

Company Name : LNG Resources Berhad
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LNG Resources To Expand India, Viet Ops

GEORGE TOWN: LNG Resources Bhd is spending RM20mil this year to expand its operations in Malaysia and overseas, in view of the purchasing orders it has received so far for the first quarter 2014 and the positive feedback from its customers for future orders.

Group director Jackie Yong told *StarBiz* that the money would be spent largely for expanding its precision tooling production facilities in India and Vietnam, which generated about 25% of the group's revenue.

"The plant in Ho Chih Minh, which makes precision metal tooling parts, is the larger contributor, generating 20% of the group's revenue, while the operations in Kochi, India, contributed the remaining 5%, as it is a newer plant.

"So far, the group has received about RM15mil in orders from its overseas customers in this first quarter. The orders will be delivered before June 2014," Yong said.

LNG Resources' precision tooling metal and plastic components are supplied to the telecommunication, aerospace, industrial electronics, semiconductor and energy management system industries.

Yong said the group's outstanding results for 2013 was due to the performance of Oriental Fastech Manufacturing Sdn Bhd, which was acquired for RM32mil in February 2013 via cash and issuance of new shares.

"Oriental Fastech contributed about 50% of the group's revenue and bottom line," he said.

LNG Resources posted a pre-tax profit of RM9.4mil on the back of RM55.4mil revenue for the financial year ended December 31, 2013 compared with RM889,000 and RM24.9mil respectively achieved in 2012.

Yong said the group had recently secured orders to deliver some US\$2mil worth of precision tooling products this year to a new customer in the energy management system business.

Currently, the energy management system business generates about 20% of the group's revenue.

Moving ahead, Yong said LNG Resources was working aggressively to raise the contribution of the aerospace industry, which currently contributes about 10% of group revenue.

"LNG Resources makes connectors, which are high-value components used in the electronic system of air-crafts," he said.

According to Deloitte, which provides audit, tax, consulting, and financial advisory services to private and public companies worldwide, the revenue of the top 20 global aerospace and defense companies for the nine months ended September 2013 increased by 4.3% to US\$365.8bil from US\$350.6bil.

The report said passenger travel demand was expected to increase 5% over the next 20 years, which will boost aircraft production.

Aircraft production was expected to be between 29,000 and 34,000 over the next 20 years, it said.

"Over the next decade by 2023, commercial aircraft annual production levels are anticipated to increase significantly by an estimated 25%," it added.