



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 31 December 2017 - unaudited

	Current quarter Three months ended 31 December 2017 RM'000	Cumulative period Nine months ended 31 December 2017 RM'000
Revenue	18,024	58,547
Cost of sales	(15,509)	(48,526)
Gross profit	2,515	10,021
Other operating income	166	655
Selling and distribution expenses	(161)	(484)
Administrative expenses	(2,198)	(7,068)
Other operating expenses	(580)	(1,394)
Operating profit/(loss)	(258)	1,730
Finance income	9	31
Finance costs	(187)	(582)
Profit/(Loss) before tax	(436)	1,179
Tax expense	(214)	(846)
Net profit/(loss) for the period	(650)	333
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	(65)	(77)
Total comprehensive income/(loss) for the period	(715)	256
Net profit/(loss) attributable to:		
Owners of the Company	(590)	540
Non-controlling interests	(60)	(207)
Net profit/(loss) for the period	(650)	333
Total comprehensive income/(loss) attributable to:		
Owners of the Company	(651)	468
Non-controlling interests	(64)	(212)
Total comprehensive income/(loss) for the period	(715)	256



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued) For the nine months ended 31 December 2017 - unaudited

	Current quarter Three months ended 31 December 2017 RM'000	Cumulative period Nine months ended 31 December 2017 RM'000
Profit/(loss) per ordinary share attributable to owners of the Company (sen per share)		
Basic	(0.24)	0.22
Diluted	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the period 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 31 December 2017

	31 December 2017 (Unaudited) RM'000	31 March 2017 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	36,267	38,119
Investment properties	656	667
Prepaid lease rentals	1,831	1,910
Goodwill	10,656	10,656
Deferred tax assets	366	347
Receivables, deposits and prepayments	29	46
	49,805	51,745
Current assets		
Inventories	10,675	11,513
Receivables, deposits and prepayments	16,828	19,405
Current tax recoverable	326	329
Fixed deposits with licensed banks	98	517
Cash and bank balances	5,281	4,485
Total current assets	33,208	36,249
Total assets	83,013	87,994
Equity and liabilities		
Equity		
Share capital	35,116	35,116
Exchange fluctuation reserve	650	721
Retained profits	19,865	19,325
Equity attributable to owners of the Company	55,631	55,162
Non-controlling interests	966	1,179
Total equity	56,597	56,341
Non-current liabilities		
Borrowings – Others	3,411	5,069
Deferred tax liabilities	1,266	1,299
Deferred income on government grant	233	263
	4,910	6,631
Current liabilities		
Payables and accrued liabilities	12,009	14,806
Current tax payable	322	480
Borrowings – Bank overdrafts	1,571	2,240
Borrowings – Others	7,604	7,496
	21,506	25,022
Total liabilities	26,416	31,653
Total equity and liabilities	83,013	87,994
Net assets per share attributable to owners of the Company (RM)	0.23	0.23

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



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 31 December 2017 - unaudited

	Attributable to owners of the Company		Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Non-distributable Exchange fluctuation reserve RM'000				
At 1 April 2017	35,116	721	19,325	55,162	1,179	56,341
Total comprehensive income/(loss) for the period						
Net profit for the period	-	-	540	540	(207)	333
Other comprehensive income/(loss):						
- Foreign currency exchange differences on translation of foreign operations	-	(72)	-	(72)	(5)	(77)
	-	(72)	540	468	(212)	256
At 31 December 2017	35,116	649	19,865	55,630	967	56,597

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the period 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 nine months ended 31 December 2017 – unaudited

	Nine months ended 31 December 2017 RM'000
Operating Cash Flows	
Profit before tax	1,179
Adjustments for:	
Depreciation of property, plant and equipment	3,693
Amortisation of prepaid lease rentals	79
Depreciation of investment properties	11
Amortisation of deferred income on government grant	(30)
Interest expense	582
Interest income	(31)
Unrealised foreign currency exchange losses	540
Operating profit before changes in working capital	6,023
Changes in working capital:	
Inventories	838
Receivables	1,904
Payables	(1,822)
Cash generated from operations	6,943
Interest paid	(582)
Tax paid	(1,088)
Tax refunded	21
Net operating cash flow	5,294
Investing Cash Flows	
Purchases of property, plant and equipment	(1,938)
Interest received	31
Proceeds from disposal of property, plant and equipment	2
Net investing cash flow	(1,905)
Financing Cash Flows	
Drawdown of additional term loans	3,052
Increase in bankers' acceptance	143
Repayment of finance lease liabilities	(692)
Repayment of term loans	(5,060)
Withdrawal of pledged deposits	8
Net financing cash flow	(2,549)
Net increase in cash and cash equivalents	840
Effects of changes in exchange rate	215
Cash and cash equivalents at 1 April 2017	2,655
Cash and cash equivalents at 31 December 2017	3,710



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the nine months ended 31 December 2017 – unaudited

	Nine months ended 31 December 2017 RM'000
Cash and cash equivalents comprise of:	
Fixed deposits with licensed banks	98
Less: Fixed deposits with licensed banks pledged as securities	<u>(98)</u>
	-
Cash and bank balances	5,281
Bank overdrafts	<u>(1,571)</u>
	<u><u>3,710</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the period ended 31 March 2017 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. 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 period 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 expected usage of certain property, plant and equipment. Certain property, plant and equipment of the Group previously estimated to have a useful life of five to twelve years, are now expected to remain in production for fifteen years from the date of purchase. The effect of these changes resulted in a decrease in depreciation expense recognised in cost of sales for the current quarter and period ended 31 December 2017 by RM0.261 million and RM0.773 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 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 2017 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	9,116	18,268	30,384	779	58,547
Inter-segment revenue	4,595	382	143	16	5,136
Reportable segment profit/(loss)	1,486	2,969	1,372	(322)	5,505
Reportable segment assets	23,539	15,775	34,412	2,736	76,462
Reportable segment liabilities	5,915	2,596	17,703	1,212	27,426

Reconciliation of reportable segment profit:

	Period to date RM'000
Total profit for reportable segments	5,505
Depreciation and amortisation	(3,783)
Finance costs	(582)
Interest income	31
Unallocated corporate expenses	(1,244)
Elimination of inter-segment profits	1,252
Consolidated profit before tax	1,179

A10. Events after the end of the interim period

There were no events after the current period ended 31 December 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 31 December 2017.

A12. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 31 December 2017 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	773	2,178



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A13. Material commitments

As at 31 December 2017, the Group has the following material commitments:

	RM'000
Contracted but not provided for:	
Capital expenditure	544
Operating lease	734
Total	<u>1,278</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	4	15
Transactions with companies in which Directors of a subsidiary have substantial interest		
- Sales	71	161
- Purchases	73	87

In the opinion of the Directors, the above transactions have been entered into in the ordinary course of business and have been established under terms no less favourable than those transacted with unrelated parties.



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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

	Current quarter		Period to date	
	RM'000	%	RM'000	%
Precision engineering	2,649	15	9,116	16
Precision plastic injection moulding	5,428	30	18,268	31
Precision machining and stamping	9,678	54	30,384	52
Others	269	1	779	1
	<u>18,024</u>	<u>100</u>	<u>58,547</u>	<u>100</u>

The Group reported revenue of RM18.024 million in the current quarter and RM58.547 million in the cumulative period. The Group's loss before tax amounted to RM0.436 million for the current quarter. And for the nine months period, the Group's profit before tax was RM1.179 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

	Current quarter	Preceding quarter	Variance	
	RM'000	RM'000	RM'000	%
Revenue	18,024	21,132	(3,108)	(15%)
Gross profit	2,515	3,917	(1,402)	(36%)
Profit/(Loss) before tax	(436)	1,035	(1,471)	(142%)

The Group recorded a loss before tax of RM0.436 million in the current quarter as compared to a profit before tax of RM1.035 million achieved in the preceding quarter ended 30 September 2017. The significant decline in profit before tax was in tandem with the drop in revenue for the current quarter.

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 favorable.

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 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 RM'000	Period to date RM'000
Income tax	303	904
Deferred tax	(89)	(58)
	<u>214</u>	<u>846</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>			
Bank overdrafts	1,571	-	1,571
Bankers' acceptance	2,562	-	2,562
Finance lease liabilities	904	923	1,827
Term loans	4,138	2,488	6,626
	<u>9,175</u>	<u>3,411</u>	<u>12,586</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	1,117	-	1,117
Vietnamese Dong	479	-	479
Indian Rupees	35	28	63

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
Profit/(Loss) attributable to owners of the Company (RM'000)	(590)	540
Weighted average number of ordinary shares in issue (units)	241,994,985	241,994,985
Basic earnings per ordinary share (sen)	<u>(0.24)</u>	<u>0.22</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 period ended 31 March 2017 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 rentals	26	79
Foreign currency exchange losses	580	1,394
Depreciation	1,357	3,704
Interest expense	187	582
	<u> </u>	<u> </u>
and after crediting:		
Amortisation of deferred income	10	30
Foreign currency exchange gain	82	353
Interest income	9	31
	<u> </u>	<u> </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 2017.

B14. Derivative financial instruments

The Group does not have any derivative financial instruments at the end of the reporting period.

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.