



LNG RESOURCES BERHAD

(Company No: 582043-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the twelve months ended 31 December 2016 - unaudited

	Current quarter Three months ended 31 December 2016 RM'000	Cumulative period Twelve months ended 31 December 2016 RM'000
Revenue	17,799	69,738
Cost of sales	(14,956)	(57,439)
Gross profit	2,843	12,299
Other income	168	1,268
Selling and distribution expenses	(120)	(475)
Administrative expenses	(2,397)	(8,767)
Other expenses	1,050	(9)
Operating profit	1,544	4,316
Interest income	17	53
Finance costs	(261)	(1,176)
Profit before tax	1,300	3,193
Income tax expense	(390)	(1,036)
Profit for the period	910	2,157
Other comprehensive income for the period, net of tax <i>Items that are or may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences for foreign operations	186	69
Total comprehensive income for the period	1,096	2,226
Profit/(Loss) attributable to:		
Owners of the Company	984	2,241
Non-controlling interests	(74)	(84)
Profit for the period	910	2,157
Total comprehensive income/(loss) attributable to:		
Owners of the Company	1,167	2,311
Non-controlling interests	(71)	(85)
Total comprehensive income for the period	1,096	2,226



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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued) For the twelve months ended 31 December 2016 - unaudited

	Current quarter Three months ended 31 December 2016 RM'000	Cumulative period Twelve months ended 31 December 2016 RM'000
Profit per ordinary share attributable to owners of the Company (sen per share)		
Basic	0.41	0.93
Diluted	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	31 December 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	38,694	39,877
Prepaid lease payments	1,936	2,041
Investment property	337	-
Deferred tax assets	72	-
Goodwill	10,656	10,656
	<u>51,695</u>	<u>52,574</u>
Current assets		
Inventories	11,810	11,345
Trade and other receivables	16,326	13,162
Prepayments	766	727
Tax recoverable	314	464
Cash and bank balances	6,637	7,737
	<u>35,853</u>	<u>33,435</u>
Assets classified as held for sale	-	767
Total current assets	<u>35,853</u>	<u>34,202</u>
Total assets	<u>87,548</u>	<u>86,776</u>
Equity and liabilities		
Equity		
Share capital	24,199	24,199
Share premium	12,743	12,743
Other reserve	(1,826)	(1,826)
Translation reserve	847	777
Retained earnings	19,267	17,630
Equity attributable to owners of the Company	<u>55,230</u>	<u>53,523</u>
Non-controlling interests	<u>982</u>	<u>87</u>
Total equity	<u>56,212</u>	<u>53,610</u>
Non-current liabilities		
Loans and borrowings	5,883	9,793
Deferred income on government grant	273	313
Deferred tax liabilities	1,579	1,567
	<u>7,735</u>	<u>11,673</u>
Current liabilities		
Trade and other payables	13,961	11,329
Loans and borrowings	9,502	10,139
Income tax liabilities	138	25
	<u>23,601</u>	<u>21,493</u>
Total liabilities	<u>31,336</u>	<u>33,166</u>
Total equity and liabilities	<u>87,548</u>	<u>86,776</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.23</u>	<u>0.22</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the twelve months ended 31 December 2016 - unaudited

	Attributable to owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2016	24,199	12,743	(1,826)	777	-	17,630	53,523	87	53,610
Foreign currency translation differences for foreign operations	-	-	-	70	-	-	70	(1)	69
Other comprehensive income/(loss) for the period	-	-	-	70	-	-	70	(1)	69
Profit for the period	-	-	-	-	-	2,241	2,241	(84)	2,157
Total comprehensive income/(loss) for the period	-	-	-	70	-	2,241	2,311	(85)	2,226
Dividends	-	-	-	-	-	(604)	(604)	-	(604)
Total transactions with owners	-	-	-	-	-	(604)	(604)	-	(604)
Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	980	980
At 31 December 2016	24,199	12,743	(1,826)	847	-	19,267	55,230	982	56,212

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the twelve months ended 31 December 2016 – unaudited

	Twelve months ended 31 December 2016 RM'000
Cash flows from operating activities	
Profit before tax	3,193
Adjustments for:	
Amortisation of prepaid lease payments	105
Depreciation	5,802
Gain on disposal of property, plant and equipment	(433)
Amortisation of deferred income	(40)
Unrealised loss on foreign exchange	9
Interest expense	1,032
Interest income	(53)
Operating profit before changes in working capital	<u>9,615</u>
Changes in:	
Inventories	(465)
Trade and other receivables and prepayments	(2,846)
Trade and other payables	2,517
Cash generated from operations	<u>8,821</u>
Interest paid	(1,032)
Tax refunded	159
Tax paid	(996)
Net cash from operating activities	<u>6,952</u>
Cash flows from investing activities	
Interest received	53
Purchase of property, plant and equipment	(4,918)
Proceeds from disposal of property, plant and equipment	1,200
Withdrawals of pledged deposits	224
Net cash used in investing activities	<u>(3,441)</u>
Cash flows from financing activities	
Repayment of finance lease liabilities	(1,515)
Repayment of term loans	(5,620)
Net increase in other loans and borrowings	406
Contribution of capital by non-controlling interest	980
Dividends paid	(604)
Drawdown of term loans	2,847
Net cash used in financing activities	<u>(3,506)</u>
Net increase in cash and cash equivalents	5
Foreign currency translation differences	(216)
Cash and cash equivalents at 1 January	4,923
Cash and cash equivalents at 31 December	<u>4,712</u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the twelve months ended 31 December 2016 – unaudited

	Twelve months ended 31 December 2016 RM'000
Cash and cash equivalents comprise of:	
Cash and bank balances	6,637
Bank overdrafts	(1,817)
Pledged deposits	(108)
	<u>4,712</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying notes attached to the interim financial statements.



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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A. Notes pursuant to Malaysian Financial Reporting Standard 134 *Interim Financial Reporting*

A1. Change in financial year end

On 5 October 2016, the Company announced to change its financial year end from 31 December to 31 March. The first set of financial statements reflecting the change shall be made up from 1 January 2016 to 31 March 2017 covering a period of 15 months.

Thereafter, the subsequent financial years of the Company shall end on 31 March every year.

A2. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and paragraph 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements also comply with IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

The consolidated financial statements of the Group for the year ended 31 December 2015 are available upon request from the Company’s registered office at 57-G Persiaran Bayan Indah, Bayan Bay, Sungai Nibong, 11900 Penang.

The notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

A3. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following MFRSs, Amendments and/or IC Interpretations:

Effective for financial periods beginning on or after 1 January 2016

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities : Applying the Consolidation Exception
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101 Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 Cycle”

The Directors expect that the adoption of the above MFRSs, Amendments and/or IC Interpretations will not result in any significant changes in the accounting policies and will not have any significant effect on the financial position, results and disclosures in the financial statements of the Group and the Company in the period of initial application.



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A4. Seasonal or cyclical factors

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the period under review.

A6. Changes in estimates

There were no changes in estimates that have had a material effect for the period under review.

A7. Debt and equity securities

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review.

A8. Dividends paid

A single tier interim dividend of 0.25 sen per ordinary share, amounting to RM604,987 in respect of financial period ending 31 March 2017 was paid by the Company on 28 December 2016.

A9. Segment information

The Group is organised and managed into business units based on its products and services. During the financial period, segment information has been changed from three reportable segments to as follows:

- i. Precision engineering - Involved in the design and manufacture of high precision moulds, tools and dies.
- ii. Precision plastic injection moulding - Engaged in the precision engineering plastic injection moulding and sub-assembly.
- iii. Precision machining and stamping - Involved in the manufacture and sale of precision machining and stamping components for the telecommunication, industrial sensors, switches, electronic equipment and other industries and the provision of related specialised engineering services.
- iv. Others – Involved in the manufacture and assembly of electronic components and manufacture of paper products.

There have been no changes in the basis of measurement of segment profit or loss from the last annual financial statements.

Information in respect of the Group's reportable segments for the period ended 31 December 2016 was as follows:



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A9. Segment information (continued)

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Others RM'000	Total RM'000
External revenue	14,038	18,797	36,490	413	69,738
Inter-segment revenue	2,257	795	169	1	3,222
Reportable segment profit	1,794	2,824	5,303	(248)	9,673
Reportable segment assets	25,441	14,177	37,310	2,458	79,386
Reportable segment liabilities	6,833	3,284	17,837	656	28,610

Reconciliation of reportable segment profit:

	Period ended 31 December 2016 RM'000
Total profit for reportable segments	9,673
Elimination of inter-segment profits	1,500
Depreciation and amortisation	(5,907)
Finance costs	(1,176)
Interest income	53
Unallocated corporate expenses	(950)
Consolidated profit before tax	3,193

A10. Events after the end of the interim period

There were no events after the current period ended 31 December 2016 that has not been reflected in this quarterly report.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current period ended 31 December 2016 save as on 30 September 2016, the Board of Directors announced to approve the investment of 51% of the equity interest in Bumblebee Eco Solutions Sdn Bhd ("Bumblebee"). Bumblebee has an authorised share capital of RM400,000.00 comprising 400,000 ordinary shares of RM1.00 each and an issued and paid-up capital of RM100.00 comprising 100 ordinary shares of RM1.00 each. Bumblebee's intended business activities are manufacturers, assemblers, installers, maintainer, repairers of all types of reproduced technology products, structure engineering related products, environmental friendly products and research and development, design and application of new technology and product development on reproduced technology products, structure engineering related products, environmental friendly products of all kinds and descriptions and to provide professional advices and consulting services in relation thereto.



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A12. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 31 December 2016 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	2,880	4,794

A13. Material commitments

As at 31 December 2016, the Group has the following material commitments:

	RM'000
Contracted but not provided for:	
Capital expenditure	634
Operating lease	843
Total	<u>1,477</u>

A14. Changes in contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets arising since the end of the last annual reporting period.

A15. Related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The related party transaction of the Group was as follows:

	Current quarter RM'000	Period to date RM'000
Transactions with a person connected to certain Directors of the Company		
- Accounting fee paid	6	22



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B. Notes pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance review

Operating environment

In 2016, global economy remained uncertain despite the economic grew at a slower pace.

Overall, the operating environment remained challenging for the Group's business in the fourth quarter of 2016.

Financial performance

The Group reported revenue of RM17.799 million in the current quarter and RM69.738 million in the cumulative period. The Group's profit before tax amounted to RM1.300 million for the current quarter. And for the 12 months period, the Group's profit before tax was RM3.193 million.

There is no commentary on the comparison with last year corresponding periods since no comparatives are available due to the change in financial year end.

B2. Comment on material change in profit before tax

There is no material variance noted in the profit before tax of the Group. The Group recorded a profit before tax of RM1.300 million in the current quarter as compared to RM1.267 million in the preceding quarter ended 30 September 2016.

B3. Future prospects

The global economic growth is expected to accelerate in 2017. However, a series of events are threatening to endanger the recovery and may result in increased market volatility.

Premised on the above, the Group remained cautious on the overall outlook for the financial year.

B4. Statement by the Board of Directors on revenue or profit estimate, forecast, projection or internal targets

The Group did not announce any revenue or profit estimate, forecast, projection or internal targets for the financial period ending 31 March 2017.

B5. Variance of actual profit from profit forecast or shortfall in the profit guarantee (only applicable to the final quarter for corporations which have previously announced or disclosed a profit forecast or profit guarantee in a public document)

Not applicable.



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B6. Income tax expense

	Current quarter RM'000	Period to date RM'000
Income tax	406	1,071
Deferred tax	(16)	(35)
	<u>390</u>	<u>1,036</u>

The effective tax rate of the Group is higher than the statutory tax rate of 24% mainly due to certain expenses which were not deductible for income tax purposes and losses of certain subsidiaries cannot be set off against taxable profits generated by the other subsidiaries.

B7. Status of corporate proposals

There is no outstanding uncompleted corporate proposals as at the date of this quarterly report.

B8. Borrowings and debt securities

The Group's loans and borrowings as at the end of the reporting period were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
<i>Secured</i>			
Term loans	4,199	4,976	9,175
Finance lease liabilities	922	907	1,829
Bank overdraft	1,818	-	1,818
Other bank facilities	2,563	-	2,563
	<u>9,502</u>	<u>5,883</u>	<u>15,385</u>

Loans and borrowings denominated in currencies other than Ringgit Malaysia were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
United States Dollar	517	-	517
Vietnamese Dong	1,161	-	1,161
Indian Rupees	57	75	132

B9. Material litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this quarterly report.

B10. Dividends

On 24 November 2016, the Company declared an interim single-tier dividend of 2.5% equivalent to 0.25 sen per ordinary share in respect of financial period ending 31 March 2017 and was paid by the Company on 28 December 2016 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 13 December 2016.



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B11. Earnings per share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share for the current quarter and financial period to date was based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue, excluding treasury shares, in the respective periods as follows:

	Current quarter	Period to date
Profit attributable to owners of the Company (RM'000)	984	2,241
Weighted average number of ordinary shares in issue (units)	241,994,985	241,994,985
Basic earnings per ordinary share (sen)	<u>0.41</u>	<u>0.93</u>

Diluted earnings per ordinary share

Not applicable.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited financial statements for the year ended 31 December 2015 was not qualified.

B13. Profit for the period

	Current quarter RM'000	Period to date RM'000
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease payments	26	105
Depreciation	1,514	5,802
Interest expense	229	1,032
	<u>1,769</u>	<u>7,044</u>
and after crediting:		
Amortisation of deferred income	10	40
Gain on foreign exchange	1,093	400
Gain on disposal of property, plant and equipment	-	433
Interest income	17	53
	<u>1,120</u>	<u>926</u>

Other than the above, there were no other income including investment income, provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments or properties, impairment of assets and exceptional items for the current quarter and period ended 31 December 2016.

B14. Derivative financial instruments

During the financial period, the Group entered into forward foreign currency contracts to manage exposure to the fluctuations in foreign currency exchange rates.

There were no outstanding forward foreign currency contracts as at 31 December 2016.

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements for the year ended 31 December 2015.

There is no change to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies.



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B15. Fair value changes of financial liabilities

The Group does not have any financial liabilities that are measured at fair value through profit or loss (other than derivative financial instruments as disclosed in Note B14).

B16. Realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, was as follows:

	As at 31 December 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	34,382	36,514
- Unrealised	(1,615)	(533)
	<hr/> 32,767	<hr/> 35,981
Less: Consolidation adjustments	(13,500)	(18,351)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 19,267	<hr/> <hr/> 17,630