



# LNG RESOURCES BERHAD

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

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 30 June 2017 - unaudited

	Current quarter Three months ended 30 June 2017 RM'000	Cumulative period Three months ended 30 June 2017 RM'000
Revenue	19,391	19,391
Cost of sales	(15,802)	(15,802)
<b>Gross profit</b>	<b>3,589</b>	<b>3,589</b>
Other operating income	262	262
Selling and distribution expenses	(176)	(176)
Administrative expenses	(2,362)	(2,362)
Other operating expenses	(534)	(534)
<b>Operating profit</b>	<b>779</b>	<b>779</b>
Finance income	13	13
Finance costs	(212)	(212)
<b>Profit before tax</b>	<b>580</b>	<b>580</b>
Tax expense	(254)	(254)
<b>Net profit for the period</b>	<b>326</b>	<b>326</b>
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 exchange differences on translation of foreign operations	79	79
<b>Total comprehensive income for the period</b>	<b>405</b>	<b>405</b>
Net profit/(loss) attributable to:		
Owners of the Company	412	412
Non-controlling interests	(86)	(86)
<b>Net profit for the period</b>	<b>326</b>	<b>326</b>
Total comprehensive income/(loss) attributable to:		
Owners of the Company	491	491
Non-controlling interests	(86)	(86)
<b>Total comprehensive income for the period</b>	<b>405</b>	<b>405</b>



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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the three months ended 30 June 2017 - unaudited

Profit per ordinary share attributable to owners of the Company  
(sen per share)

Basic	0.17	0.17
Diluted	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying notes attached to the interim financial statements.



# LNG RESOURCES BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At 30 June 2017

	30 June 2017 (Unaudited) RM'000	31 March 2017 (Audited) RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	37,431	38,119
Investment properties	664	667
Prepaid lease rentals	1,883	1,910
Goodwill	10,656	10,656
Deferred tax assets	403	347
Receivables, deposit & prepayments	55	46
	<u>51,092</u>	<u>51,745</u>
<b>Current assets</b>		
Inventories	12,524	11,513
Receivables, deposit & prepayments	17,831	19,405
Current tax recoverable	241	329
Fixed deposits with licensed banks	104	517
Cash and bank balances	5,270	4,485
<b>Total current assets</b>	<u>35,970</u>	<u>36,249</u>
<b>TOTAL ASSETS</b>	<u><u>87,062</u></u>	<u><u>87,994</u></u>
<b>Equity and liabilities</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	35,116	35,116
Translation reserve	800	721
Retained profits	19,737	19,325
Non-controlling interests	1,093	1,179
<b>Total equity</b>	<u>56,746</u>	<u>56,341</u>
<b>Non-current liabilities</b>		
Borrowing - Others	4,188	5,069
Deferred tax liabilities	1,037	1,299
Deferred income on government grant	253	263
	<u>5,478</u>	<u>6,631</u>
<b>Current liabilities</b>		
Payables and accrued liabilities	14,521	14,806
Current tax payable	605	480
Borrowing - Bank overdrafts	1,948	2,240
Borrowing - Others	7,764	7,496
	<u>24,838</u>	<u>25,022</u>
<b>Total liabilities</b>	<u>30,316</u>	<u>31,653</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>87,062</u></u>	<u><u>87,994</u></u>
Net assets per share attributable to owners of the Company (RM)	<u>0.23</u>	<u>0.23</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying notes attached to the interim financial statements.



# LNG RESOURCES BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 30 June 2017 - unaudited

	← Attributable to owners of the Company →						Total	Non-controlling interests	Total equity
	← Non-distributable →			Distributable					
	Share capital	Share premium	Other reserve	Translation reserve	Treasury shares	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 31 March 2017</b>	35,116	0	0	721	-	19,325	55,162	1,179	56,341
<b>Total comprehensive income for the period</b>	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	412	412	(86)	326
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-
- Foreign currency exchange differences on translation of Foreign operations	-	-	-	79	-	-	79	-	79
<b>Total transactions with owners</b>	-	-	-	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-	-	-
Subscription of additional shares in a subsidiary by non-controlling interest	-	-	-	-	-	-	-	-	-
<b>At 30 June 2017</b>	<b>35,116</b>	<b>0</b>	<b>0</b>	<b>800</b>	<b>0</b>	<b>19,737</b>	<b>55,653</b>	<b>1,093</b>	<b>56,746</b>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying notes attached to the interim financial statements.



# LNG RESOURCES BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the three months ended 30 June 2017 - unaudited

	<b>Three months ended 30 June 2017 RM'000</b>
<b>Operating Cash Flows</b>	
Profit before tax	580
<u>Adjustments for:</u>	
Depreciation of property, plant & equipment	1,012
Amortisation of prepaid lease rentals	26
Depreciation of investment properties	4
Amortisation of deferred income on government grant	(10)
Interest expense	212
Interest income	(13)
Unrealised foreign currency exchange losses/(gains)	161
<b>Operating profit before changes in working capital</b>	<u>1,972</u>
<u>Changes in working capital:</u>	
Inventories	(1,011)
Receivables	1,500
Payables	(470)
<b>Cash generated from operations</b>	<u>1,991</u>
Interest paid	(212)
Tax paid	(380)
Tax refunded	22
<b>Net cash from operating activities</b>	<u>1,421</u>
<b>Cash flows from investing activities</b>	
Purchase of property, plant and equipment	(314)
Interest received	13
<b>Net cash used in investing activities</b>	<u>(301)</u>
<b>Cash flows from financing activities</b>	
(Decrease)/increase in bankers' acceptance	1,995
Repayment of finance lease liabilities	(227)
Repayment of term loan	(2,381)
<b>Net cash used in financing activities</b>	<u>(613)</u>
<b>Net increase in cash and cash equivalents</b>	507
Foreign currency translation differences	159
Cash and cash equivalents at 31 March 2017	2,656
<b>Cash and cash equivalents at 30 June 2017</b>	<u><u>3,322</u></u>
<u>Cash and cash equivalents comprise of:</u>	
Cash and bank balances	5,270
Bank overdrafts	(1,948)
	<u>3,322</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2017 and the accompanying notes attached to the interim financial statements.



# LNG RESOURCES BERHAD

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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. 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 period ended 31 March 2017.

The consolidated financial statements of the Group for the year ended 31 March 2017 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 period ended 31 March 2017.

#### A3. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the period ended 31 March 2017, except for the adoption of the following MFRSs, Amendments and/or IC Interpretations:

Effective for financial periods beginning on or after 1 January 2017

- Amendments to MFRS 107- Disclosure Initiative
- Amendments to MFRS 112- Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to MFRS 12- Disclosure of Interests in Other Entities classified as "Annual Improvements to MFRSs 2014-2016 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.

#### 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.



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## A6. Changes in estimates

There were no changes in estimates that have had a material effect for the period under review, save as follows:

The Group reviewed the useful life of the items of property, plant and equipment, which resulted in changes in the expected usage of certain property, plant and equipment. The Group previously estimated to have a useful life of ten to twelve years, are now amortise according to its remaining useful life. The effect of these changes resulted in a decrease in depreciation expense recognised in cost of sales and administrative expenses for the current quarter by RM0.255 million and RM0.221 million respectively.

## 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

There were no dividends paid during the period under review.

## A9. Segment information

The Group is organised and managed into business units based on its products and services.

- 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 30 June 2017 was as follows:

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Others RM'000	Corporate RM'000	Total RM'000
External revenue	4,867	5,670	10,349	253	1,811	22,950
Inter-segment revenue	(1,623)	(66)	(59)	-	(1,811)	(3,559)
Reportable segment profit/(loss)	624	1,041	871	(131)	(610)	1,795
Reportable segment assets	20,977	11,156	39,265	2,761	12,259	86,418
Reportable segment liabilities	3,731	2,379	17,311	187	5,065	28,673



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## Reconciliation of reportable segment profit:

	Current quarter	Period to date
	RM'000	RM'000
Total profit for reportable segments	1,795	1,795
Depreciation and amortisation	(1,016)	(1,016)
Finance costs	(212)	(212)
Interest income	13	13
Consolidated profit before tax	<u>580</u>	<u>580</u>

### A10. Events after the end of the interim period

There were no events after the current period ended 30 June 2017 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 30 June 2017.

### A12. Capital expenditure

The major additions of property, plant and equipment during the current quarter was as follow:

	Current quarter	Period to date
	RM'000	RM'000
Additions	<u>407</u>	<u>407</u>

### A13. Material commitments

As at 30 June 2017, the Group has the following material commitments:

	RM'000
<b>Contracted but not provided for:</b>	
Capital expenditure	1,107
Operating lease	<u>808</u>
	<u>1,914</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	Period to date
	RM'000	RM'000
Transactions with a person connected to certain Directors of the Company		
- Accounting fee paid	<u>6</u>	<u>5</u>





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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

#### Financial performance

	30-Jun-17	
	RM'000	%
Precision engineering	3,244	17%
Precision plastic injection moulding	5,604	29%
Precision machining and stamping	10,290	53%
Others	253	1%
	<u>19,391</u>	<u>100%</u>

The Group reported revenue of RM19.391 million and profit before tax amounting to RM0.580 million for the current quarter.

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

Comparison with preceding quarter's profit before taxation:-

	Current quarter	Preceding quarter	Variance	
	RM'000	RM'000	RM'000	%
Revenue	19,391	20,211	(820)	-4%
Gross profit	3,589	3,183	406	13%
Profit before tax	580	(334)	914	274%

The profit before tax ("PBT") for current quarter was recorded RM0.580 million compared to immediate preceding quarter ended 31 March 2017 despite the revenue was lower by RM0.820 million in current quarter. These were due to higher gross profit ("GP") margin arising from the lower material costs and higher contributions from parts which earns higher GP margin and changes in the expected useful life of property, plant and equipment.

### B3. Future prospects

The Board remains cautious that the Group's performance will continue to be challenging underpinned by the continued uncertainties in the global economic environment.

Barring any unforeseen circumstances, the Board of Directors of the Company is of the opinion that the prospects for the remaining period to the end of the financial year ending 31 March 2018 will remain favourable.

### 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 year ended 31 March 2018.

### 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	Period to date
	RM'000	RM'000
Income tax	(254)	(254)

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	Long term	Total
	RM'000	RM'000	RM'000
<b>Secured</b>			
Term loans	2,587	3,666	6,253
Finance lease liabilities	763	522	1,285
Bank overdraft	1,948	-	1,948
Other bank facilities	4,414		4,414
	<u>9,712</u>	<u>4,188</u>	<u>13,900</u>

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

	Short term	Long term	Total
	RM'000	RM'000	RM'000
Vietnamese Dong	1,979	-	1,979
Indian Rupees	42	47	89

## 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

The Directors do not recommend any dividend for the period under review.



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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
	RM'000	RM'000
Profit attributable to owners of the Company	412	412
Weighted average number of ordinary shares in issue (units)	241,994,985	241,994,985
<b>Basic earnings per ordinary share (sen)</b>	<b>0.17</b>	<b>0.17</b>

### 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 March 2017 was not qualified.

## B13. Profit for the period

	Current quarter	Period to date
	RM'000	RM'000
<b>Profit for the period is arrived at after charging:</b>		
Amortisation of prepaid lease payments	26	26
Loss on foreign exchange	534	534
Depreciation	1,016	1,016
Interest expense	212	212
<b>and after crediting:</b>		
Amortisation of deferred income	10	10
Gain on foreign exchange	151	151
Interest income	13	13

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 30 June 2017.

## B14. Fair value changes of financial liabilities

The Group does not have any financial liabilities that are measured at fair value through profit or loss.



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### B15. 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 30 June 2017	As at 31 March 2017
	RM'000	RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	38,903	38,909
- Unrealised	(1,395)	(1,889)
	<u>37,508</u>	<u>37,020</u>
Less: Consolidation adjustments	(17,771)	(17,695)
Total Group retained profits as per consolidated accounts	<u>19,737</u>	<u>19,325</u>