,032

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Non-Distributable Share Capital RM	Non-Distributable Share Premium RM	Distributable Retained Earnings RM	Total Equity RM
GROUP					
At 1 January 2006		120,000,000	121,911,236	41,277,519	283,188,755
Profit for the year representing total recognised income and expense for the year		-	-	31,643,297	31,643,297
Dividends	13	-	-	(34,560,000)	(34,560,000)
At 31 December 2006		120,000,000	121,911,236	38,360,816	280,272,052
At 1 January 2007		120,000,000	121,911,236	38,360,816	280,272,052
Profit for the year representing total recognised income and expense for the year		-	-	18,318,867	18,318,867
Dividends	13	-	-	(25,500,000)	(25,500,000)
At 31 December 2007		120,000,000	121,911,236	31,179,683	273,090,919
COMPANY					
At 1 January 2006		120,000,000	121,911,236	38,996,739	280,907,975
Profit for the year representing total recognised income and expense for the year		-	-	26,740,230	26,740,230
Dividends	13	-	-	(34,560,000)	(34,560,000)
At 31 December 2006		120,000,000	121,911,236	31,176,969	273,088,205
At 1 January 2007		120,000,000	121,911,236	31,176,969	273,088,205
Profit for the yearrepresenting total recognised income and expense for the year		-	-	12,624,583	12,624,583
Dividends	13	-	-	(25,500,000)	(25,500,000)
At 31 December 2007		120,000,000	121,911,236	18,301,552	260,212,788

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation	21,402,693	34,319,990	12,515,558	32,426,268
Adjustments for :				
Amortisation of prepaid land lease payments (Note 16)	234,548	287,132	-	-
Bad debt written off	58,430	-	-	-
Depreciation of :				
- investment property (Note 15)	370,763	-	-	-
- property, plant and equipment (Note 14)	16,316,117	15,943,997	74,875	74,875
Dividend income	-	-	(13,500,027)	(33,000,066)
Interest expense	499,629	8,246	-	-
Interest income	(674,149)	(691,738)	(11,433)	(26,266)
Investment income	(1,189,242)	(1,650,428)	(462,532)	(668,084)
Loss on disposal of property, plant and equipment	40,606	106,744	-	-
Net unrealised foreign exchange losses/(gains)	130,316	806,021	108	(68)
Property, plant and equipment written off	75,633	18,187	-	-
Provision for doubtful debts	548,694	-	-	-
Provision for obsolete inventories	861,857	-	-	-
Reversal of provision for :				
- doubtful debts	(90,552)	(16,876)	-	-
- obsolete inventories	-	(260,409)	-	-
Share of results of an associate company	496,528	152,302	-	-
Operating profit/(loss) before working capital changes	39,081,871	49,023,168	(1,383,451)	(1,193,341)
Inventories	2,804,824	(2,432,866)	-	-
Receivables	(4,326,252)	4,235,401	5,284,545	(9,257,110)
Payables	(4,327,811)	(15,538,689)	249,514	(22,111)
Cash generated from/(used in) operations	33,232,632	35,287,014	4,150,608	(10,472,562)
Interest paid	(499,629)	(8,246)	-	-
Taxes paid	(2,885,801)	(1,254,315)	(43,275)	(73,311)
Net cash generated from/ (used in) operating activities	29,847,202	34,024,453	4,107,333	(10,545,873)

The accompanying notes form an integral part of the financial statements.

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received	-	-	31,980,065	25,920,051
Interest received	674,149	691,738	11,433	26,266
Investment income	1,189,242	1,650,428	462,532	668,084
Investment in associate	-	(1,000,000)	-	(1,000,000)
Purchase of property, plant and equipment	(32,290,874)	(17,127,699)	-	-
Proceeds from disposal of property, plant and equipment	41,776	287,985	-	-
Net cash (used in)/generated from investing activities	(30,385,707)	(15,497,548)	32,454,030	25,614,401
CASH FLOWS FROM FINANCING ACTIVITIES				
Dividends paid	(34,140,000)	(25,920,000)	(34,140,000)	(25,920,000)
Repayment of hire purchase financing	(378,717)	(24,931)	-	-
Time loan drawdown	15,000,000	-	-	-
Net cash used in investing activities	(19,518,717)	(25,944,931)	(34,140,000)	(25,920,000)
CASH AND CASH EQUIVALENTS :				
NET (DECREASE)/INCREASE	(20,057,222)	(7,418,026)	2,421,363	(10,851,472)
AT BEGINNING OF YEAR	78,409,418	85,827,444	14,633,375	25,484,847
AT END OF YEAR (NOTE 22)	58,352,196	78,409,418	17,054,738	14,633,375

The accompanying notes form an integral part of the financial statements.

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Board of Bursa Malaysia Securities. The principal place of business of the Company is located at 11, Jalan Persiaran Teknologi, Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim.

The Company's immediate holding company is Fu Yu Investment Pte. Ltd. The penultimate holding company is Fu Yu Corporation Limited, a public company listed on the Main Board of the Singapore Stock Exchange, which produces financial statements available for public use. The Company's ultimate holding company is Fu Yu Holding Pte. Ltd. All holding companies are incorporated in the Republic of Singapore. Related companies are companies within the Fu Yu Holding Pte. Ltd. group.

The principal activities of the Company are investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 17. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 March 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRSs") in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for the financial periods beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and the Company have been prepared on a historical basis, unless otherwise stated.

The financial statements are presented in Ringgit Malaysia (RM).

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investment in subsidiaries are stated at cost less any impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying value is included in profit or loss.

2.2 Summary of Significant Accounting Policies (Cont'd)

(b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

In preparing the consolidated financial statements, intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Subsidiaries are consolidated using the merger method of accounting. Under the merger method of accounting, the cost of investment in the Company's books is recorded at the nominal value of shares issued. The difference between the value of the investment and the nominal value of shares of the subsidiary companies is taken to reserves. The results of the companies being merged are presented as if the merger had been effected throughout the current and previous financial years.

(c) Associates

Associates are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes. In applying the equity method, unrealised gains or losses on transactions between the Group and associate are eliminated to the extent of the Group's interest in the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long-term interests that, in substance, form part of the Group's investment in associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.2 Summary of Significant Accounting Policies (Cont'd)

(d) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Buildings-in-progress are not depreciated as these assets are not available for use. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Factory equipment, plant and machinery	10% - 20%
Motor vehicles	20%
Office equipment, computers, electrical installation and furniture and fittings	10% - 33.3%
Renovation	20%
Erectable stores	10%

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) Investment Properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment loss.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

f) Tooling Contracts

Where outcome of a tooling contract can be estimated reliably, tooling revenue and costs are recognised as revenue and expenses respectively, by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the stages and progress of work performed records maintained by the division.

Where the outcome of a tooling contract cannot be reliably estimated, tooling revenue is recognised to the extent of contract cost incurred that it is probable will be recoverable. Tooling costs are recognised as expenses in the period in which they are incurred.

An expected loss on the construction contract is recognised as an expense immediately when it is probable that total tooling costs will exceed total tooling revenue.

When the total costs incurred on tooling contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.2 Summary of Significant Accounting Policies (Cont'd)

(g) Impairment of Non-financial Assets

The carrying amounts of assets, other than tooling contract, inventories, deferred tax assets and non-current assets held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises.

(h) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing each product to its present location and condition are accounted for as follows :

Raw materials	-	cost of purchase on a first-in, first-out basis;
Finished goods and work-in-progress	-	cost of raw materials, direct labour and a proportion of manufacturing overheads based on normal operating capacity but exclude borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2 Summary of Significant Accounting Policies (Cont'd)

(i) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at bank, deposits at call and short term highly liquid investments which have an insignificant risk of changes in value.

(ii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

(j) Non-current Assets Held for Sale and Discontinued Operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary.

Immediately before classification as held for sale, the measurement of the non-current assets is brought up-to-date in accordance with applicable FRSs. Then, on initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefit assets, financial assets and inventories) are measured in accordance with FRS 5 that is at the lower of the carrying amount and fair value less costs to sell. Any differences are included in profit or loss.

A component of the Group is classified as a discontinued operation when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations, is part of a single co-ordinated major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale.

2.2 Summary of Significant Accounting Policies (Cont'd)

(k) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purpose of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(ii) Finance Leases

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2.2(d).

(iii) Operating Leases - the Group as Lessee

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

In the case of a lease of land, the minimum lease payments or the up-front payments represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(iv) Operating Leases - the Group as Lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease as stated in Note 2.2(q)(vi).

(l) Borrowing Costs

Borrowing cost directly attributable to the acquisition, constructions or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets are deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.2 Summary of Significant Accounting Policies (Cont'd)

(m) Taxation

Taxation on the profit or loss for the year comprises current and deferred tax.

(i) Current Tax

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

(ii) Deferred Tax

Deferred tax is provided using the liability method. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credit to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credit can be utilised.

Deferred tax is not recognised if the temporary differences arises from goodwill or negative goodwill or from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable profit.

Deferred income tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss of the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(n) Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(o) Employee Benefits

(i) Short Term Benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined Contribution Plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

2.2 Summary of Significant Accounting Policies (Cont'd)

(p) Foreign Currencies

(i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign Currency Transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except exchange differences arising from monetary items that form part of the Group's net investment in foreign operations.

Exchange differences arising on the settlement of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(q) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised :

(i) Sale of Goods

Revenue is recognised net of discounts upon the transfer of significant risks and rewards to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Tooling Contracts

Accounting policy for recognising tooling contracts is stated in Note 2.2(f).

(iii) Interest Income

This is recognised on an accrual basis using the effective interest method.

(iv) Management Fees

These are recognised when services are rendered.

(v) Dividend Income

This is recognised when the right to receive payment is established.

(vi) Rental Income

Rental income from investment property is recognised on a straight-line basis over the term of a lease.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

During the financial year, the Group and the Company adopted the following FRSs :

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for Evaluation of Mineral Resources
Amendments to FRS 119	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of the above FRSs and amendments to FRSs have no significant impact to the Group and to the Company except as discussed below :

(a) FRS 117: Leases

Prior to 1 January 2007, short term leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land. Leases of land are classified as operating or finance leases in the same way as leases of other assets and the leases of land and buildings are considered separately for the purposes of lease classification.

Short term leasehold land is now classified as operating lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid land lease payments as allowed by transitional provisions. The reclassification of leasehold land as prepaid land lease payments has been accounted for retrospectively and as disclosed in Note 2.3 (b)(ii), certain comparatives have been restated. The effects on the consolidated balance sheet as at 31 December 2007 are set out in Note 2.3 (b)(i). There were no effects on the consolidated income statement for the year ended 31 December 2007 and the Group's financial statements.

The Group and the Company have not early adopted the following new and revised FRSs, Amendments to FRS and Interpretations which become or are expected to become mandatory for the future financial periods :

FRS 139	Financial Instruments: Recognition and Measurement *
Amendments to FRS 107	Cash Flow Statements
Amendments to FRS 111	Construction Contracts
Amendments to FRS 112	Income Taxes
Amendments to FRS 118	Revenue
Amendments to FRS 120	Accounting for Government and Disclosure of Government Assistance
Amendments to FRS 121	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
Amendments to FRS 134	Interim Financial Reporting
Amendments to FRS 137	Provision, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participation in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129 2400 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

The adoption of these FRSs, amendments to FRSs and interpretations are not expected to result in significant change in accounting policies of the Group and of the Company except as disclosed below :

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs (Cont'd)

Adoption of Amendments to FRS 112

Prior to 1 January 2008, the Standard prohibits the recognition of deferred tax on unutilised Reinvestment Allowances. The revised standard (effective for accounting periods beginning on or after 1 July 2007) removes this requirement. Entities with unused Investment Tax Allowances and Reinvestment Allowances will have to recognise deferred tax asset on such unused Investment Tax Allowances and Reinvestment Allowances, to the extent that it is probable that future taxable profit will be available against which the unused Investment Tax Allowances and Reinvestment Allowances can be utilised.

The impact, if the amendments to FRS 112 is complied would be as follows :

	Group	
	2007 RM	2006 RM
Increase/(Decrease) in income tax expenses	1,539,000	(4,667,000)
(Decrease)/Increase in retained earnings	(1,539,000)	4,667,000
Increase/(Decrease) in deferred tax liabilities	1,539,000	(4,667,000)

* The effective date of FRS 139 has yet to be announced. By virtue of the exemption in paragraph 103AB of this standard, the impact of applying FRS 139 on the Group and Company's financial statements upon first adoption of this standard is not disclosed.

(b) Summary of effects of adopting new and revised FRSs on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the consolidated balance sheet for the year ended 31 December 2007 is higher or lower than it would have been had the previous policies been applied in the current year.

(i) Effects on consolidated balance sheet as at 31 December 2007

Description of change	Increase/ (Decrease) FRS 117 Note 2.3 (a) RM
Property, plant and equipment	(7,051,064)
Prepaid land lease payments	7,051,064

(ii) Restatement of comparatives

The following comparative amounts have been restated arising from the effects of adopting the new FRS 117.

Description of change	Previously stated RM	Increase/ (Decrease) Note 2.3 (a) RM	Restated RM
Property, plant and equipment	173,445,737	(16,264,425)	157,181,312
Prepaid land lease payments	-	16,264,425	16,264,425

2.4 Significant Accounting Estimates and Judgements

During the financial year, there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements. And also, there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3. REVENUE

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Sale of goods	348,350,886	309,016,528	-	-
Tooling contracts	6,315,973	3,983,027	-	-
Management fees	-	-	578,000	506,400
Dividend income	-	-	13,500,027	33,000,066
	354,666,859	312,999,555	14,078,027	33,506,466

4. COST OF SALES

	Group 2007 RM	Group 2006 RM
Cost of inventories sold	309,973,306	257,136,631
Tooling contracts costs	8,612,911	6,976,076
	318,586,217	264,112,707

5. OTHER OPERATING INCOME

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Interest income	674,150	691,738	11,433	26,266
Investment income	1,189,242	1,650,428	462,532	668,084
Loss on disposal of property, plant and equipment	(40,606)	(106,744)	-	-
Rental income	1,731,300	128,241	-	-
Miscellaneous	356,494	278,138	-	-
	3,910,580	2,641,801	473,965	694,350

6. OTHER EXPENSES

Direct operating expenses arising on rental earning investment property :

	Group 2007 RM	Group 2006 RM
Depreciation of investment property (Note 15)	370,763	-
Quit rent and assessment	33,093	-
Utilities	81,000	-
	484,856	-

7. FINANCE COSTS

	Group 2007 RM	Group 2006 RM
Hire purchase interest	33,122	8,246
Term loan interest	466,507	-
	499,629	8,246

8. PROFIT BEFORE TAX

In arriving at profit before tax :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amortisation of prepaid land lease payments (Note 16)	234,548	287,132	-	-
Auditors' remuneration :				
Statutory audit	91,000	78,000	10,000	10,000
Underprovision in prior year	5,000	-	-	-
Other services	44,450	84,193	12,000	49,000
Bad debt written off	58,430	-	-	-
Depreciation of :				
Investment Property (Note 15)	370,763	-	-	-
Property, plant and equipment (Note 14)	16,316,117	15,943,997	74,875	74,875
Directors' remuneration (Note 10) :				
Fees	396,375	266,625	381,375	266,625
Other emoluments	2,020,054	2,369,267	465,125	388,669
Employee benefits expense (Note 9)	58,977,399	51,583,266	961,755	1,007,607
Loss on disposal of property, plant and equipment	40,606	106,744	-	-
Net foreign exchange losses/(gains) :				
Realised	1,999,870	501,035	-	632
Unrealised	130,316	814,401	108	(68)
Net provision/(Write back) of doubtful debts	458,142	(16,876)	-	-
Obsolete inventories written off/(write back)	861,857	(260,409)	-	-
Operating lease expense :				
Premises	59,350	48,150	-	-
Machineries	96,319	56,120	-	-
Warehouses	128,000	90,000	-	-
Property, plant and equipment written off	75,633	18,187	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries	55,554,762	48,348,196	871,876	940,463
Social security contributions	267,532	251,582	2,601	2,479
Contribution to defined contribution plan	1,845,627	1,663,394	62,578	58,776
Other benefits	1,309,478	1,320,094	24,700	5,889
	58,977,399	51,583,266	961,755	1,007,607

Included in employee benefits expense of the Group and of the Company are executive directors' emoluments amounting to RM2,020,054 (2006: RM2,369,267) and RM465,125 (2006: RM388,669) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors :				
Fees	205,500	144,000	205,500	144,000
Other emoluments (Note 9)	2,020,054	2,369,267	465,125	388,669
	2,225,554	2,513,267	670,625	532,669
Non-executive directors :				
Fees	190,875	122,625	175,875	122,625
Total directors' remuneration	2,416,429	2,635,892	846,500	655,294
Estimated money value of benefits-in-kind	86,550	107,525	36,185	-
Total directors' remuneration including benefits-in-kind	2,502,979	2,743,417	882,685	655,294

Details of remuneration receivable by directors of the Company during the year are as follows :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive :				
Salaries	1,685,661	1,992,157	387,644	298,826
Fees	205,500	144,000	205,500	144,000
Bonus : - current year's provision	170,616	194,215	59,300	54,233
- under/(over) provision in prior year	87,910	123,430	(11,913)	24,686
Defined contribution plan	75,867	59,465	30,094	10,924
Estimated money value of benefits-in-kind	86,550	107,525	36,185	-
	2,312,104	2,620,792	706,810	532,669
Non-Executive :				
Fees	190,875	122,625	175,875	122,625
	2,502,979	2,743,417	882,685	655,294

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below :

	Number of Directors	
	Non-Executive	Executive
Executive directors :		
Below RM100,000	1	-
RM250,001 - RM300,000	1	-
RM450,001 - RM500,000	3	-
RM600,001 - RM650,000	1	-
Non-executive directors :		
Below RM100,000	-	3

11. INCOME TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax :				
Malaysian income tax	1,707,486	2,380,799	-	5,707,093
Overprovision in prior years	(75,533)	(79,941)	(109,025)	(21,055)
	1,631,953	2,300,858	(109,025)	5,686,038
Deferred tax (Note 28) :				
Relating to origination and reversal of temporary difference	1,983,906	1,093,388	-	-
Relating to changes in tax rates	(547,353)	(390,269)	-	-
Under/(Over) provision in prior years	15,320	(327,284)	-	-
	1,451,873	375,835	-	-
	3,083,826	2,676,693	(109,025)	5,686,038

Income tax is calculated at the Malaysian statutory rate of 27% (2006 : 28%) of the estimated assessable profit for the year. The income tax rate on the first RM500,000 (2006 : RM500,000) of chargeable income for subsidiaries with issued and paid-up share capital of RM2.5 million and below is 20% (2006 : 20%) and for the remaining chargeable income exceeding the prescribed threshold, the applicable tax rate is 27% (2006 : 28%). The statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2007 has reflected these changes.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to the income tax expense at the effective tax rate of the Group and of the Company are as follows :

	Group	
	2007 RM	2006 RM
Profit before taxation	21,402,693	34,319,990
Taxation of Malaysian statutory tax rate of 27% (2006 : 28%)	5,778,727	9,609,597
Effect of lower tax rate at 20% (2006 : 20%) on first RM500,000 (2006 : RM500,000)	(70,000)	(80,000)
Effect of changes in tax rates on opening balance of deferred tax	(547,353)	(390,269)
Income not subject to tax	(296,267)	(483,034)
Expenses not deductible for tax purposes	1,054,135	357,722
Utilisation of current year reinvestment allowance	(405,165)	(167,147)
Utilisation of previously unrecognised reinvestment allowance	(2,370,038)	(5,762,951)
Under/(Over)provision of deferred tax in prior years	15,320	(327,284)
Overprovision of tax expense in prior years	(75,533)	(79,941)
Income tax expense for the year	3,083,826	2,676,693

	Company	
	2007 RM	2006 RM
Profit before taxation	12,515,558	32,426,268
Taxation of Malaysian statutory tax rate of 27% (2006 : 28%)	3,379,201	9,079,355
Income not subject to tax	(3,769,891)	(3,547,070)
Expenses not deductible for tax purposes	390,690	174,808
Overprovision of tax expense in prior year	(109,025)	(21,055)
Income tax expense for the year	(109,025)	5,686,038

11. INCOME TAX EXPENSE (CONT'D)

Tax saving during the year arising from :

	Group 2007 RM	Group 2006 RM
Utilisation of current year reinvestment allowance	405,165	167,147
Utilisation of previously unrecognised reinvestment allowance	2,370,038	5,762,951
	2,775,203	5,930,098

12. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year. The following reflects the income and share data used in the basic earnings per share computation :

	Group 2007 RM	Group 2006 RM
Profit for the year attributable to ordinary equity holders of the Company	18,318,867	31,643,297
Weighted average number of ordinary shares in issue	600,000,000	600,000,000
Basic earnings per share (sen)	3.05	5.27

No diluted earnings per share is presented as the Company has no dilutive potential ordinary shares as at the balance sheet date.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these financial statements.

13. DIVIDENDS

	Amount 2007 RM	Amount 2006 RM	Net dividend per share 2007 Sen	Net dividend per share 2006 Sen
Declared and paid during the year in respect of the financial year ended :				
31 December 2005				
Final				
4.00 sen less 28% taxation	-	17,280,000	-	2.88
31 December 2006				
Interim				
1.00 sen less 28% taxation	-	4,320,000	-	0.72
1.00 sen less 28% taxation	-	4,320,000	-	0.72
2.00 sen less 28% taxation	-	8,640,000	-	1.44
Final				
2.00 sen tax exempt	12,000,000	-	2.00	-
31 December 2007				
Interim				
1.00 sen tax exempt	6,000,000	-	1.00	-
1.00 sen tax exempt	6,000,000	-	1.00	-
0.25 sen tax exempt	1,500,000	-	0.25	-
	25,500,000	34,560,000	4.25	5.76
Proposed for approval at Annual General Meeting (not recognised as liability as at 31 December)				
Final 2 sen tax exempt	-	12,000,000	-	2.00

The directors do not propose any final dividend in respect of the current financial year.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings (1) RM	Plant and Machinery RM	Motor Vehicles RM	Others (2) RM	Total RM
Group					
Cost					
At 1 January 2006	63,372,288	123,531,470	2,603,024	13,093,504	202,600,286
Additions	9,115,943	7,031,991	4,013	975,752	17,127,699
Disposals	-	(457,028)	(327,805)	(13,200)	(798,033)
Written off	-	(20,012)	-	(211,742)	(231,754)
At 31 December 2006	72,488,231	130,086,421	2,279,232	13,844,314	218,698,198
Additions	18,427,945	14,177,677	1,186,870	1,291,782	35,084,274
Disposals	-	(903,962)	-	-	(903,962)
Written off	-	(313,969)	-	(175,137)	(489,106)
Reclassified as investment property (Note 15)	(24,661,366)	-	-	-	(24,661,366)
Reclassified as assets held for sale (Note 23)	(59,428,214)	(168,050)	-	(913,987)	(60,510,251)
At 31 December 2007	6,826,596	142,878,117	3,466,102	14,046,972	167,217,787
Accumulated depreciation					
At 1 January 2006	1,624,047	39,652,854	803,504	4,109,355	46,189,760
Charge for the year	1,067,510	12,082,814	426,886	2,366,787	15,943,997
Disposals	-	(351,927)	(38,177)	(13,200)	(403,304)
Written off	-	(12,955)	-	(200,612)	(213,567)
At 31 December 2006	2,691,557	51,370,786	1,192,213	6,262,330	61,516,886
Charge for the year	775,429	12,715,636	522,746	2,302,306	16,316,117
Disposals	-	(821,580)	-	-	(821,580)
Written off	-	(240,658)	-	(172,815)	(413,473)
Reclassified assets as held for sale (Note 23)	(2,417,444)	(52,889)	-	(359,583)	(2,829,916)
At 31 December 2007	1,049,542	62,971,295	1,714,959	8,032,238	73,768,034
Net carrying amount					
At 31 December 2007	5,777,054	79,906,822	1,751,143	6,014,734	93,449,753
At 31 December 2006	69,796,674	78,715,635	1,087,019	7,581,984	157,181,312

(1) Buildings of the Group comprised the following :

	Buildings RM	Buildings in-progress RM	Total RM
Cost			
At 1 January 2006	60,168,899	3,203,389	63,372,288
Additions	557,132	8,558,811	9,115,943
Reclassification	3,839,053	(3,839,053)	-
At 31 December 2006	64,565,084	7,923,147	72,488,231
Additions	-	18,427,945	18,427,945
Reclassified as investment property (Note 15)	-	(24,661,366)	(24,661,366)
Reclassified as assets held for sale (Note 23)	(59,428,214)	-	(59,428,214)
At 31 December 2007	5,136,870	1,689,726	6,826,596
Accumulated depreciation			
At 1 January 2006	1,624,047	-	1,624,047
Charge for the year	1,067,510	-	1,067,510
At 31 December 2006	2,691,557	-	2,691,557
Charge for the year	775,429	-	775,429
Reclassified as assets held for sale (Note 23)	(2,417,444)	-	(2,417,444)
At 31 December 2007	1,049,542	-	1,049,542
Net carrying amount			
At 31 December 2007	4,087,328	1,689,726	5,777,054
At 31 December 2006	61,873,527	7,923,147	69,796,674

(2) Included in other assets of the Group are renovation, photographic equipment, heavy equipment, electrical installation, office equipment, security protection equipment, erectable stores, tele-communication equipment, furniture and fittings, staff amenities and computers.

	Motor Vehicles RM	Computers RM	Total RM
Company			
Cost			
At 31 December 2006/31 December 2007	348,535	15,505	364,040
Accumulated depreciation			
At 1 January 2006	75,125	1,723	76,848
Charge for the year	69,707	5,168	74,875
At 31 December 2006	144,832	6,891	151,723
Charge for the year	69,707	5,168	74,875
At 31 December 2007	214,539	12,059	226,598
Net carrying amount			
At 31 December 2007	133,996	3,446	137,442
At 31 December 2006	203,703	8,614	212,317

(a) A motor vehicle of the Company with net book value of RM80,543 (2006 : RM128,869) is registered under the name of a Director of the Company and is held in trust by that Director.

(b) During the financial year, the Group acquired property, plant and equipment at aggregate costs of RM35,084,274 (2006: RM17,127,699) of which RM2,793,400 (2006: RM Nil) was acquired by means of hire purchase arrangements.

(c) As at the balance sheet date, net book values of plant and machinery and motor vehicles held under finance lease arrangement amounted to RM2,713,887 (2006 : RM175,500).

15. INVESTMENT PROPERTIES

	Group 2007 RM	Group 2006 RM
Cost		
At 1 January	-	-
Transfer from property, plant and equipment (Note 14)	24,661,366	-
At 31 December	24,661,366	-
Accumulated Depreciation		
At 1 January	-	-
Charge for the year (Note 8)	370,763	-
At 31 December	370,763	-
Net carrying amount	24,290,603	-

These are buildings which were recently completed. The buildings are leased to REXAM Malaysia Sdn. Bhd. (formerly known as O-I Plastics Malaysia Sdn. Bhd.), an associate (Note 32).

The fair value of the investment properties as at 31 December 2007 is approximately RM26,000,000.

16. PREPAID LAND LEASE PAYMENTS

	Group 2007 RM	Group 2006 RM
At 1 January	16,264,425	16,551,557
Amortisation for the year (Note 8)	(234,548)	(287,132)
Reclassified as assets held for sale (Note 23)	(8,978,813)	-
At 31 December	7,051,064	16,264,425

17. INVESTMENT IN SUBSIDIARIES

	Company 2007 RM	Company 2006 RM
Unquoted shares, at cost	91,051,000	91,051,000

Details of the subsidiaries, which are wholly owned and incorporated in Malaysia, are as follows :

Name of company	Principal activities
Classic Advantage Sdn. Bhd. *	Manufacture and sub-assembly of precision plastic parts and components, and fabrication of precision moulds and dies
Fu Hao Manufacturing (M) Sdn. Bhd. *	Manufacture and sub-assembly of precision plastic parts and components

* Audited by Ernst & Young, Malaysia

18. INVESTMENT IN ASSOCIATE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares, at cost	1,000,000	1,000,000	1,000,000	1,000,000
Share of post-acquisition reserves	(648,830)	(152,302)	-	-
	351,170	847,698	1,000,000	1,000,000

The associate company, which is 40% (2006: 40%) owned and incorporated in Malaysia, is REXAM Malaysia Sdn. Bhd. (formerly known as O-I Plastics Malaysia Sdn. Bhd.). Its principal activities are those of manufacturing and assembling of precision plastic moulded products for electrical, electronics, healthcare, food and petroleum industries.

The financial statements of the associate is coterminous with the Group and is audited by a firm other than Ernst & Young.

The summarised financial information of the associate are as follows :

	2007 RM	2006 RM
Share of the associate's balance sheet		
Current assets	1,464,620	1,164
Non-current assets	6,406,229	1,089,248
Current liabilities	(7,519,679)	(242,714)
Net assets	351,170	847,698
Share of the associate's revenue and results		
Revenue	5,036,256	-
Loss for the year	496,528	152,302

19. INVENTORIES

	Group	
	2007 RM	2006 RM
Cost		
Raw materials	13,596,544	17,934,397
Goods in transit - raw materials	1,985,028	845,243
Work-in-progress	5,765,843	6,912,434
Finished goods	10,597,376	10,629,931
	31,944,791	36,322,005
Net realisable value		
Raw materials	273,587	30,642
Work-in-progress	210,418	6,586
Finished goods	309,290	45,534
	793,295	82,762
	32,738,086	36,404,767

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables				
Third parties	64,375,893	61,477,801	-	-
Penultimate holding company	1,101,093	1,172,199	-	-
Related company	-	2,594	-	-
Due from customers on contracts (Note 21)	360,605	66,032	-	-
	65,837,591	62,718,626	-	-
Less : Provision for doubtful debts				
Third parties	(37,987)	(90,760)	-	-
Trade receivables, net	65,799,604	62,627,866	-	-
Other receivables				
Due from related parties :	-	-	145,214,044	171,189,566
Penultimate holding company	153	1,732	-	-
Related companies	2,292	7,740	-	-
Sundry receivables	7,256,926	6,288,131	5,631,683	3,420,009
	7,259,371	6,367,603	150,845,727	174,609,575
Less : Provision for doubtful debts	(510,915)	-	-	-
	6,748,456	6,367,603	150,845,727	174,609,575
Deposits	213,065	161,825	500	500
Prepayments	439,113	233,372	73,129	73,972
	7,400,634	6,762,800	150,919,356	174,684,047
	73,200,238	69,390,666	150,919,356	174,684,047

(a) Credit risk

The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit term is generally for 45 days, extending to 60 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has credit control personnel to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at the balance sheet date, approximately 83% (2006 : 83%) of the trade receivables are due from two customers of the Group.

(b) Due from related parties

The amounts due from all related parties are non-interest bearing and repayable on demand. All related parties receivable are unsecured and are to be settled in cash.

Further details on related party transactions are disclosed in Note 32.

(c) Included in other receivable is a debt of RM1,029,042 arising from sale of plant and machinery in prior years. The debt is stated net of provision for doubtful debt of RM510,915. Notwithstanding that the debt is long outstanding, the Directors, having considered all available information, are of the view that the balance of debt is recoverable in full.

Information on the financial risks of trade and other receivables are disclosed in Note 33.

21. DUE FROM/(TO) CUSTOMERS ON CONTRACTS

	Group	
	2007 RM	2006 RM
Tooling contract costs incurred to date	5,016,819	979,582
Attributable profits	11,716	472,405
	5,028,535	1,451,987
Less : Progress billings	(4,944,402)	(1,637,132)
	84,133	(185,145)
Due from customers on contracts (Note 20)	360,605	66,032
Due to customers on contracts (Note 29)	(276,472)	(251,177)
	84,133	(185,145)

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at banks	25,192,833	16,284,027	894,705	147,732
Repurchase agreements	5,500,000	26,500,000	-	-
Deposits with licensed banks	1,462,659	1,412,268	-	-
Cash and bank balances	32,155,492	44,196,295	894,705	147,732
Short term investments	26,196,704	34,213,123	16,160,033	14,485,643
Cash and cash equivalents	58,352,196	78,409,418	17,054,738	14,633,375

In the previous financial year, deposits with licensed banks of the Group amounting to RM163,268 were pledged to a bank for credit facilities granted to a subsidiary.

The short term investments refer to funds deposited with trust fund and money market funds.

Information on the financial risks of cash and cash equivalents are disclosed in Note 33.

23. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

On 12 September 2007, a wholly owned subsidiary of the Company, Classic Advantage Sdn. Bhd. ("CASB") entered into a Proposed Sale and Leaseback Agreement with Mapletree MIF Malaysia 2 Sdn. Bhd. ("MMM2") for the sale and leaseback of 6 blocks of factories and 1 office block and ancillary building erected thereon and including mechanical equipment located at No. 11 Jalan Persiaran Teknologi, Taman Teknologi Johor, 81400 Senai, Johor Darul Ta'zim (the "Property") for a cash consideration of RM80.0 million ("Proposed Disposal).

The disposal of the above mentioned properties is due to be completed during the financial year ending 31 December 2008. As at 31 December 2007, the above mentioned properties of CASB have been presented on the consolidated balance sheet as non-current assets classified as held for sale.

Non-current assets classified as held for sale on the Group's balance sheet as at 31 December 2007 are as follows :

	Carrying amount immediately before classification RM	Allocation of re-measurement RM	Carrying amount as at 31 Dec 2007 RM
Assets			
Prepaid land lease payments (Note 16)	8,978,813	-	8,978,813
Buildings (Note 14)	57,680,335	-	57,680,335
	66,659,148	-	66,659,148
Liabilities			
Deferred tax (Note 28)	3,303,644	-	3,303,644

24. SHARE CAPITAL

	Number of Ordinary Shares of RM0.20 each		Amount	
	2007	2006	RM 2007	RM 2006
Authorised				
At 1 January/31 December	2,500,000,000	2,500,000,000	500,000,000	500,000,000
Issued and fully paid				
At 1 January/31 December	600,000,000	600,000,000	120,000,000	120,000,000

The share premium represents excess of consideration received over the par value of share issued. The share premium is a statutory restricted reserve but is available for purposes as specified to the Companies Act, 1965.

25. RETAINED EARNINGS

Presently, Malaysian companies adopt the full imputation system. In the Budget 2008, the Government announced the proposal to introduce the single tier tax system for companies effective from the year of assessment 2008. Under the proposed single tier system, the Company shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends paid, credited or distributed by the Company will be exempted from tax in the hands of the shareholders. However, there will be a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the 108 balance and opt to pay dividends under the single tier system. This proposed change in the tax law also provides for the 108 balance to be locked in as at 31 December 2007.

During the transitional period, the Company can utilise the balance in the 108 account as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Bill, 2007.

As at 31 December 2007, the Company has sufficient balance in the 108 account amounting to RM22,482,000 (2006: RMNil) to pay franked dividends out of its entire retained earnings. In addition, the Company has estimated balance of RMNil (2006: RM12,000,000) in its tax exempt accounts available for distributions as tax exempt dividends. Any payments of dividends in excess of the aforesaid amounts would attract tax at the prevailing statutory tax rate.

26. BORROWINGS

	Group 2007 RM	Group 2006 RM
Short term borrowings		
Time loan - unsecured	15,000,000	-
Hire purchase - secured (Note 27)	912,792	9,463
	15,912,792	9,463
Long term borrowings		
Hire purchase - secured (Note 27)	1,552,040	40,686
Total borrowings		
Time loan	15,000,000	-
Hire purchase (Note 27)	2,464,832	9,463
	17,464,832	9,463

Term loan is secured by a corporate guarantee granted by the Company and the payment terms of the loan ranges from 182 to 365 days.

Other information on financial risks of borrowings are disclosed in Note 33.

27. HIRE PURCHASE LIABILITIES

	Group 2007 RM	Group 2006 RM
Future minimum lease payments :		
Not later than 1 year	994,584	11,568
Later than 1 year and not later than 2 years	994,584	11,568
Later than 2 years and not later than 5 years	648,622	32,730
Later than 5 years	44,662	-
Total future minimum lease payments	2,682,452	55,866
Less : Future finance charges	(217,620)	(5,717)
Present value of hire purchase liabilities	2,464,832	50,149
Analysis of present value of hire purchase liabilities :		
Not later than 1 year	912,792	9,463
Later than 1 year and not later than 2 years	914,148	9,944
Later than 2 years and not later than 5 years	595,052	30,742
Later than 5 years	42,840	-
	2,464,832	50,149
Less : Amount due within 12 months (Note 26)	(912,792)	(9,463)
Amount due after 12 months (Note 26)	1,552,040	40,686

The hire purchase relates to leases of several motor vehicles and plant and machinery of the Group.

Information on the financial risks of hire purchase liabilities are disclosed in Note 33.

28. DEFERRED TAX

	Group	
	2007 RM	2006 RM
At 1 January	12,801,259	12,425,424
Recognised in income statement (Note 11)	1,451,873	375,835
Reclassified as held for sale (Note 23)	(3,303,644)	-
At 31 December	10,949,488	12,801,259
Presented after appropriate offsetting as follows :		
Deferred tax assets	(206,117)	(267,002)
Deferred tax liabilities	11,155,605	13,068,261
	10,949,488	12,801,259

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Deferred Tax Liabilities of the Group :

	Property, Plant and Equipment RM
At 1 January 2006	12,545,782
Recognised in income statement	522,479
At 1 January 2007	13,068,261
Recognised in income statement	1,390,988
Reclassified as held for sale (Note 23)	(3,303,644)
At 31 December 2007	11,155,605

Deferred Tax Assets of the Group :

	Provision for Liabilities RM	Unused Tax Losses RM	Total RM
At 1 January 2006	(61,000)	(59,358)	(120,358)
Recognised in income statement	(206,002)	59,358	(146,644)
At 1 January 2007	(267,002)	-	(267,002)
Recognised in income statement	60,885	-	60,885
At 31 December 2007	(206,117)	-	(206,117)

Deferred tax assets have not been recognised in respect of the following items :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unutilised reinvestment allowances	12,030,000	17,284,000	-	-
Unused tax losses	746,000	-	746,000	-
Unabsorbed capital allowances	2,000	-	2,000	-
	12,778,000	17,284,000	748,000	-

Deferred tax assets have not been recognised on unused tax losses and unabsorbed capital allowances as the Company could not anticipate their realisations.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables				
Third parties	33,595,681	39,620,356	-	-
Penultimate holding company	3,980,409	3,504,129	-	-
Due to customers on contracts (Note 21)	276,472	251,177	-	-
	37,852,562	43,375,662	-	-
Other payables				
Penultimate holding company	505,446	934,995	-	-
Related companies	59,014	-	-	-
Accruals	14,219,745	14,624,274	453,711	427,026
Sundry payables	7,566,884	5,466,323	271,630	48,801
	22,351,089	21,025,592	725,341	475,827
	60,203,651	64,401,254	725,341	475,827

(a) Trade payables

Trade payables are non-interest bearing and the normal credit term granted to the Group ranges from 30 to 60 days.

(b) Due to related parties

The amounts due to related parties are unsecured, non-interest bearing and are repayable on demand.

Further details on related party transactions are disclosed in Note 32.

Information on the financial risks of trade and other payables are disclosed in Note 33.

30. COMMITMENTS

(a) Capital Commitments

	Group 2007 RM	Group 2006 RM
Approved and contracted for :		
Property, plant and equipment	3,915,285	1,794,805
Investment properties	4,254,465	15,245,483
	8,169,750	17,040,288
Approved but not contracted for :		
Property, plant and equipment	789,000	-
Investment properties	-	230,800
	8,958,750	17,271,088

(b) Non- Cancellable Operating Lease Commitments - Group as Lessee

	Group 2007 RM	Group 2006 RM
Future minimum rentals payable :		
Not later than 1 year	65,450	102,500

Operating lease payments represent rent payable by the Group for the use of buildings. Lease rentals are negotiated and fixed annually.

(c) Non- Cancellable Operating Lease Commitments - Group as Lessor

	Group 2007 RM	Group 2006 RM
Future minimum rentals receivable :		
Not later than 1 year	2,180,100	1,282,500
Later than 1 year and not later than 5 years	2,512,729	2,565,000
	4,692,829	3,847,500

The Group has entered into property leases on its investment properties, consisting of the Group's surplus land and manufacturing buildings. The leases have remaining non-cancellable lease term of 3 years.

31. CONTINGENT LIABILITIES

	Company 2007 RM	Company 2006 RM
Unsecured :		
Corporate guarantees given to banks for credit facilities to subsidiries	21,237,648	2,613,000

32. RELATED PARTY DISCLOSURES

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year :

	2007 RM	2006 RM
Group		
With penultimate holding company :*	76,572	101,191
Sale of raw materials, spare parts, packaging materials and handling charge	1,595,974	1,541,321
Sale of precision moulds and dies	1,827,111	2,365,101
Sale of property, plant and equipment	-	127,387
Purchase of raw materials	21,370,180	9,006,024
Purchase of property, plant and equipment	85,666	45,237
Management fees	1,008,482	851,930
With related companies :#		
Purchase of raw materials	-	335,199
Purchase of property, plant and equipment	1,942,208	80,858
Associate :		
Rental of building	1,731,300	-
Company		
Management fees received from subsidiaries	578,000	506,400

***** Penultimate holding company is Fu Yu Corporation Limited.

Related companies are companies within the Fu Yu Holding Pte. Ltd. group.

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 20 and Note 29.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short-term employee benefits	2,796,848	3,331,449	667,715	765,387
Post-employment benefits :				
Defined contribution plan	138,973	136,168	36,957	38,535
	2,935,821	3,467,617	704,672	803,922

Included in the total key management personnel are :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors' remuneration (Note 10)	2,106,604	2,495,872	501,310	388,669

33. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate (both fair value and cash flow), foreign currency, liquidity and credit risks. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be under taken.

(b) Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been placed in fixed deposits or ocassionally in money market and trust funds which yield better returns than cash at bank.

The following tables set out the carrying amounts, the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and of the Company's financial instruments that are exposed to interest rate risk :

As at 31 December 2007

Group

	Maturity	Note	WAEIR (%)	RM
Fixed rate				
Repurchase agreements	Within 1 year	22	2.72%	5,500,000
Time Loan	Within 1 year	26	4.67%	15,000,000
Hire purchase liabilities	Within 1 year	27	5.14%	912,792
	1-2 years			914,148
	2-3 years			546,232
	3-4 years			28,677
	4-5 years			20,143
	> 5 years			42,840
				2,464,832
Floating rate				
Bank balances	Within 1 year	22	4.57%	13,797,062
Short term investments	Within 1 year	22	2.62%	26,196,704
Deposits with licensed banks	Within 1 year	22	3%	1,462,659

Company

	Maturity	Note	WAEIR (%)	RM
Floating rate				
Short term investments	Within 1 year	22	2.41%	16,160,033

33. FINANCIAL INSTRUMENTS (CONT'D)

As at 31 December 2006

Group

	Maturity	Note	WAEIR (%)	RM
Fixed rate				
Repurchase agreements	Within 1 year	22	2.3	26,500,000
Hire purchase liabilities	Within 1 year	27	3.8	9,463
	1-2 years			9,944
	2-3 years			10,426
	3-4 years			10,906
	4-5 years			9,410
				50,149
Floating rate				
Bank balances	Within 1 year	22	3.1	2,033,975
Short term investments	Within 1 year	22	7.7	34,213,123

Company

	Maturity	Note	WAEIR (%)	RM
Floating rate				
Short term investments	Within 1 year	22	5.9	14,485,643

Interest on financial instruments subject to floating interest rates is repriced at intervals of less than 6 months. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments. The other financial instruments of the Group and of the Company that are not included in the above tables are not subject to interest rate risks.

(c) Foreign Exchange Risk

The Group is exposed to transactional currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollars (USD) and Singapore Dollars (SGD). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 86% (2006 : 69%) of the Group's sales are denominated in currencies other than the unit's functional currency of the operating unit making the sale, whilst 42% (2006 : 43%) of cost are denominated in the unit's functional currency. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

The Group maintains a natural hedge, whenever possible, by purchasing in the currency that match the future revenue stream to be generated from its investments.

The net unhedged financial assets and financial liabilities of the Group and of Company that are not denominated in their functional currencies are as follows :

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Net Financial Assets/ (Liabilities) Held in Non-Functional Currencies				
United States Dollar	42,474,099	19,388,242	-	1,009,338
Singapore Dollar	545,545	(804,146)	-	-
Japanese Yen	(2,961,408)	(482,360)	-	-

33. FINANCIAL INSTRUMENTS (CONT'D)

(d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(e) Credit Risk

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an going basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the management. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, arises from default of the counterparty, with the maximum exposure equal to the carrying amount of these financial assets.

The information on significant exposure to group of debtors are disclosed in Note 20 to the financial statements.

(f) Fair Values

The carrying value of current financial assets and current financial liabilities of the Group approximate their values due to their short term nature whilst the carrying value of long term borrowings is estimated to be approximate the fair value estimated based on the current rates available for borrowing with the same maturity profile.

It is not practicable to estimate the fair values of amounts due from/to the holding and related companies principally due to a lack of fixed term of repayment term entered by the parties involved and without incurring excessive costs. However, the directors' believes that the carrying amounts recorded at balance sheet reflect the corresponding fair value.

34. SIGNIFICANT AND SUBSEQUENT EVENTS

During the financial year, the Company announced the following significant events :

(a) On 12 September 2007, the Company announced the following proposals :

(i) CASB, a wholly-owned subsidiary of the Company and MMM2 has entered into a Sale and Purchase Agreement ("SPA") for the sale of a Property for a cash consideration of RM80.0 million ("Proposed Disposal"). The Property has been re-classified as non-current assets held for sale as disclosed in Note 23 to the financial statements.

Upon the completion of the SPA, a lease agreement will be entered between the aforesaid parties for the leaseback of the Property for a lease period of twelve (12) years and for an initial lease rental of approximately RM7.2 million per annum ("Proposed Sale and Leaseback");

(ii) Proposed capital repayment via cash distribution of RM72.0 million to shareholders of the Company ("LCTH"), involving the followings :

(a) Proposed bonus issue of 120,000,000 new ordinary shares of RM0.20 each in LCTH ("LCTH Shares") on the basis of one (1) new share in LCTH for every five (5) existing shares in LCTH held prior to the proposed capital reduction ("Proposed Bonus Issue");

(b) Proposed capital reduction of issued and paid-up capital of the Company after the Proposed Bonus Issue from RM144,000,000 to RM72,000,000 representing a capital reduction of RM0.10 par value for every one (1) existing LCTH Share held after the Proposed Bonus Issue ("Proposed Capital Reduction");

(The Proposed Bonus Issue and Proposed Capital Reduction are collectively known as the "Proposed Capital Repayment"); and

(iii) Proposed consolidation of 720,000,000 ordinary shares of RM0.10 each in LCTH after the Proposed Capital Repayment into 360,000,000 ordinary shares of RM0.20 each on the basis of two (2) ordinary shares of RM0.10 each in LCTH to be consolidated into one (1) ordinary share of RM0.20 each in LCTH ("Proposed Shares Consolidation").

(b) On 7 November 2007, the Shareholders had at the Extraordinary General Meeting ("EGM") held on even date approved the Proposals as previously announced on 12 September 2007. The Proposals and Resolutions contained in the Circular and the Notice of EGM respectively dated 16 October 2007 were approved by shareholders by way of poll at the EGM held on 7 November 2007.

The Proposals are subject to approvals being obtained from the followings :

(i) the Foreign Investment Committee ("FIC"), for the Proposed Sale and Leaseback, by Mapletree MIF Malaysia 2 Sdn Bhd ("MMM2");

(ii) the High Court for the Proposed Capital Reduction; and

(iii) any other relevant authorities, including consent from the Johor State Authority for the Proposed Sale and Leaseback.

34. SIGNIFICANT AND SUBSEQUENT EVENTS (CONT'D)

Subsequent to the financial year, the Company made the following announcements :

(a) On 4 January 2008, MMM2 had on 17 December 2007, informed the Company that the Foreign Investment Committee has via its letter dated 27 November 2007, no objection to the Proposed Sale and Leaseback.

(b) On 11 January 2008, the Company and MMM2 have agreed in principle to extend the date to fulfill the conditions precedent of the SPA in relation to the Proposed Sale and Leaseback as mentioned in Note 34 (b) for a period of three (3) month to 11 April 2008. A formal supplemental agreement will be entered into by the parties to reflect the said extension.

(c) On 18 January 2008, the Pejabat Tanah Dan Galian Negeri Johor has, vide its letter dated 16 January 2008, given its consent for the transfer of ownership of the Property from CASB to MMM2, subject to the condition that the memorandum of transfer of the Property be submitted to the Pejabat Tanah Dan Galian Negeri Johor/Pejabat Tanah Daerah within six (6) months from the date of the aforesaid approval.

(d) On 4 February 2008, the Pejabat Pengarah Tanah Dan Galian Johor has, vide its letter dated 29 January 2008, given its consent for the lease of the Property from MMM2 to CASB for a period of twelve (12) years, subject to the condition that the lease agreement for the purpose of the lease of the Property be submitted to the Pejabat Tanah Dan Galian Johor/Pejabat Tanah Daerah within six (6) months from the date of the aforesaid approval.

(e) On 12 March 2008, the Company as on 11 March 2008 have met all condition precedents of the SPA in relation to the Proposed Disposal. Pursuant to this, the SPA has become unconditional.

The Proposed Capital Repayment is currently pending the Court Order.

(f) On 14 March 2008, CASB and MMM2 had vide a letter dated 25 February 2008 (which is supplemental to the SPA relating to the Proposed Disposal) agreed to the following :

(i) To formally record the agreement between the aforesaid parties with regards to the extension of the fulfillment period of all the Conditions Precedent (as defined in the SPA) for a further period of four (4) months to 11 May 2008 ("Agreement"); and

(ii) That upon the completion of the Due Diligence (as defined in the SPA), CASB shall, at its own cost and expense, rectify all defects indicated in the building audit report prior to the end of the Completion Period (as defined in the SPA).

In the event CASB fails to rectify all the said defects by the end of the Completion Period, MMM2 shall be entitled to require CASB to complete, at CASB's cost and expense, the rectification of the outstanding defects ("Outstanding Items") by such later date as may be stipulated by MMM2 ("Rectification Deadline") and also to deduct and retain from the Deposit (currently held by MMM2's Solicitors), a retention sum of RM3.0 million ("Retention Sum") upon completion of the Proposed Disposal.

Upon the completion of the rectification works by CASB of the Outstanding Items to the satisfaction of MMM2 by the Rectification Deadline, MMM2 shall pay to CASB the Retention Sum within thirty (30) days thereafter.

In the event any of the Outstanding Items remain un-rectified by the expiry of the Rectification Deadline, MMM2 shall be entitled to rectify the Outstanding Items on its own and apply the Retention Sum towards payments of the costs and expenses for completion of such works and to recover any additional costs and expenses incurred exceeding beyond the Retention Sum from CASB, if any.

LIST OF PROPERTIES

The following set out details of the properties belonging to the LCTH Group.

No.	Registered Proprietor	Location	Existing Use/ (Approximate) Age of Building	Year of Acquisition	Land Area ("L")/ *Built-Up Area ("B")*	Tenure	Net Book Value As At 31 December 2007 (RM)
1.	Fu Hao Manufacturing (M) Sdn Bhd	Lot 5046 HSD 44038 PT3223 Mukim 01, Daerah Seberang Perai, Pulau Pinang. **Address :** Plot 562 Mukim 1, Jalan Perusahaan Baru 1, Perai III, Perai Industrial Estate,13600 Perai, Penang	Warehouse, factory and office *(More than 8 years)*	1995	**L** : 1,435 acres **B** : *52,371 sq. ft*	Leasehold for 60 years expiring on 11 December 2050	Land : 853,464 Building: 4,087,328
2.	Classic Advantage Sdn Bhd	1. PLO 21 Johor Technology Park in the Mukim of Senai/Kulai, District of Johor Bahru; **Address :** 11, Jalan Persiaran Teknologi, Taman Teknologi Johor, 81400 Senai, Johor	Warehouse, factory and office *(Less than 3 years)*	1 Aug 2004	**L** : 19.314 acres **B** : *680,005 sq. ft*	Leasehold for 60 years expiring on 31 March 2066	Land : 8,978,813 Building: 57,680,335
		2. PLO 11 Johor Technology Park in the Mukim of Senai/Kulai, District of Johor Bahru. **Address :** 21, Jalan Teknologi 2, Taman Teknologi Johor, 81400 Senai, Johor	Factory (known as Block C) *(Less than 1 year)* Building in progress (known as Block D) Vacant land	1 Aug 2004	**L** : 13.357 acres **B** : *75,000 sq. ft* **B** : *48,000 sq. ft*	Leasehold for 60 years expiring on 31 March 2066	Land : 6,197,600 Building : 24,290,603 Building under Construction : 1,689,726

ANALYSIS OF SHAREHOLDINGS
AS AT 28 FEBRUARY 2008

SHARE CAPITAL

Authorised share capital	:	RM500,000,000
Issued and fully paid-up capital	:	RM120,000,000
Class of shares	:	Ordinary shares of RM0.20 each
Voting rights	:	One vote per ordinary share

ANALYSIS OF SHAREHOLDINGS

Size of holdings	No. of Shareholders	Percentage of Shareholders	No. of shares Held	Percentage of Issued capital
1 - 99	3	0.09	137	0.00
100 - 1,000	877	26.59	833,100	0.14
1,001 - 10,000	1,660	50.33	8,688,200	1.45
10,001 - 100,000	635	19.25	20,144,800	3.36
100,001 to less than 5% of the issued shares	121	3.67	114,427,394	19.07
5% and above of issued shares	2	0.06	455,906,369	75.98
	3,298	100.00	600,000,000	100.00

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 28 FEBRUARY 2008

	Name of Directors	Direct Interest%	%	Indirect Interest	%
1.	Datuk Muhammad Feisol Bin Haji Hassan	310,300 #	0.05	-	-
2.	Ho Nee Kit	615,200	0.10	423,826,069 @	70.64
3.	Hew Lien Lee	5,052,541 *	0.84	-	-
4.	Ching Heng Yang	500,000	0.08	423,826,069 @	70.64
5.	Tam Wai	610,000	0.10	423,826,069 @	70.64
6.	Lim Shook Kong	464,800 ^	0.09	-	-
7.	Ong Seng Pheow	190,000	0.03	-	-

Notes:

100,000 shares held through RHB Capital Nominees (Tempatan) Sdn Bhd

* 500,000 shares held through RHB Capital Nominees (Tempatan) Sdn Bhd

^ 450,000 shares held through RHB Capital Nominees (Tempatan) Sdn Bhd

@ Deemed interested by virtue of indirect shareholdings in Fu Yu Investment Pte Ltd

Shares in related corporation

There is no change in the deem interest of Directors in related companies as disclosed in the Directors' Report for the year ended 31 December 2007.

LIST OF 30 LARGEST SHAREHOLDERS AS AT 28 FEBRUARY 2008

No.	Name of shareholders	No. of Shares	%
1.	Fu Yu Investment Pte Ltd	423,826,069	70.64
2.	Lembaga Tabung Haji	32,080,300	5.35
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd PHEIM Asset Management Sdn Bhd for Employees Provident Fund	18,721,000	3.12
4.	Bank Kerjasama Rakyat Malaysia Berhad	9,250,000	1.54
5.	Chew Yoon Moi	6,104,359	1.02
6.	Shoptra Jaya (M) Sdn Bhd	6,100,000	1.02
7.	Cartaban Nominees (Tempatan) Sdn Bhd Exempt An for MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd	4,631,900	0.77
8.	PM Nominees (Tempatan) Sdn Bhd For Chew Yoon Moi	4,582,694	0.76
9.	Hew Lien Lee	4,552,541	0.76
10.	Amanah Raya Nominees (Tempatan) Sdn Bhd Dana Johor	3,675,000	0.61
11.	Tay Kin Hong	3,049,600	0.51
12.	Chow Song Kuang	3,017,300	0.50
13.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Al-Fauzan	2,500,000	0.42
14.	Cartaban Nominees (Tempatan) Sdn Bhd Meridian Asset Management Sdn Bhd for Malaysian Assurance Alliance Bhd	2,219,800	0.37
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Ruzina Binti Idris	2,000,000	0.33
16.	Cartaban Nominees (Tempatan) Sdn Bhd MIDF Amanah Asset Nominees (Tempatan) Sdn Bhd for Etiqa Takaful Berhad	1,861,700	0.31
17.	Amanah Raya Nominees (Tempatan) Sdn Bhd AUTB Progress Fund	1,646,000	0.27
18.	Amanah Raya Nominees (Tempatan) Sdn Bhd Amanah Saham Johor	1,572,000	0.26
19.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for MAAKL Dividend Fund	1,500,000	0.25
20.	Amanah Raya Nominees (Tempatan) Sdn Bhd AUTB Dana Bakti	1,475,700	0.25
21.	Cartaban Nominees (Tempatan) Sdn Bhd Malaysian Assurance Alliance Bhd for Annuity Par	1,305,800	0.22
22.	Zulkifli Bin Hussain	1,200,000	0.20
23.	Koperasi Permodalan Felda Berhad	1,000,000	0.17
24.	Ismail Bin Mustafa @ Mustam	1,000,000	0.17
25.	Hassan Bin Saat @ Saad	1,000,000	0.17
26.	Gapurna Sdn Bhd	951,700	0.16
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged securities account for Raja Abdullah Bin Raja Baharudin	900,000	0.15
28.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Kedah	900,000	0.15
29.	TA Nominees (Tempatan) Sdn Bhd Pledged securities account for Mohammed Iznan Bin Mohammed	798,800	0.13
30.	AMSEC Nominees (Tempatan) Sdn Bhd AmTrustee Berhad for Apex Dana Al-Sofi-I (UT-APEX-SOFI)	700,000	0.12

SUBSTANTIAL SHAREHOLDERS AS AT 28 FEBRUARY 2008

	Name	Direct Interest	%	Indirect Interest	%
1.	Fu Yu Investment Pte Ltd	423,826,069	70.64	–	–
2.	Fu Yu Corporation Limited	–	–	423,826,069*	70.64
3.	Fu Yu Holding Pte Ltd	–	–	423,826,069#	70.64
4.	Lembaga Tabung Haji	32,080,300	5.35	–	–
5.	Lui Choon Hay	610,000	0.10	423,826,069@	70.64
6.	Tam Wai	610,000	0.10	423,826,069@	70.64
7.	Ching Heng Yang	500,000	0.08	423,826,069@	70.64
8.	Ho Nee Kit	615,200	0.10	423,826,069@	70.64

Notes :

* Deemed interested by virtue of direct shareholding in Fu Yu Investment Pte Ltd (“ FYI”)
# Deemed interested by virtue of indirect shareholding in FYI
@ Deemed interested by virtue of indirect shareholding in FYI

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PROXY FORM

LCTH CORPORATION BHD
(633871-A)

*I/*We ____

of ____

being a member/members of LCTH CORPORATION BERHAD hereby appoint ____________________

____________________ of ____________________

____________________ or failing whom ____________________

__________ of ____________________ or the Chairman of the Meeting

as *my/*our proxy to vote for *me/*us and on *my/*our behalf at the Fourth Annual General Meeting of the Company to be held on 18 April 2008, at 10.30 a.m. and at any adjournment thereof.

*My/*Our proxy(ies) is/are to vote as indicated below:-

Agenda	Resolution	For	Against
To re-elect the following Directors retiring pursuant to Article 101 of the Company's Articles of Association:-			
(i) Ching Heng Yang	1		
(ii) Tam Wai	2		
To re-appoint Datuk Muhammad Feisol Bin Haji Hassan pursuant to Section 129(6) of the Companies Act, 1965	3		
To re-appoint Messrs Ernst & Young as Auditors of the Company for the ensuing year and to authorise the Board of Directors to fix their remuneration.	4		
To authorize the allotment of shares pursuant to Section S132D of the Companies Act, 1965.	5		
To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature involving LCTH Corporation Berhad and its Group of Companies	6		
To approve the amendments to the Articles of Association	7		

[Please indicate with (X) how you wish your vote to be casted. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion].

Dated this __________ day of ____________ 2008

NUMBER OF SHARES HELD

____

[Signature/Common Seal of Shareholder(s)]

[*Delete if not applicable]

NOTES:-

1. A member of the company who is entitled to attend and vote at this meeting is entitled to appoint a proxy or in the case of a corporation a duly authorised representative to attend and to vote in his stead.

2. A proxy need not be a Member of the Company and Section 149(1)(b) of the Companies Act, 1965 shall not apply.

3. A member may appoint more than 2 proxies to attend and the proxies shall not be valid unless the member specifies the proportion of his securities holdings to be represented by each proxy.

4. The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorized in writing or, if such be executed appointed is a corporation under its common seal or the hand of its attorney.

5. The instrument appointing a proxy shall be left at the Registered Office of the Company at 312, 3rd Floor, Block C, Kelana Square, 17 Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan at least 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

11, Jalan Persiaran Teknologi,

Taman Teknologi Johor,

81400 Senai, Johor Darul Ta'zim, Malaysia.

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