LNG RESOURCES BERHAD
(Company No: 582043-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended 30 June 2018 - unaudited

	Current quarter Three months ended 30 June		Cumulative quarter Three months ended 30 June	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	18,586	19,391	18,586	19,391
Cost of sales	(15,571)	(15,802)	(15,571)	(15,802)
Gross profit	3,015	3,589	3,015	3,589
Other operating income	865	262	865	262
Selling and distribution expenses	(168)	(176)	(168)	(176)
Administrative expenses	(1,732)	(2,362)	(1,732)	(2,362)
Other operating expenses	(118)	(534)	(118)	(534)
Operating profit	1,862	779	1,862	779
Finance income	6	13	6	13
Finance costs	(186)	(212)	(186)	(212)
Profit before tax	1,682	580	1,682	580
Tax expense	(495)	(254)	(495)	(254)
Net profit for the period	1,187	326	1,187	326
Other comprehensive income/(loss) for the period, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency exchange differences on translation of foreign operations	(15)	79	(15)	79
Total comprehensive income for the period	1,172	405	1,172	405
Net profit attributable to:				
Owners of the Company	1,291	412	1,291	412
Non-controlling interests	(104)	(86)	(104)	(86)
Net profit for the period	1,187	326	1,187	326
Total comprehensive income attributable to:				
Owners of the Company	1,276	491	1,276	491
Non-controlling interests	(104)	(86)	(104)	(86)
Total comprehensive income for the period	1,172	405	1,172	405

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the three months ended 30 June 2018 - unaudited

	Current quarter Three months ended 30 June		Cumulative quarter Three months ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Earnings per share attributable to owners of the Company (sen per share)				
Basic	0.53	0.17	0.53	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 2018 and the accompanying notes attached to the interim financial statements.

LNG RESOURCES BERHAD
(Company No: 582043-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2018

	30 June 2018 (Unaudited) RM'000	31 March 2018 (Audited) RM'000
Non-current assets		
Property, plant and equipment	35,693	35,305
Investment properties	649	653
Prepaid lease rentals	1,778	1,804
Goodwill	10,656	10,656
Deferred tax assets	404	406
Receivables, deposits and prepayments	236	231
	49,416	49,055
Current assets		
Inventories	11,439	11,138
Receivables, deposits and prepayments	15,642	16,650
Current tax recoverable	491	559
Fixed deposits with licensed banks	97	93
Cash and bank balances	6,698	6,001
	34,367	34,441
Current liabilities		
Payables and accrued liabilities	12,259	12,650
Current tax payable	83	104
Borrowings – Bank overdrafts	2,101	1,717
Borrowings – Others	7,557	7,572
	22,000	22,043
Net current assets	12,367	12,398
	61,783	61,453
Equity		
Share capital	35,116	35,116
Exchange fluctuation reserve	583	598
Retained profits	20,929	19,638
Equity attributable to owners of the Company	56,628	55,352
Non-controlling interests	979	1,083
Total equity	57,607	56,435
Non-current liabilities		
Borrowings – Others	2,681	3,530
Deferred tax liabilities	1,260	1,247
Deferred income on government grant	235	241
	4,176	5,018
	61,783	61,453
Net assets per share attributable to owners of the Company (RM)	0.24	0.23

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 30 June 2018 - unaudited

	Attributable to owners of the Company					
		Non-distributable	Distributable			
	Share capital RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 April 2018	35,116	598	19,638	55,352	1,083	56,435
Total comprehensive income/(loss) for the period						
Net profit for the period	-	-	1,291	1,291	(104)	1,187
Other comprehensive loss:						
- Foreign currency exchange differences on translation of foreign operations	-	(15)	-	(15)	-	(15)
	-	(15)	1,291	1,276	(104)	1,172
At 30 June 2018	35,116	583	20,929	56,628	979	57,607

LNG RESOURCES BERHAD
(Company No: 582043-K)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the three months ended 30 June 2018 - unaudited

	Attributable to owners of the Company					
		Non-distributable	Distributable			
	Share capital RM'000	Exchange fluctuation reserve RM'000	Retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity 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	-	-	412	412	(86)	326
Other comprehensive income:						
- Foreign currency exchange differences on translation of foreign operations	-	79	-	79	-	79
	-	79	412	491	(86)	405
At 30 June 2017	35,116	800	19,737	55,653	1,093	56,746

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying notes attached to the interim financial statements.

LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the three months ended 30 June 2018 – unaudited

	Three months ended 30 June 2018 RM'000	Three months ended 30 June 2017 RM'000
Operating Cash Flows		
Net profit for the financial period	1,187	326
Adjustments for:		
Depreciation of property, plant and equipment	1,047	1,012
Amortisation of prepaid lease rentals	26	26
Depreciation of investment properties	4	4
Amortisation of deferred income on government grant	(6)	(10)
Finance costs	186	212
Finance income	(6)	(13)
Unrealised foreign currency exchange losses/(gain)	(525)	161
Tax expense	495	254
Operating profit before changes in working capital	2,408	1,972
Changes in working capital:		
Inventories	(301)	(1,011)
Receivables	1,498	1,500
Payables	(565)	(470)
Cash generated from operations	3,040	1,991
Interest paid	(186)	(212)
Tax paid	(441)	(380)
Tax refunded	-	22
Net operating cash flow	2,413	1,421
Investing Cash Flows		
Purchases of property, plant and equipment	(1,370)	(314)
Interest received	6	13
Net investing cash flow	(1,364)	(301)
Financing Cash Flows		
Drawdown of additional term loans	734	925
Drawdown of bankers' acceptances	2,065	2,082
Repayment of bankers' acceptances	(1,977)	(2,066)
Repayment of finance lease liabilities	(232)	(227)
Repayment of term loans	(1,453)	(1,327)
Placement of fixed deposits pledged as securities	(4)	-
Net financing cash flow	(867)	(613)
Net changes in cash and cash equivalents	182	507
Effects of changes in exchange rate	131	159
Cash and cash equivalents at 1 April	4,284	2,656
Cash and cash equivalents at 30 June	4,597	3,322

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the three months ended 30 June 2018 – unaudited

	Three months ended 30 June	
	2018	**2017**
	RM'000	**RM'000**
Cash and cash equivalents comprise of:		
Cash and bank balances	6,795	5,270
Bank overdrafts	(2,101)	(1,948)
Pledged deposits	(97)	-
	4,597	3,322

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 March 2018 and the accompanying notes attached to the interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

A1. 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 March 2018.

The consolidated financial statements of the Group for the year ended 31 March 2018 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 March 2018.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2018, except for the adoption of the following MFRSs, Amendments and/or IC Interpretations:

Effective for financial periods beginning on or after 1 January 2018
- Amendments to MFRS 1 - First-time Adoption of Malaysian Financial Reporting Standards classified as "Annual Improvements to MFRSs 2014-2016 Cycle"
- Amendments to MFRS 2 - Classification and Measurement of Share-based Payment Transactions
- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with customers
- MFRS 15 Clarifications to MFRS 15
- Amendments to MFRS 128 Investment in Associates and Joint Ventures classified as "Annual Improvements to MFRSs 2014-2016 Cycle"
- Amendments to MFRS 140 Transfers of Investment Property
- IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 March 2018. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 March 2019.

The Group has adopted MFRS 9 'Financial Instruments' and MFRS 15 'Revenue from Contracts with Customers' which resulted in changes in accounting policies and adjustments to the amount recognised in the financial statements. A number of new standards are effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

<u>MFRS 9 Financial Instruments</u>

MFRS 9 replaces the provisions of MFRS 139 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

A2. Significant accounting policies (continued)

The Group have reviewed its financial assets and liabilities and are expecting the following impact from the adoption of the new standard on 1 April 2018:

The majority of the Group's financial assets are debt instruments that are currently carried as 'loans and receivables' and measured at amortised cost. These financial assets will satisfy the conditions for classification at amortised cost under MFRS 9 and hence there will be no change to the accounting for these financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any of such financial liabilities. The derecognition rules have been transferred from MFRS 139 'Financial Instruments: Recognition and Measurement' and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under MFRS 139. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under MFRS 15 'Revenue from Contacts with Customers', lease receivables, loan commitments and certain financial guarantee contracts.

During the financial period ended 30 June 2018, the Group have performed an impact assessment on MFRS 9 and concluded that the adoption of the new standard did not have a significant impact to the Group's interim financial statements.

MFRS 15 Revenue From Contracts With Customers

MFRS 15 supersedes the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it became effective. MFRS 15 established a new five-step model that applies to revenue arising from contracts with customers.

The Group have undertaken an assessment of the impact and have concluded that MFRS 15 did not have a significant impact on the results and financial position of the Group.

A3. Seasonal or cyclical factors

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

A4. Unusual items

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

A5. Changes in estimates

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

A6. Debt and equity securities

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

A7. Dividends paid

There were no dividends paid during the period under review.

A8. 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 honeycomb 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 2018 was as follows:

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Others RM'000	Total RM'000
External revenue	3,520	5,425	9,308	333	18,586
Inter-segment revenue	670	318	44	-	1,032
Reportable segment profit/(loss)	662	1,396	448	(65)	2,441
Reportable segment assets	22,037	15,659	45,538	2,556	85,790
Reportable segment liabilities	7,437	2,817	19,467	1,100	30,821

Reconciliation of reportable segment profit:

	Period to date RM'000
Total profit for reportable segments	2,441
Depreciation and amortisation	(1,077)
Finance costs	(186)
Finance income	6
Unallocated corporate expenses	3
Elimination of inter-segment profits	495
Consolidated profit before tax	1,682

A9. Events after the end of the interim period

There were no events after the current period ended 30 June 2018 that has not been reflected in this quarterly report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current period ended 30 June 2018.

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 30 June 2018 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	1,341	1,341

A12. Material commitments

As at 30 June 2018, the Group has the following material commitments:

	RM'000
Contracted but not provided for	2,244

A13. 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.

A14. Related party transactions

There were no significant related party transactions during the current financial quarter/period under review.

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 Three months ended 30 June		Period to date Three months ended 30 June	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Precision engineering	3,520	3,244	3,520	3,244
Precision plastic injection moulding	5,425	5,604	5,425	5,604
Precision machining and stamping	9,308	10,290	9,308	10,290
Others	333	253	333	253
	18,586	19,391	18,586	19,391

The Group achieved revenue of RM18.586 million for the current quarter/period ended 30 June 2018 as compared to the prior year corresponding quarter/period of RM19.391 million. The decline was mainly attributable to the decrease in revenue contribution from the precision machining and stamping segment.

Profit before tax for the Group amounted to RM1.682 million for the current quarter/period as compared to RM0.580 million in the prior year corresponding quarter/period mainly due to foreign currency exchange gain in the current quarter/period.

Precision engineering segment

Revenue from the precision engineering segment for the current quarter/period ended 30 June 2018 increased by 8.5% as compared to previous year's corresponding quarter/period. The main driver for the growth in this segment's revenue was due to the higher volume of orders received for precision parts from one of our major customer.

Precision plastic injection moulding segment

Revenue from the precision plastic injection moulding segment for the current quarter/period decreased marginally by 3.2% as compared to previous year's corresponding quarter/period primarily due to strengthening of Ringgit Malaysia against US Dollar for its insert moulding sales denominated in US Dollar.

Precision machining and stamping segment

Revenue for the current quarter/period dropped by 9.5% as compared to previous year's corresponding quarter mainly due to the strengthening of Ringgit Malaysia against US Dollar as majority of its sales were denominated in US Dollar.

Gross profit

Gross profit of the Group dropped from RM3.589 million reported in the previous year's corresponding quarter/period to RM3.015 million achieved in the current period/quarter ended 30 June 2018, in tandem with the lower revenue recorded in the current quarter/period.

B2. Comment on material change in profit before tax

	Current quarter RM'000	Preceding quarter RM'000	Variance RM'000	%
Revenue	18,586	18,093	493	3
Profit/(Loss) before tax	1,682	(203)	1,885	(929)

The Group recorded a profit before tax of RM1.682 million in the current quarter as compared to a loss before tax of RM0.203 million in the preceding quarter ended 31 March 2018. The increase in profit before tax was due to favorable foreign currency exchange.

B3. Future prospects

The economic environment remains uncertain and challenging. Rising competition and volatility of US Dollar against Ringgit Malaysia are expected to affect the Group's results. Nevertheless, the Group will continue its efforts to grow its sales and increase capacity utilisation as well as improve operational efficiency.

Premised on the above, the Group remained cautious on the overall outlook for financial year ending 2019.

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 ended 30 June 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.

B6. Income tax expense

	Current quarter RM'000	Period to date RM'000
Income tax	480	480
Deferred tax	15	15
	495	495

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
Secured			
Bank overdrafts	2,101	-	2,101
Bankers' acceptance	2,468	-	2,468
Finance lease liabilities	888	632	1,520
Term loans	4,201	2,049	6,250
	9,658	2,681	12,339

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	857	-	857
Vietnamese Dong	618	-	618
Indian Rupees	33	9	42

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.

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 net 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
Net profit attributable to owners of the Company (RM'000)	1,291	1,291
Weighted average number of ordinary shares in issue (units)	241,994,985	241,994,985
Basic earnings per ordinary share (sen)	0.53	0.53

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 2018 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	26
Foreign currency exchange losses	118	118
Depreciation	1,051	1,051
Finance costs	186	186
and after crediting:		
Amortisation of deferred income on government grant	6	6
Foreign currency exchange gain	683	683
Finance income	6	6

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, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 June 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.