

11.0 ACCOUNTANTS' REPORT

(Prepared for inclusion in this Prospectus)



Date : 20 June 2003

The Board Of Directors
LNG RESOURCES BERHAD
K-95 Kawasan Perindustrian Tanjung Agas
84000 Muar
Johor Darul Takzim

Dear Sirs,

1. INTRODUCTION

This report has been prepared for inclusion in the Prospectus to be dated 30 June 2003 in connection with the Public Issue of 13,500,000 new ordinary shares of 10 sen each at an issue price of 35 sen per ordinary share in LNG Resources Berhad (hereinafter referred to as "LNG" or the "Company") and the listing of and quotation for the entire issued and fully paid-up share capital of LNG comprising 90,000,020 ordinary shares of 10 sen each on the MESDAQ Market of the Kuala Lumpur Stock Exchange ("KLSE").

2. GENERAL INFORMATION

2.1 The Company and Its Subsidiary Companies

LNG was incorporated in Malaysia as a public limited company on 5 June 2002. Its principal activity is that of investment holding. Details of its subsidiary companies are as follows :

<u>Company Name</u>	<u>Date Of Incorporation</u>	<u>Issued And Paid-Up Share Capital</u>	<u>Effective Equity Interest</u>	<u>Principal Activity</u>
		RM		
Egaran Precision Industries Sdn. Bhd. ("EPI")	18 July 1994	594,878	100%	Design and manufacture of high precision moulds, tools and dies
All Metro Technology Sdn. Bhd. ("AMT")	21 November 1998	100,000	100%	Manufacture of high precision moulds, tools and dies
Golden City Plastic Sdn. Bhd. ("GCP")	10 July 1999	1,000,000	100%	Precision engineering plastic injection moulding
Venture Plastic Industries Sdn. Bhd. ("VPI")	17 August 1989	400,000	100%	Property investment holding
Falcon Furniture Industry Sdn. Bhd. ("FFI")	20 December 1988	30,000	100%	Property investment holding

LNG does not have any associated company.

Member of
B.R. International
Accounting Firms

S C LIM & CO., CHARTERED ACCOUNTANTS (AF 0681)

- 1-9 (1st Floor), Jalan Arab, 84000 Muar, Johor, Malaysia.
Tel: 606-952 4328 & 954 1705 Fax: 606-952 7328
E-mail: email@scilm.com.my
- 13-7, The Boulevard, Mid Valley City, Lingkaran Syed Putra,
59200 Kuala Lumpur, Malaysia.
Tel: 603-22841788, 22846788 Fax: 603-22842688
E-mail: mail@scilm.com.my

11.0 ACCOUNTANTS' REPORT (Cont'd)



2.2 Restructuring and Flotation Scheme

As an integral part of the flotation of LNG on the MESDAQ Market of KLSE, the Company has undertaken the following restructuring exercise :

(a) Incorporation of Revaluation Deficit

A revaluation was carried out by a firm of independent professional valuers, Messrs Colliers, Jordan Lee & Jaafar (M'cca) Sdn. Bhd., to determine the fair value of the landed properties and improvement thereon of FFI and VPI. The net revaluation deficit of RM 343,501 arising from the above revaluation is derived as follows and has been incorporated into the financial statements of the respective companies for the financial year ended 31 December 2002 :

<u>Property</u>	<u>Owner</u>	<u>NBV as at</u>	<u>Open</u>	<u>Revaluation</u>
		<u>31.12.2001</u>	<u>market value</u>	<u>surplus/(deficit)</u>
		RM	RM	RM
Lot No. PTD 6491, HS(D) 17707 Mukim of Kesang, District of Muar, State of Johor	FFI	1,028,320	1,180,000	151,680
Lot No. PTD 6492, HS(D) 17708 Mukim of Kesang, District of Muar, State of Johor	VPI	1,560,181	1,065,000	(495,181)
		<u>2,588,501</u>	<u>2,245,000</u>	<u>(343,501)</u>

(b) Acquisition of Companies

On 20 January 2003, the Company entered into several conditional sale and purchase agreements for the following :

- (i) Acquisition of 594,878 ordinary shares of RM 1.00 each representing the entire issued and paid-up share capital of EPI for a purchase consideration of RM 8,472,089 to be satisfied by the issuance of 75,093,000 new LNG Shares at an issue price of approximately 11.28 sen per share ; and
- (ii) Acquisition of 100,000 ordinary share of RM 1.00 each representing 10% equity interest in GCP for a purchase consideration of RM 158,765 to be satisfied by the issuance of 1,407,000 LNG Shares at an issue price of approximately 11.28 sen per share.

Thereafter, EPI transferred to LNG its wholly-owned subsidiaries, namely AMT, VPI and FFI, and its entire 90% equity interest in GCP at book value for cash.

The total purchase consideration of RM 8,630,854 for the Acquisition of Companies was arrived at based on the aggregate adjusted audited consolidated NTA of the acquiree companies as at 31 December 2001. The Acquisition of Companies was completed on 28 February 2003.

The above scheme was approved by the Securities Commission and KLSE on 8 January 2003 and 13 January 2003 respectively.

11.0 ACCOUNTANTS' REPORT (Cont'd)



2.3 Share Capital

(a) Authorised Share Capital

The present authorised share capital of LNG is RM 25,000,000 comprising 250,000,000 ordinary shares of 10 sen each. The changes in its authorised share capital since its incorporation are as follows :

<u>Date Of Creation</u>	<u>No. Of Shares</u>	<u>Par Value</u>	<u>Cumulative Amount</u>
		Sen	RM
5 June 2002	1,000,000	10	100,000
14 February 2003	249,000,000	10	25,000,000

(b) Issued And Paid-up Share Capital

The present issued and fully paid-up share capital of LNG is RM 7,650,002 comprising 76,500,020 ordinary shares of 10 sen each. The changes in its issued and paid-up share capital since its incorporation are as follows :

<u>Date Of Allotment</u>	<u>No. Of Ordinary Shares</u>	<u>Par Value</u>	<u>Consideration</u>	<u>Cumulative Amount</u>
				RM
5 June 2002	20	10 sen	Issued at par as subscribers' shares	2
14 Feb 2003	75,093,000	10 sen	Issued at approximately 11.28 sen per share as consideration for the acquisition of 100% equity interest in EPI	7,509,302
14 Feb 2003	1,407,000	10 sen	Issued at approximately 11.28 sen per share as consideration for the acquisition of 10% equity interest in GCP	7,650,002

Upon completion of the Public Issue as detailed in paragraph 2.2, the issued and fully paid-up share capital of LNG will be enlarged to RM 9,000,002 comprising 90,000,020 ordinary shares of 10 sen each.

3. FINANCIAL STATEMENTS AND AUDITORS

(a) LNG

We have been appointed as auditors of LNG since its date of incorporation on 5 June 2002. The first set of audited financial statements for the period from 5 June 2002 to 31 December 2002 were reported by us without any qualification.

(b) EPI, AMT and GCP

We have acted as auditors of EPI, AMT and GCP since their incorporation. Their financial statements for the relevant financial years/periods ended 31 December 1998 to 2002 were reported on by us without any qualification.

11.0 ACCOUNTANTS' REPORT (Cont'd)



(c) VPI

The financial statements of VPI for the financial years ended 31 December 1998 to 31 December 2002 were audited and reported on by us without any qualification.

(d) FFI

We have acted as auditors of FFI for the 9 months financial period ended 31 December 2000, financial year ended 31 December 2001 and 2002. Those financial statements were reported on by us without any qualification. The financial statements for financial years ended 31 March 1998 to 2000 were audited and reported on by another firm of auditors without any qualification.

4. SUMMARY OF RESULTS

4.1 LNG GROUP - Proforma Consolidated Results

The summarised proforma consolidated results of LNG Group for the past five (5) financial years ended 31 December 1998 to 2002 set out below have been prepared based on the assumption that the acquisition of subsidiary companies had been in effect throughout the relevant periods under review. The proforma consolidated results are prepared for illustrative purposes only and should be read in conjunction with notes hereto :

	Year Ended 31 December				
	1998	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000	RM '000
Turnover	5,579	7,062	10,922	10,477	13,276
Profit before depreciation, interest and amortisation	3,591	4,164	5,631	5,200	6,295
Amortisation	(36)	(36)	(55)	(55)	(55)
Depreciation	(841)	(1,068)	(1,508)	(1,902)	(2,175)
Interest expense	(237)	(175)	(288)	(240)	(233)
Interest income	-	25	29	44	13
Other income	3	29	8	68	60
Profit before taxation and exceptional items	2,480	2,939	3,817	3,115	3,905
Exceptional items	(40)	58	(28)	(79)	(101)
Profit before taxation	2,440	2,997	3,789	3,036	3,804
Taxation	(237)	(11)	(555)	(296)	(846)
Profit after taxation	2,203	2,986	3,234	2,740	2,958
No. of ordinary shares of RM0.10 each assumed to be in issue ('000)	76,500	76,500	76,500	76,500	76,500
Gross earnings per share (sen)	3.19	3.92	4.95	3.97	4.97
Net earnings per share (sen)	2.88	3.90	4.23	3.58	3.87

11.0 ACCOUNTANTS' REPORT (Cont'd)



Notes :

- (a) The proforma consolidated results have been prepared based on the audited financial statements of LNG and its subsidiary companies, and on the assumption that the acquisitions as detailed in 2.2, (b) has been in effect throughout the period under review.
- (b) Substantial increase in turnover for financial year 2000 was primarily contributed by its precision injection moulding business. However, the turnover declined in financial year 2001 due to the reduced orders and lower selling prices as a result of global economic slowdown. It grew by 26.7% in financial year 2002 mainly attributable to the growth in precision injection moulding business.
- (c) The effective tax rates for financial years 1998, 2000, 2001 and 2002 were lower than the statutory tax rate due to the availability of tax incentives enjoyed by EPI and AMT. There was no income tax expense during financial year 1999 except for deferred tax provision as the Group's profit fell within tax waiver year.
- (d) The exceptional items are analysed as follows :

	Year Ended 31 December				
	1998	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000	RM '000
Provision for diminution in value of investment	-	-	-	(78)	-
Gain/(Loss) on disposal of quoted investment	(40)	58	(28)	(1)	(101)
	(40)	58	(28)	(79)	(101)

- (e) There was no extraordinary item during the period under review.
- (f) The gross and net earnings per share has been calculated based on profit before taxation and profit after taxation respectively divided by 76,500,020 ordinary shares of 10 sen each assumed to have been in issue throughout the period under review.

4.2 The Company and its subsidiary companies

The summarised audited results of LNG and its subsidiary companies for the financial years under review are set out as follows :

4.2.1 LNG

	5 Jun 2002 to 31 Dec 2002 RM '000
Turnover	-
Loss before taxation	(7)
Taxation	-
Loss after taxation	(7)

11.0 ACCOUNTANTS' REPORT (Cont'd)



4.2.2 EPI

	Year Ended 31 December				
	1998 RM '000	1999 RM '000	2000 RM '000	2001 RM '000	2002 RM '000
Turnover	5,579	6,297	5,825	5,700	6,510
Profit before depreciation, interest and amortisation	3,518	3,818	2,700	2,422	3,684
Depreciation	(799)	(926)	(1,007)	(1,174)	(990)
Interest expense	(193)	(175)	(282)	(217)	(195)
Interest income	-	25	16	3	51
Other income	3	29	4	68	1,232
Profit before taxation and exceptional items	2,529	2,771	1,431	1,102	3,782
Exceptional items	(40)	58	(28)	(79)	(101)
Profit before taxation	2,489	2,829	1,403	1,023	3,681
Taxation	(237)	2	(120)	(95)	(926)
Profit after taxation	2,252	2,831	1,283	928	2,755
Weighted average number of ordinary shares of RM 1.00 each in issue ('000)	250	250	296	552	569
Gross earnings per share (RM)	9.96	11.32	4.74	1.85	6.47
Net earnings per share (RM)	9.01	11.32	4.33	1.68	4.84

Notes :

- (a) In financial year 2000, turnover declined by 7.5% in line with a rationalisation exercise between EPI and AMT to streamline precision engineering operations. As a result, certain mould-making business was transferred to AMT. In financial year 2001, EPI relocated its operations to another premises and this caused marginal drop in turnover. In financial year 2002, turnover rose substantially attributable to stronger demand from its existing major customers.
- (b) Dividend income from subsidiary companies amounting to RM 1,171,998 was included in other income for financial year 2002.
- (c) The exceptional items were analysed in paragraph 4.1.(d)
- (d) The effective tax rates for financial years 1998, 2000, 2001 and 2002 were lower than statutory tax rate due to the availability of tax incentives. There was no tax charge for the financial year 1999 as the profit fell within the tax waiver year.

11.0 ACCOUNTANTS' REPORT (Cont'd)



4.2.3 AMT

	21 Nov 1998 to 31 Dec 1999	Year Ended 31 December		
	RM '000	2000 RM '000	2001 RM '000	2002 RM '000
Turnover	686	2,267	2,787	1,910
Profit before depreciation and interest	485	1,233	1,630	822
Depreciation	(33)	(33)	(33)	(59)
Interest expense	-	-	-	(4)
Interest income	-	13	41	33
Profit before taxation	452	1,213	1,638	792
Taxation	(18)	(108)	(149)	(85)
Profit after taxation	434	1,105	1,489	707
Weighted average number of ordinary shares of RM 1.00 each in issue ('000)	27	100	100	100
Gross earnings per share (RM)	16.74	12.13	16.38	7.92
Net earnings per share (RM)	16.07	11.05	14.89	7.07

Notes :

- (a) The turnover for financial year 2002 dropped by 31.5% as a result of the reduced orders from its existing major customers.
- (b) Except for deferred tax provision, there was no tax charge for financial period ended 31 December 1999 as the profit fell within tax waiver year. The effective tax rates for financial years 2000 to 2002 were lower than statutory tax rate due to availability of tax incentive.

4.2.4 GCP

	31 Jul to 31 Dec 1999	Year Ended 31 December		
	RM '000	2000 RM '000	2001 RM '000	2002 RM '000
Turnover	78	3,598	3,283	5,809
Profit before depreciation and interest	(97)	1,725	1,161	1,706
Depreciation	(72)	(423)	(659)	(1,113)
Interest expense	-	(6)	(24)	(70)
Interest income	-	4	-	-
Profit before taxation	(169)	1,300	478	523
Taxation	-	(312)	(76)	(36)
Profit after taxation	(169)	988	402	487
Weighted average number of ordinary shares of RM 1.00 each in issue ('000)	531	1,000	1,000	1,000
Gross earnings per share (RM)	(0.32)	1.30	0.48	0.52
Net earnings per share (RM)	(0.32)	0.99	0.40	0.49

11.0 ACCOUNTANTS' REPORT (Cont'd)



Notes :

- (a) In financial year 2001, the turnover declined due to the reduced orders and lower selling price as a result of global economic slowdown. The turnover surged by 76.9% for financial year 2002 mainly attributable to higher demand from its existing customers. However, the profit before taxation increased marginally despite a relatively high growth in turnover due to the lower average selling price.
- (b) The effective tax rates for financial years 2000 to 2002 were lower than statutory tax rate due to the utilisation of tax losses and reinvestment allowances.

4.2.5 VPI

	Year Ended 31 December				
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
	RM '000	RM '000	RM '000	RM '000	RM '000
Turnover	84	92	132	139	104
Profit/(loss) before depreciation and interest	74	(81)	105	115	76
Amortisation	-	-	-	-	-
Depreciation	(42)	(37)	(37)	(35)	(35)
Interest expense	(45)	-	-	-	(18)
Profit/(Loss) before taxation	(13)	(118)	68	80	23
Taxation	-	4	-	(24)	(7)
Profit/(Loss) after taxation	(13)	(114)	68	56	16
No. of ordinary shares of RM 1.00 each in issue ('000)	400	400	400	400	400
Gross (loss)/earnings per share (RM)	(0.03)	(0.29)	0.17	0.20	0.06
Net (loss)/earnings per share (RM)	(0.03)	(0.28)	0.17	0.14	0.04

Notes :

- (a) The turnover represents rental income derived from its factory premises. The factory has been tenanted by related companies during the period under review.
- (b) There was no income tax expense for financial year 2000 as a result of the utilisation of tax losses. The higher effective tax rate for the financial years 2001 and 2002 was due to certain expenses not deductible for tax purposes.

11.0 ACCOUNTANTS' REPORT (Cont'd)



4.2.6 FFI

	Year Ended <u>Mac 1999</u> RM '000	Year Ended <u>Mac 2000</u> RM '000	Apr 2000 To <u>Dec 2000</u> RM '000	Year Ended <u>Dec 2001</u> RM '000	Year Ended <u>Dec 2002</u> RM '000
Turnover	108	108	10	77	132
Profit before depreciation and interest	95	99	(23)	49	78
Depreciation	(26)	(35)	(23)	(52)	(71)
Interest expense	(26)	(4)	-	-	(18)
Profit before taxation	43	60	(46)	(3)	(11)
Taxation	(3)	(26)	(16)	(13)	(4)
Profit/(Loss) after taxation	40	34	(62)	(16)	(15)
Weighted average number of ordinary shares of RM 1.00 each in issue ('000)	30	30	30	30	30
Gross earnings per share (RM)	1.43	2.00	(1.53)	(0.10)	(0.37)
Net earnings per share (RM)	1.33	1.13	(2.07)	(0.53)	(0.50)

Notes :

- (a) The turnover represents rental income derived from its factory premises. Since June 2001, the factory has been tenanted by EPI, a related company.
- (b) The effective tax rate for the financial year ended March 2000 was higher than statutory rate and there were tax charges despite loss incurred for subsequent financial period/years as a result of certain expenses not deductible for tax purposes.

5. DIVIDENDS

5.1 LNG

No dividend has been declared and paid by LNG since its incorporation on 5 June 2002.

5.2 Subsidiary Companies

- (a) Details of dividends declared and paid by the subsidiary companies in respect of each of the five financial years ended 31 December 1998 to 2002 are as follows :

Subsidiary Company	Financial Year Ended	Issued And Fully Paid-Up Share Capital RM '000	Gross Dividend Rate (%)	Net Dividend Paid/Payable RM '000
EPI	31.12.1998	250	First interim dividend, 160% tax exempt	400
		250	Final dividend, 240% tax exempt	600
	31.12.1999	250	First interim dividend, 40% tax exempt	100
		250	Final dividend, 400% tax exempt	1,000
	31.12.2000	552	First and final dividend, 90.55% tax exempt	500
	31.12.2001	552	First and final dividend, 452.73% tax exempt	2,500
31.12.2002	552	First interim dividend, 226.37% tax exempt	1,250	
AMT	31.12.2001	100	First and final dividend, 380% tax exempt	380
GCP	31.12.2001	1,000	First and final dividend, 88% less 28% tax	634

- (b) No dividend has been declared and paid by VPI and FFI since their incorporation.

11.0 ACCOUNTANTS' REPORT (Cont'd)



6. SUMMARISED BALANCE SHEETS

The balance sheets of LNG and its subsidiary companies based on their respective audited financial statements are summarised as follows :

6.1 LNG

	As at 31 Dec 2002 RM '000
Current assets	-
Current liabilities	475
Net current liabilities	(475)
Property, plant and equipment	15
Deferred expenditure	453
	(7)
Share capital	-
Reserves	(7)
	(7)
Net liabilities per share (RM)	(336.50)

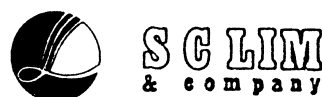
The Company was incorporated on 5 June 2002 and the first set of financial statements was drawn up to period ended 31 December 2002 .

* The issued and paid-up share capital is RM 2.

6.2 EPI

	As At 31 December					
	1997	1998	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Current assets	2,013	3,567	5,512	5,352	5,949	6,722
Current liabilities	(1,497)	(1,214)	(2,134)	(1,728)	(2,458)	(3,581)
Net current assets	516	2,353	3,378	3,624	3,491	3,141
Property, plant and equipment	2,673	2,170	2,420	2,971	3,456	2,618
Investment in subsidiary companies	400	400	1,300	3,425	3,425	3,425
Investments	274	288	350	410	331	-
Bank borrowings	-	-	(1,410)	(2,116)	(1,499)	(692)
Hire purchase creditors	(912)	(410)	(104)	(38)	-	(200)
Deferred taxation	(2)	-	-	-	-	(41)
	2,949	4,801	5,934	8,276	9,204	8,251
Share capital	250	250	250	552	552	595
Share premium	-	-	-	1,461	1,461	1,461
Retained profits	2,699	4,551	5,682	6,263	7,191	6,195
Shareholders' funds	2,949	4,801	5,932	8,276	9,204	8,251
Net tangible assets per share (RM)	11.80	19.20	23.73	14.99	16.67	13.87

11.0 ACCOUNTANTS' REPORT (Cont'd)



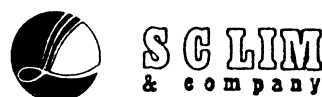
6.3 AMT

	As At 31 December			
	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000
Current assets	732	1,583	3,151	3,249
Current liabilities	(475)	(187)	(234)	(86)
Net current assets	257	1,396	2,917	3,163
Property, plant and equipment	295	265	237	387
Hire purchase creditors	-	-	-	(55)
Deferred taxation	(18)	(22)	(26)	(40)
	534	1,639	3,128	3,455
Share capital	100	100	100	100
Retained profits	434	1,539	3,028	3,355
Shareholders' funds	534	1,639	3,128	3,455
Net tangible assets per share (RM)	5.34	16.39	31.28	34.55

6.4 GCP

	As At 31 December			
	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000
Current assets	538	1,783	1,723	2,946
Current liabilities	(1,420)	(2,068)	(2,033)	(3,323)
Net current assets	(882)	(285)	(310)	(377)
Property, plant and equipment	1,713	2,262	2,725	3,352
Bank borrowings	-	-	-	(643)
Hire purchase creditors	-	(158)	(194)	(170)
Deferred taxation	-	-	-	(88)
	831	1,819	2,221	2,074
Share capital	1,000	1,000	1,000	1,000
(Accumulated loss)/Retained profits	(169)	819	1,221	1,074
Shareholders' funds	831	1,819	2,221	2,074
Net tangible assets per share (RM)	0.83	1.82	2.22	2.07

11.0 ACCOUNTANTS' REPORT (Cont'd)



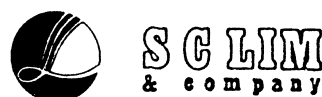
6.5 VPI

	As At 31 December					
	1997	1998	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Current assets	17	36	57	78	105	6
Current liabilities	(1,306)	(1,296)	(1,232)	(1,148)	(1,116)	(1,008)
Net current liabilities	(1,289)	(1,260)	(1,175)	(1,070)	(1,011)	(1,002)
Property, plant and equipment	763	721	1,579	1,541	1,560	1,058
Deferred taxation	-	-	-	-	(21)	(14)
	(526)	(539)	404	471	528	42
Share capital	400	400	400	400	400	400
Revaluation reserve	-	-	1,057	1,057	1,057	556
(Accumulated loss)	(926)	(939)	(1,053)	(986)	(929)	(914)
Shareholders' funds	(526)	(539)	404	471	528	42
Net tangible assets per share (RM)	-	-	1.01	1.18	1.32	0.11

6.6 FFI

	As At 31 March			As At 31 December		
	1997	1998	1999	2000	2001	2002
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Current assets	12	12	2	28	4	6
Current liabilities	(545)	(560)	(634)	(657)	(1,039)	(1,004)
Net current liabilities	(533)	(548)	(632)	(629)	(1,035)	(998)
Property, plant and equipment	718	691	707	658	1,052	1,182
Bank borrowings	(184)	(102)	-	-	-	-
Deferred taxation	-	-	-	(16)	(21)	(15)
	1	41	75	13	(4)	169
Share capital	30	30	30	30	30	30
Retained profits	(29)	11	45	(17)	(34)	(48)
Revaluation reserve	-	-	-	-	-	187
Shareholders' funds	1	41	75	13	(4)	169
Net tangible assets per share (RM)	0.03	1.37	2.50	0.43	-	5.63

11.0 ACCOUNTANTS' REPORT (Cont'd)



7. STATEMENT OF ASSETS AND LIABILITIES

The statements of assets and liabilities of the Company and the Proforma Group as at 31 December 2002 have been prepared based on the audited financial statements and on the assumptions that the acquisitions of companies and public issue had been effected on 31 December 2002. The statement of assets and liabilities of the Proforma Group has been prepared for illustrative purposes only and should be read in conjunction with the notes set out below.

	<u>Notes</u>	<u>Company</u> RM' 000	<u>Proforma Group</u> RM '000
Property, plant and equipment	8.2	15	8,482
Deferred expenditure **	8.3	453	-
Goodwill on consolidation		-	1,107
Current assets :			
Inventories	8.4	-	3,096
Trade and other receivables	8.5	-	3,168
Deposits, bank and cash balances		-	4,389
Current liabilities :			
Trade and other payables	8.6	475	1,517
Borrowings	8.7	-	1,396
Provision for taxation		-	368
Net current(liabilities)/assets		(475)	7,372
		(7)	16,961
Financed By :			
Share capital	8.8	*	9,000
Reserves	8.9	(7)	6,056
Shareholders' funds		(7)	15,056
Borrowings	8.7	-	1,678
Deferred taxation		-	227
		(7)	16,961
Net tangible (liabilities)/assets per share (sen)	8.10	(33,650.00)	15.50

* This represents issued and paid-up share capital of RM 2.00.

** This represents part of the listing expenses.

11.0 ACCOUNTANTS' REPORT (Cont'd)



8. NOTES TO THE STATEMENT OF ASSETS AND LIABILITIES

8.1 Significant Accounting Policies

(a) Accounting convention

The financial statements of the Group and of the Company have been prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965.

The financial statements of the Group and of the Company have been prepared under the historical cost convention as modified by the revaluation of long term leasehold land, factory building, fixture and fittings, unless otherwise indicated in significant accounting policies.

(b) Basis of consolidation

Subsidiary companies are those companies in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities.

Unless otherwise indicated the Group is deemed to have power to exercise control over the financial and operating policies if the Company owns directly or indirectly through its subsidiary companies, more than one half of the voting power of the subsidiary companies.

The consolidated financial statements incorporate the audited financial statements of the Company and its subsidiary companies made up to the end of the financial year using the acquisition method of accounting. All inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

The results of subsidiary companies acquired or disposed of during the financial year are included from the date of acquisition up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies net assets are determined and these values are reflected in the consolidated financial statements. The difference between the acquisition cost and the fair value of the subsidiary companies' net assets is reflected as goodwill or reserve on consolidation, as appropriate.

(c) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost or valuation less accumulated depreciation.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to income statement. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained profits.

Subsequent to revaluation, any addition is stated at cost whilst disposal is at cost or valuation as appropriate.

11.0 ACCOUNTANTS' REPORT (Cont'd)



Long term leasehold land is amortised over the remaining period of the lease. Other property, plant and equipment are depreciated on the straight line method to write off the cost or valuation of such assets over their estimated useful lives. The principal annual rates of depreciation used are as follows :

Factory building, fixture and fittings	2.0-10.0%
Plant and machinery	10.0-33.3%
Office equipments, furniture and fittings	10.0-20.0%
Motor vehicles	20.0%

(d) Investment and income from investments

Investment in subsidiary companies, which is eliminated on consolidation, is stated in the Company's financial statements at cost less provision for permanent diminution in value, if any. Dividend income from subsidiary companies are recognised when the right to receive is established.

Other investments, which are held on a long-term basis, are stated at cost. Provision is made where, in the opinion of the Directors, there is a permanent diminution in value. Dividend income from these investments are recognised in the financial statements as and when the right to receive is established.

(e) Goodwill on consolidation

Goodwill on consolidation represents the difference between the acquisition cost and the fair value of the net assets of subsidiary companies at the effective date of acquisition.

Where goodwill is considered to be capable of generating future economic benefits, it is capitalised in the financial statements and amortised on a straight line basis over its estimated useful life or 25 years, whichever is shorter ; otherwise it is written off in the income statement in the year of acquisition. The carrying amount and amortisation period is reviewed annually, and goodwill is written down when, in the opinion of the Directors, its value has deteriorated or when it ceases to have a useful life.

(f) Inventories

Inventories comprising raw materials, consumable tools, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on first-in-first-out basis. Net realisable value is the estimate of the selling price in the ordinary course of business less the cost of completion and selling expenses.

Costs of finished goods and work-in-progress include direct materials, direct labour and an appropriate proportion of production overheads.

(g) Trade receivables

Trade receivables are carried at anticipated realisable value. All known bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the end of financial year.

11.0 ACCOUNTANTS' REPORT (Cont'd)



(h) Impairment of assets

The carrying values of assets are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value in use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of that impairment loss is recognised as income in the income statement.

(i) Finance lease and hire purchase

Assets acquired under finance lease and hire purchase agreements are capitalised in the financial statements and the outstanding obligations after deducting finance expenses are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment in (c). Finance expenses are charged to the income statement over the period of the respective agreements.

(j) Operating lease

Lease of assets under which all the risks and benefits are retained by the lessor are classified as operating leases. Operating lease rentals are taken to the income statement in the financial year in which the expenses are incurred.

(k) Deferred taxation

Provision is made using the liability method for taxation which is deferred due to timing differences except for those which are not expected to reverse in the foreseeable future. Deferred tax benefits are recognised only if there is a reasonable expectation of realisation.

(l) Revenue recognition

(i) Sales of goods

Revenue from sales of goods are recognised upon delivery of goods and customer's acceptances, if any.

(ii) Services

Revenue from services is recognised upon performance of services.

11.0 ACCOUNTANTS' REPORT (Cont'd)



(iii) Interest income

Interest income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

(iv) Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

(v) Rental income

Rental income is recognised on accrual basis unless collectability is in doubt, in which case the recognition of such income is suspended. Subsequent to suspension, income is recognised on the receipt basis until all arrears have been paid.

(m) Research and development expenditure

Research and development expenditure is charged to the income statement in the year in which it is incurred except insofar as it relates to a clearly defined project which the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of the future benefit and is stated at cost incurred less grants received, if any. The deferred expenditure is amortised through the income statement over the period of the project, upon commencement of commercial production.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, balances and deposits with bank and highly liquid investments that are readily convertible to cash with insignificant risk of changes in value, net of outstanding bank overdraft, if any.

(o) Foreign currency conversion and translation

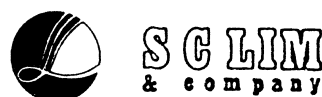
Transactions in foreign currencies are measured and recorded in Ringgit Malaysia by using the exchange rate in effect at the date of the transaction or at contracted rates, where applicable. At each balance sheet date, recorded monetary balances that are denominated in a foreign currency are translated into Ringgit Malaysia at the rate of exchange prevailing at the balance sheet date. All exchange differences are taken into the income statements.

(p) Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, debtors, creditors and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

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

11.0 ACCOUNTANTS' REPORT (Cont'd)



8.2 PROPERTY, PLANT AND EQUIPMENT

(a) Proforma Group

	Long-term leasehold land	Factory building, fixture and fittings	Plant and machinery	Motor vehicles	Office equipments, furniture and fittings	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
At Cost / Valuation						
As at 1 January	786	2,058	10,572	751	555	14,722
Addition	-	62	1,749	237	120	2,168
Revaluation	134	(746)	-	-	-	(612)
Disposal/Write-off	-	-	(13)	(116)	-	(129)
As at 31 December 2002	920	1,374	12,308	872	675	16,149
Representing :						
At valuation	920	1,325	-	-	-	2,245
At cost	-	49	12,308	872	675	13,904
	920	1,374	12,308	872	675	16,149
Accumulated Depreciation						
As at 1 January	57	182	5,072	419	182	5,912
Addition	16	86	1,903	102	67	2,174
Revaluation	(68)	(230)	-	-	-	(298)
Disposal/Write-off	-	-	(5)	(116)	-	(121)
As at 31 December 2002	5	38	6,970	405	249	7,667
Representing :						
At valuation	5	16	-	-	-	21
At cost	-	22	6,970	405	249	7,646
	5	38	6,970	405	249	7,667
Net Book Value						
As at 31 December 2002	915	1,336	5,338	467	426	8,482
Representing :						
At valuation	915	1,309	-	-	-	2,224
At cost	-	27	5,338	467	426	6,258
	915	1,336	5,338	467	426	8,482

- (i) The long term leasehold land, factory building, fixture and fittings of subsidiary companies are revalued based on independent valuation carried out by a firm of professional valuers in October 2002 at open market value using the comparison, investment and cost methods of valuation. The surplus and deficit arising from the revaluations have been credited/(charged) to the revaluation reserve accounts.

11.0 ACCOUNTANTS' REPORT (Cont'd)



- (ii) The carrying amount of the Group's revalued assets that would have been included in the financial statements stated at cost less accumulated depreciation are as follows :

	Proforma Group RM '000
<u>At Net Book Value</u>	
Long term leasehold land	142
Factory building, fixture and fittings	1,358
	1,500

- (iii) All long term leasehold land and buildings, and certain plant and machinery of the Group are charged against the banking facilities granted to the Group.

- (iv) The following property, plant and equipment are acquired under hire purchase plans :

	Proforma Group RM '000
<u>At Net Book Value</u>	
Plant and machinery	599
Motor vehicles	96
	695

(b) Company

This represents website under development of RM 14,682 at cost.

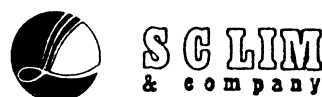
8.3 DEFERRED EXPENDITURE

This represents listing expenses incurred in connection with an impending flotation exercise on the MESDAQ Market of Kuala Lumpur Stock Exchange.

8.4 INVENTORIES

	Proforma Group RM '000
<u>At Cost / Net Realisable Value</u>	
Raw materials	560
Work-in-progress	628
Finished goods	1,908
	3,096

11.0 ACCOUNTANTS' REPORT (Cont'd)



8.5 TRADE AND OTHER RECEIVABLES

	Proforma Group RM '000
Trade accounts receivable	2,408
Other accounts receivable	760
	<hr style="border-top: 1px solid black;"/>
	3,168 <hr style="border-top: 3px double black;"/>

8.6 TRADE AND OTHER PAYABLES

	Company RM '000	Proforma Group RM '000
Trade accounts payable	-	444
Other accounts payable	475	1,073
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	475 <hr style="border-top: 3px double black;"/>	1,517 <hr style="border-top: 3px double black;"/>

8.7 BORROWINGS

	Proforma Group RM '000
<u>Current</u>	
Secured - Bank overdraft	3
- Trade bills	237
- Term loans	939
- Hire purchase creditors	217
	<hr style="border-top: 1px solid black;"/>
	1,396 <hr style="border-top: 3px double black;"/>
<u>Non-current</u>	
Secured - Term loans	1,334
- Hire purchase creditors	344
	<hr style="border-top: 1px solid black;"/>
	1,678 <hr style="border-top: 3px double black;"/>

(a) Borrowings are secured against the first and second charge over the leasehold land, factory building and the debenture incorporating a fixed and floating charge over all present and future assets of the Group.

(b) Trade bills bear interest ranging from 5.2% to 5.3% per annum.

11.0 ACCOUNTANTS' REPORT (Cont'd)



(c) The term-loans bear interest ranging from 6.1% to 6.9% per annum and are repayable by 84 equal monthly installments. As at the end of the financial year, they are repayable as follows :

	Proforma Group RM '000
Not later than 1 year	939
Between 2 to 5 years	1,334
	<hr/> 2,273 <hr/>

(d) Outstanding hire purchase obligations :

	Proforma Group RM '000
Minimum lease payments :	
Not later than 1 year	252
Between 2 to 5 years	366
	<hr/> 618 <hr/>
Less : Unexpired term charges	(57)
	<hr/> 561 <hr/>

8.8 SHARE CAPITAL

	Company RM '000	Proforma Group RM '000
Ordinary Shares of 10 sen each		
Authorised :		
As at incorporation	100	100
Created during the period	-	24,900
	<hr/> 100 <hr/>	<hr/> 25,000 <hr/>
As at 31 December 2002		
Issued and fully paid :		
As at incorporation	*	*
Issue of shares for the acquisition of subsidiary companies	-	9,000
	<hr/> * <hr/>	<hr/> 9,000 <hr/>
As at 31 December 2002		

* The issued and paid-up share capital is RM 2

11.0 ACCOUNTANTS' REPORT (Cont'd)



8.9 RESERVES

	<u>Company</u> RM '000	<u>Proforma Group</u> RM '000
Non-Distributable		
Share premium	-	3,156
Reserve on consolidation	-	2,907
Distributable		
(Accumulated losses)	(7)	(7)
	<u>(7)</u>	<u>6,056</u>

The revaluation reserve of the Group represents the surplus arising from the revaluation of leasehold land, factory building, fixture and fittings in subsidiary companies.

8.10 NET TANGIBLE ASSETS PER SHARE

Based on the statement of assets and liabilities of the Group as at 31 December 2002, the net tangible assets("NTA") per share is calculated as follows :

	<u>Proforma Group</u> RM '000
NTA as per the Proforma Group's statement of assets and liabilities	<u>13,949</u>
Number of ordinary shares of 10 sen each in issue	<u>90,000</u>
NTA per share (sen)	<u>15.50</u>

8.11 CAPITAL COMMITMENTS

(a) As at 31 December 2002, the Group has the following outstanding lease rental commitments which are not taken up in the financial statements.

	<u>Proforma Group</u> RM '000
Lease rental payable in financial year 2003	<u>225</u>

11.0 ACCOUNTANTS' REPORT (Cont'd)



8.11 CAPITAL COMMITMENTS

(b) Capital expenditure not provided for in the financial statement are as follows :

	Proforma Group RM '000
Property, plant and equipment :	
Authorised but not contracted for	610
Authorised and contracted for	817
	<hr style="border-top: 1px solid black;"/>
	1,427
	<hr style="border-top: 1px solid black;"/>
Analysed as follows :	
Machinery	1,172
Computer systems	255
	<hr style="border-top: 1px solid black;"/>
	1,427
	<hr style="border-top: 1px solid black;"/>

8.12 FINANCIAL INSTRUMENTS

(a) Financial Risk Management 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 risks. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activity are set out as follows :

(i) Interest Rate Risk

Interest rate risk is the risk in interest rate changes that will have an adverse effect on the Group's financial conditions and/or results. The primary sources of the Group's interest rate risk are their borrowings from banks and other financial institutions in Malaysia. The Group does not hedge interest rate risk. The Group ensures that they obtain borrowings at competitive interest rates under the most favourable terms and conditions.

(ii) Foreign Currency Risk

The Group's operations are exposed to various foreign currencies mainly US Dollar, Singapore Dollar and Japanese Yen. The Group maintain a natural hedge and the foreign exchange exposures in transactional currencies are kept to an acceptable level.

(iii) Credit Risk

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit is extended to the customers based upon careful evaluation of the customers' financial position and credit history.

11.0 ACCOUNTANTS' REPORT (Cont'd)



(iv) Liquidity Risks

The Group monitors their cash flows actively and ensures that credit facilities are available and sufficient to meet their obligation as and when they fall due.

(b) Fair Values

The methodologies used in arriving at the fair values of the principal financial assets and financial liabilities of the Group are as follows :

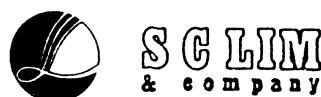
The carrying amounts of cash and cash equivalents, inter-company indebtedness, trade and other receivables, trade and other payables are considered to approximate the fair values as they are either payable on demand or within the normal credit terms or they have short maturity.

The carrying amount of short term borrowings approximate fair value because of the short period to maturity of those instruments.

The fair value of long term borrowings is estimated based on the quoted market prices for the same or similar issues or on the current rates available for borrowings with the same maturity profile.

The fair values of financial assets and liabilities approximate their carrying values as at 31 December 2002.

11.0 ACCOUNTANTS' REPORT (Cont'd)



9. PROFORMA CONSOLIDATED CASH FLOW STATEMENT

We set out below the proforma consolidated cash flow statement of the Group for the financial year ended 31 December 2002, which is prepared based on audited financial statements.

	Proforma Group RM '000
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before taxation	3,805
Adjustments for :	
Amortisation of goodwill	55
Bad debts written off	2
Depreciation	2,175
Dividend income	(1)
Loss on disposal of quoted investment	101
(Gain)/Loss on disposal of property, plant and equipment	(59)
Property, plant and equipment written off	1
Interest expenses	233
Interest income	(13)
Unrealised loss on foreign exchange	89
	6,388
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	
Changes In Working Capital	
Inventories	(1,259)
Trade and other receivables	312
Trade and other payables	113
	5,554
CASH GENERATED FROM OPERATIONS	
Interest paid	(233)
Interest received	13
Tax paid	(633)
	4,701
NET CASH FROM OPERATING ACTIVITIES	
CASH FLOW FROM INVESTING ACTIVITIES	
Dividends received from quoted investment	1
Proceeds from disposal of quoted investment	230
Proceeds from disposal of property, plant and equipment	66
Purchase of property, plant and equipment	(2,023)
	(1,726)
NET CASH (USED IN) INVESTING ACTIVITIES	

11.0 ACCOUNTANTS' REPORT (Cont'd)



S C LIM
& company

Proforma
Group
RM '000

CASH FLOW FROM FINANCING ACTIVITIES

Proceeds from issue of new shares	3,568
Proceeds from hire purchase obligations	556
Repayment of hire purchase obligations	(176)
Proceeds from term-loans	787
Repayment of term-loans	(760)
Net movements in trade bills	(139)
Dividend paid	(3,750)
Dividend paid to minority shareholders	(63)

NET CASH FROM FINANCING ACTIVITIES

23

NET INCREASE IN CASH AND CASH EQUIVALENTS

2,998

CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR

1,388

CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR

4,386

CASH AND CASH EQUIVALENTS COMPRISE :

Deposits, bank and cash balances	4,389
Bank overdraft	(3)
	4,386

10. EVENT SUBSEQUENT TO BALANCE SHEET DATE


Since the date of the last audited financial statements of LNG and its subsidiary companies as at 31 December 2002, we are not aware of any subsequent event which would require any amounts stated herein to be adjusted or any further disclosure to be made in this report.

11. AUDITED FINANCIAL STATEMENTS

No audited financial statements have been prepared in respect of any period subsequent to 31 December 2002.

Yours faithfully,


S. C. LIM & CO.
No. AF 0681
Chartered Accountants


NG KIM KIAT
No. 2074/10/04 (J)
Partner

Member of
B.R. International
Accounting Firms

12.0 VALUATION CERTIFICATE

(Prepared for inclusion in this Prospectus)

Date : 20 June 2003

The Board of Directors
LNG Resources Berhad
K-95, Kawasan Perindustrian Tanjung Agas
84000 Muar
Johor Darul Takzim

Dear Sirs

VALUATION OF PROPERTIES LOCATED WITHIN THE DISTRICT OF MUAR, STATE OF JOHORE

This certificate has been prepared for inclusion in the Prospectus of LNG Resources Berhad ("LNG") to be dated 30 June 2003, in relation to the Public Issue of 13,500,000 new ordinary shares of 10 sen each at an indicative issue price of 35 sen per ordinary share payable in full on application.

In accordance with your instruction, we have assessed the Market Values of the landed properties set out below in conjunction with the listing of LNG on the MESDAQ Market of the Kuala Lumpur Stock Exchange.

The inspection of the properties were carried out on 8th July, 2002 and the respective dates of valuation are as set out herein. We have also verified the land titles at the Pejabat Pendaftar Hakmilik Tanah Johor in Johor Bahru.

These valuation reports have been prepared in accordance with the "Guidelines on Asset Valuation for submission to the Securities Commission (1995)" issued by the Securities Commission in compliance with the Valuation Standards issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia and with the necessary professional responsibility and due diligence.

International Property Consultants • Chartered Valuation Surveyors • Registered Valuers & Real Estate Agents •
Project & Property Managers • Plant & Machinery Valuers • Auctioneers

Executive Chairman **JORDAN LEE**, KMN, Fism, Frics, Apeps, Irv, Msivs, Soc. Executive Director **LEE THIAM SING**, Mism, Apeps Director **P.TANGGA PERAGASAM**, Fism, Frics

JAAFAR ISMAIL, Fism, Frics, **THOO SING CHOON**, Frics, Irv, Ac, Arb, Fpccs, **CHIN LAI SIT**, Fism, Frics, Irv, LLB (Hons), CLP, **THNG KIM KOK**, Mism, Frics
Headquarters : Kuala Lumpur : Level 6, Block G North Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur. Tel: 03-20955811 (10 Lines) Fax No: 03-20955843
Agency Division : Colliers International Property Consultants Sdn. Bhd.
Nos. 109 & 209, Block C, Pusat Dagangan Phileo Damansara 1, No. 9, Jalan 16/11, 46350 Petaling Jaya. Of: Jalan Damansara Kuala Lumpur. Tel: 03-7660020 Fax: 03-76600230
Other Offices : Selangor : 31, Jalan Kaper, 41400 Klang, Selangor Darul Ehsan. Tel: 03-33420660 (3 Lines) Fax No: 03-334-7888
N. Sembilan : 9A, Kompleks Negeri, Jalan Dr. Krishnan, 70000 Seremban, Negeri Sembilan Darul Khusus, Malaysia. Tel: 06-7638890 & 7638990 Fax No: 06-7637938
Perak : Suites 1, 2 & 3, Tingkat Kedua Labrooy House, Jalan Dato Sagor, 30000 Ipoh, Perak Darul Ridzuan. Tel: 05-2414826 (3 Lines) Fax No: 05-2556363
Johor : Suite 326, 3rd Floor, PantGlobal Plaza, Jalan Wong Ah Fook, 80000 Johor Bahru, Johor Darul Takzim. Tel: 07-2252295 Fax No: 07-2245699
Pahang : 17, Jalan Gambut 2, 25000 Kuantan, Pahang Darul Makmur. Tel: 09-5555588 Fax No: 09-5142146
Perang : Lot 2.01, 2nd Floor, Southern Bank Building, 21, Lebuh Pantai, 10300 Pulau Pinang. Tel: 04-2637749 & 2637750 Fax No: 04-2637644
Asso. Office : Kuching : Lot 216 (2/F), Jalan Haji Taha, 93100 Kuching, Sarawak. Tel: 082-419200 & 419222 Fax No: 082-429315



高利國際地產顧問

高利國際地產顧問



Other Colliers Offices : Australia, China, Hong Kong, India, Indonesia, Japan, New Zealand, Philippines, Singapore, Taiwan, Thailand, Vietnam, Austria, Belgium, Czech Republic, France, Germany, Greece, Hungary, Italy, Netherlands, Poland, Portugal, Republic of Ireland, Russia, Scotland, Slovenia, South Africa, Spain, Turkey, United Kingdom, The Americas Argentina, Canada, Mexico, Venezuela and United States Of America.



COLLIERS, JORDAN LEE & JAAFAR (M'CCA) SDN. BHD.
(136815-K) (VE (1) 0063/3)
No. 669 & 669A,
Jalan Melaka Raya 8,
Taman Melaka Raya,
75000 Melaka.
Tel No: 06-2835522 (4 lines)
Fax No: 06-2837635, 2846972
E-mail: cjljmk@tm.net.my

12.0 VALUATION CERTIFICATE (Cont'd)

Page 2/-

COLLIERS
JORDAN LEE & JAAFAR

We have valued the properties listed below with titles free from all encumbrances on Market Value Basis, using the Cost and Investment Methods of Valuation and are of the opinion that the Market Values of these properties are as follows:

Properties Held for Owner-Occupation

Property (Title Details & Address) Registered Owner Reference No.	Existing Use Description Age	Tenure	Land Area/ Gross Built-up Area	Date of Valuation	Market Value
PTD No. 6491, HSD 17707, Mukim of Kesang, District of Muar, State of Johore No. K-95, Kawasan Perindustrian Tanjung Agas, Jalan Kesang, 84000 Muar, Johor Darul Takzim Falcon Furniture Industry Sdn Bhd MK/SC672/02/J144	Factory cum Office Comprising a 2-storey office block, a main factory building and extensions 6 years	Leasehold for a term of 60 years expiring on 12 th May, 2052.	1,985.80 sq.m (21,375 sq ft) 1,558.25 sq.m (16,773 sq ft)	02.10.2002	RM1,180,000
PTD No. 6492, HSD 17708, Mukim of Kesang, District of Muar, State of Johore No. K-84, Kawasan Perindustrian Tanjung Agas, Jalan Kesang, 84000 Muar, Johor Darul Takzim Venture Plastic Industries Sdn Bhd MK/SC735/02/J144	Factory cum Office Comprising a 2-storey office block and a main factory building. 7 years	Leasehold for a term of 60 years expiring on 12 th May, 2052.	1,985.80 sq.m (21,375 sq ft) / 1,226.31 sq.m (13,200 sq ft)	02.10.2002	RM1,065,000
				TOTAL:	RM2,245,000

Yours faithfully

COLLIERS

JORDAN LEE & JAAFAR (M'CCA) SDN BHD

LEE THIAM SING MIS (M)
Registered Valuer (V-315)
Executive Director

13.0 DIRECTORS' REPORT



LNG RESOURCES BERHAD

(Company No. 582043-K)

K95, Kawasan Perindustrian Tanjung Agas, 84000 Muar, Johor.

Tel : 06-9536088 (4 lines) Fax : 06-9532691 / 9536986 E-Mail : www.edaran@tm.net.my Website : edaranprecision.com.

Registered Office:

1-10 (1st Floor) Jalan Arab
84000 Muar
Johor Darul Takzim

20 June 2003

The Shareholders of LNG Resources Berhad

Dear Sir / Madam,

On behalf of the Board of LNG Resources Berhad, I report after due inquiry that during the period from 31 December 2002, being a date to which the last audited accounts of the Company and its subsidiaries have been made up, to 20 June 2003, being a date not earlier than fourteen (14) days before the issue of this Prospectus that:

- (a) the business of the Company and its subsidiaries have, in the opinion of the Directors, been satisfactorily maintained;
- (b) in the opinion of the Directors, no circumstances have arisen since the last audited accounts of the Company and its subsidiaries which have adversely affected the trading or the value of the assets of the Company or its subsidiaries;
- (c) the current assets of the Company and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) no contingent liabilities have arisen by reason of any guarantees given by the Company or its subsidiaries; and
- (e) since the last audited accounts of the Company and its subsidiaries, save as disclosed in the Accountants' Report as set out in Section 11 of this Prospectus, there have been no changes in published reserves nor any unusual factors affecting the profits of the Company and its subsidiaries.

Yours faithfully
For and on behalf of the Board of Directors
LNG RESOURCES BERHAD

Low Chee Thean
Chairman / Managing Director