



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the twelve months ended 31 March 2018 - unaudited

	Current quarter Three months ended 31 March 2018 RM'000	Cumulative period Twelve months ended 31 March 2018 RM'000
Revenue	18,093	76,640
Cost of sales	(14,282)	(62,808)
Gross profit	3,811	13,832
Other operating income	(179)	476
Selling and distribution expenses	(153)	(637)
Administrative expenses	(2,563)	(9,631)
Other operating expenses	(949)	(2,343)
Operating profit/(loss)	(33)	1,697
Finance income	7	38
Finance costs	(177)	(759)
Profit/(Loss) before tax	(203)	976
Tax expense	(50)	(896)
Net profit/(loss) for the period/year	(253)	80
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	(56)	(133)
Total comprehensive income/(loss) for the period/year	(309)	(53)
Net profit/(loss) attributable to:		
Owners of the Company	(227)	313
Non-controlling interests	(26)	(233)
Net profit/(loss) for the period/year	(253)	80
Total comprehensive income/(loss) attributable to:		
Owners of the Company	(278)	190
Non-controlling interests	(31)	(243)
Total comprehensive income/(loss) for the period/year	(309)	(53)



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued) For the twelve months ended 31 March 2018 - unaudited

	Current quarter Three months ended 31 March 2018 RM'000	Cumulative period Twelve months ended 31 March 2018 RM'000
Profit/(loss) per ordinary share attributable to owners of the Company (sen per share)		
Basic	(0.09)	0.13
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 March 2018

	31 March 2018 (Unaudited) RM'000	31 March 2017 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	35,305	38,119
Investment properties	652	667
Prepaid lease rentals	1,805	1,910
Goodwill	10,656	10,656
Deferred tax assets	406	347
Receivables, deposits and prepayments	230	46
	<u>49,054</u>	<u>51,745</u>
Current assets		
Inventories	11,138	11,513
Receivables, deposits and prepayments	16,729	19,405
Current tax recoverable	558	329
Fixed deposits with licensed banks	-	517
Cash and bank balances	6,001	4,485
Total current assets	<u>34,426</u>	<u>36,249</u>
Total assets	<u>83,480</u>	<u>87,994</u>
Equity and liabilities		
Equity		
Share capital	35,116	35,116
Exchange fluctuation reserve	598	721
Retained profits	19,638	19,325
Equity attributable to owners of the Company	<u>55,352</u>	<u>55,162</u>
Non-controlling interests	1,083	1,179
Total equity	<u>56,435</u>	<u>56,341</u>
Non-current liabilities		
Borrowings – Others	3,530	5,069
Deferred tax liabilities	1,247	1,299
Deferred income on government grant	240	263
	<u>5,017</u>	<u>6,631</u>
Current liabilities		
Payables and accrued liabilities	12,635	14,806
Current tax payable	104	480
Borrowings – Bank overdrafts	1,718	2,240
Borrowings – Others	7,571	7,496
	<u>22,028</u>	<u>25,022</u>
Total liabilities	<u>27,045</u>	<u>31,653</u>
Total equity and liabilities	<u>83,480</u>	<u>87,994</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 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 twelve months ended 31 March 2018 - 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 year	-	-	313	313	(233)	80
Other comprehensive income/(loss):						
- Foreign currency exchange differences on translation of foreign operations	-	(123)	-	(123)	(10)	(133)
	-	(123)	313	190	(243)	(53)
Transactions with owners						
Subscription of additional shares in a subsidiary by non-controlling interest	-	-	-	-	147	147
At 31 March 2018	35,116	598	19,638	55,352	1,083	56,435

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 twelve months ended 31 March 2018 – unaudited

	Twelve months ended 31 March 2018 RM'000
Operating Cash Flows	
Profit before tax	976
Adjustments for:	
Depreciation of property, plant and equipment	4,880
Amortisation of prepaid lease rentals	105
Allowance for inventories obsolescence	60
Depreciation of investment properties	15
Amortisation of deferred income on government grant	(23)
Gain on disposal of property, plant and equipment	(1)
Reversal of impairment loss on loans and receivables	(7)
Reversal of allowance for write-down of inventories	(12)
Interest expense	759
Interest income	(38)
Unrealised foreign currency exchange losses	860
Operating profit before changes in working capital	<u>7,574</u>
Changes in working capital:	
Inventories	340
Receivables	1,837
Payables	(1,491)
Cash generated from operations	<u>8,260</u>
Interest paid	(759)
Tax paid	(1,650)
Tax refunded	23
Net operating cash flow	<u>5,874</u>
Investing Cash Flows	
Purchases of property, plant and equipment	(2,736)
Interest received	38
Proceeds from disposal of property, plant and equipment	47
Net investing cash flow	<u>(2,651)</u>
Financing Cash Flows	
Contribution of capital by non-controlling interest	147
Drawdown of additional term loans	5,052
Decrease in bankers' acceptance	(39)
Repayment of finance lease liabilities	(559)
Repayment of term loans	(6,716)
Withdrawal of pledged deposits	107
Net financing cash flow	<u>(2,008)</u>
Net increase in cash and cash equivalents	1,215
Effects of changes in exchange rate	413
Cash and cash equivalents at 1 April 2017	2,655
Cash and cash equivalents at 31 March 2018	<u><u>4,283</u></u>



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the twelve months ended 31 March 2018 – unaudited

	Twelve months ended 31 March 2018 RM'000
Cash and cash equivalents comprise of:	
Cash and bank balances	6,001
Bank overdrafts	<u>(1,718)</u>
	<u>4,283</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 year under review.



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A6. Changes in estimates

There were no changes in estimates that have had a material effect for the year 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 year ended 31 March 2018 by RM0.478 million and RM1.251 million respectively.

A7. Debt and equity securities

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

A8. Dividends paid

There were no dividends paid during the year 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 year ended 31 March 2018 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	12,229	22,753	40,707	951	76,640
Inter-segment revenue	5,567	597	159	21	6,344
Reportable segment profit/(loss)	1,088	3,211	2,154	(518)	5,935
Reportable segment assets	22,288	15,670	34,612	2,508	75,078
Reportable segment liabilities	6,972	3,850	19,084	932	30,838

Reconciliation of reportable segment profit:

	Year to date RM'000
Total profit for reportable segments	5,935
Depreciation and amortisation	(5,000)
Finance costs	(759)
Finance income	38
Unallocated corporate expenses	(1,520)
Elimination of inter-segment profits	2,282
Consolidated profit before tax	976

A10. Events after the end of the interim period

There were no events after the current year ended 31 March 2018 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 year ended 31 March 2018.

A12. Capital expenditure

The major additions of property, plant and equipment during the current quarter and year ended 31 March 2018 were as follows:

	Current quarter RM'000	Year to date RM'000
Additions	619	2,797



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A13. Material commitments

As at 31 March 2018, the Group has the following material commitments:

	RM'000
Contracted but not provided for:	
Capital expenditure	124
Operating lease	2,341
Total	<u>2,465</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	Year to date RM'000
Transactions with a person connected to certain Directors of the Company		
- Accounting fee paid	-	15
Transactions with companies in which Directors of a subsidiary have substantial interest		
- Sales	41	202
- Purchases	45	132

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		Year to date	
	RM'000	%	RM'000	%
Precision engineering	3,113	17	12,229	16
Precision plastic injection moulding	4,485	25	22,753	30
Precision machining and stamping	10,323	57	40,707	53
Others	172	1	951	1
	<u>18,093</u>	<u>100</u>	<u>76,640</u>	<u>100</u>

The Group reported revenue of RM18.093 million in the current quarter and RM76.640 million in the cumulative period. The Group's loss before tax amounted to RM0.203 million for the current quarter. And for the twelve months period, the Group's profit before tax was RM0.976 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	18,093	18,024	69	0.4%
Gross profit	3,811	2,515	1,296	52%
Loss before tax	(203)	(436)	233	(53%)

The Group recorded a loss before tax of RM0.203 million in the current quarter as compared to RM0.436 million in the preceding quarter ended 31 December 2017. The decrease in loss before tax was due to increase in sale of higher margin products.

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 financial year ending 31 March 2019 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 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 RM'000	Year to date RM'000
Income tax	267	1,171
Deferred tax	(217)	(275)
	<u>50</u>	<u>896</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	1,718	-	1,718
Bankers' acceptance	2,380	-	2,380
Finance lease liabilities	924	828	1,752
Term loans	4,267	2,702	6,969
	<u>9,289</u>	<u>3,530</u>	<u>12,819</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	900	-	900
Vietnamese Dong	620	-	620
Indian Rupees	32	18	50

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 year 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 year 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	Year to date
Profit/(Loss) attributable to owners of the Company (RM'000)	(227)	313
Weighted average number of ordinary shares in issue (units)	241,994,985	241,994,985
Basic earnings per ordinary share (sen)	<u>(0.09)</u>	<u>0.13</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	Year to date RM'000
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease rentals	26	105
Foreign currency exchange losses	948	2,342
Depreciation	1,191	4,895
Allowance for inventories obsolescence	60	60
Finance costs	177	759
and after crediting:		
Amortisation of deferred income on government grant	(7)	23
Foreign currency exchange gain	(256)	97
Finance income	7	38
Reversal of impairment loss on loans and receivables	7	7
Reversal of allowance for write-down of inventories	12	12

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 year ended 31 March 2018.

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.