



LNG RESOURCES BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2009

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2009 RM'000	Preceding Year Corresponding Quarter 30.06.2008 RM'000	Current Year To Date 30.06.2009 RM'000	Preceding Year Corresponding Period 30.06.2008 RM'000
Revenue	6,143	8,272	11,533	16,716
Cost of sales	(5,318)	(6,052)	(10,139)	(11,971)
Gross profit	825	2,220	1,394	4,745
Other income	88	105	169	172
Other expenses	(635)	(757)	(1,176)	(1,473)
Finance costs	(48)	(41)	(98)	(78)
Profit before tax	230	1,527	289	3,366
Income tax expense	(75)	(375)	(90)	(666)
Profit for the period attributable to equity holders of the Company	155	1,152	199	2,700
Earnings per share attributable to equity holders of the Company (sen)				
- Basic	0.08	0.62	0.11	1.44
- Diluted	-	0.61	-	1.44

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED BALANCE SHEETS

	As at 30.06.2009 (UNAUDITED) RM'000	As at 31.12.2008 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,354	25,805
Prepaid lease payments	2,724	2,777
	<u>28,078</u>	<u>28,582</u>
Current assets		
Inventories	2,843	3,914
Trade receivables	6,786	7,613
Other receivables and prepaid expenses	666	816
Cash and bank balances	11,944	11,893
	<u>22,239</u>	<u>24,236</u>
TOTAL ASSETS	<u>50,317</u>	<u>52,818</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	18,982	18,982
Treasury shares	(567)	(567)
Share premium	5,829	5,829
Retained earnings	16,569	17,307
	<u>40,813</u>	<u>41,551</u>
Non-current liabilities		
Borrowings	1,043	823
Deferred tax liabilities	1,448	1,426
	<u>2,491</u>	<u>2,249</u>
Current liabilities		
Trade payables	2,376	1,937
Other payables and accrued expenses	3,190	5,478
Borrowings	1,447	1,603
	<u>7,013</u>	<u>9,018</u>
Total liabilities	<u>9,504</u>	<u>11,267</u>
TOTAL EQUITY AND LIABILITIES	<u>50,317</u>	<u>52,818</u>
Net assets per share attributable to equity holders of the Company (RM)	<u>0.22</u>	<u>0.22</u>

The condensed consolidated balance sheets should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to Equity Holders of the Company				Total RM'000
	Share Capital RM'000	Non-Distributable Treasury Shares RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	
At 1 January 2009	18,982	(567)	5,829	17,307	41,551
Profit for the period	-	-	-	199	199
Dividends	-	-	-	(937)	(937)
At 30 June 2009	18,982	(567)	5,829	16,569	40,813
At 1 January 2008	18,982	(95)	5,829	13,941	38,657
Share buy back	-	(472)	-	-	(472)
Profit for the period	-	-	-	2,700	2,700
Dividends	-	-	-	(1,874)	(1,874)
At 30 June 2008	18,982	(567)	5,829	14,767	39,011

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED CASH FLOW STATEMENTS (UNAUDITED)

	Six Months Ended 30.06.2009 RM'000	Six Months Ended 30.06.2008 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	289	3,366
Adjustments for:		
Non-cash items	1,934	1,777
Non-operating items	(32)	(75)
Operating Profit Before Working Capital Changes	2,191	5,068
Changes in working capital		
Net change in current assets	1,994	(2,277)
Net change in current liabilities	(1,133)	(11)
Interest paid	(84)	(62)
Income tax paid	(292)	(372)
Income tax refunded	289	-
Net Cash From Operating Activities	2,965	2,346
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(1,145)	(5,694)
Interest received	99	141
Net Cash Used In Investing Activities	(1,046)	(5,553)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(931)	393
Dividends paid	(937)	(1,874)
Repurchase of treasury shares	-	(472)
Net Cash Used In Financing Activities	(1,868)	(1,953)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	51	(5,160)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		
	11,893	14,232
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
	11,944	9,072
Cash and cash equivalents comprise of:		
Cash and bank balances	11,944	9,072

The condensed consolidated cash flow statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2009

A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134

A1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with Financial Reporting Standard ("FRS") 134 "Interim Financial Reporting" and Chapter 9, Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2008. These explanatory notes attached to the 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 December 2008.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2008.

As at 30 June 2009, the following FRSs and IC Interpretations have been issued but not yet effective, and therefore have not been applied by the Group and the Company:

FRS 4	Insurance Contracts
FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment: Vesting Conditions and Cancellations
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 - Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

FRS 4 and IC Interpretation 13 are not relevant to the Group's and the Company's operations.



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A2. Changes in Accounting Policies (cont'd)

The new FRSs, Amendments to FRSs and IC Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 7 and FRS 8.

The possible impact of applying FRS 7 and FRS 139 on the financial statements upon their initial application is not disclosed by virtue of the exemptions given in the respective standards.

A3. Audit Qualification

The audited financial statements for the year ended 31 December 2008 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

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

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flow

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

A6. Material Changes in Estimates

There were no material changes in estimates for the period under review.

A7. Issuance and Repayment of Debts and Equity Securities

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

A8. Dividends Paid

A final dividend of 5%, tax-exempt, equivalent to 0.5 sen per share, amounting to RM936,859 in respect of financial year ended 31 December 2008 was paid by the Company on 3 June 2009 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 22 May 2009.



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A9. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 30 June 2009:

	Precision Engineering RM'000	Plastic Injection RM'000	Elimination RM'000	Group RM'000
Revenue				
- External customers	5,278	6,255	-	11,533
- Inter-segment	212	-	(212)	-
Total revenue	<u>5,490</u>	<u>6,255</u>	<u>(212)</u>	<u>11,533</u>
Segment results	97	185	174	456
Unallocated corporate expenses				(179)
Interest income				110
Finance costs				(98)
Profit before tax				<u>289</u>
Tax expense				(90)
Profit after tax				<u>199</u>

A10. Valuation of Property, Plant and Equipment

Not applicable.

A11. Material Events Subsequent to the End of the Interim Period

There was no material event subsequent to the current quarter ended 30 June 2009 that has not been reflected in this quarterly report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current quarter ended 30 June 2009.



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A13. Contingent Liabilities

Save for the corporate guarantee granted by LNG in favour of financial institutions for credit facilities granted to its subsidiary companies, neither LNG nor its subsidiary companies have any contingent liabilities as at 30 June 2009 which, upon becoming enforceable, may have a material effect on the financial position of LNG or its subsidiary companies. Accordingly, the Company is contingently liable to the extent of the credit facilities utilised by its subsidiary companies amounting to approximately RM2,418,000 as of the end of the financial period.

A14. Capital Commitments

The Group does not have any material capital commitment as at 30 June 2009.

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1. Performance Review

The current global economic downturn has severely affected the connectors and semiconductor industries which support the electrical and electronics (E&E) industries. Weakening global demand for consumer E&E goods such as personal computers, cell phones, consumer electronics, information technology products and automobiles has resulted in a sharp drop in connector and semiconductor industry sales.

The severity of this global economic recession is unprecedented in our Group's operating history. Though the Group has faced recessions in the past, the recessions were mainly contained within certain parts of the world. The Group had weathered past recessions due to its good mix of export markets in Europe, Japan, Malaysia and USA. Should one export market face a recession, the other markets were able to provide a safety net for the Group to rely on for its sales. The current financial turmoil, however, is a global phenomenon whereby all our customers in different industry sectors and geographical regions are affected simultaneously.

As the Group's customers are mainly in the connector, semiconductor and E&E industries, the Group's revenue was still affected significantly in the current quarter due to the sharp downturn in the first quarter of 2009.



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B1. Performance Review (cont'd)

As a result, the Group's revenue for the current financial period ended 30 June 2009 of RM11.533 million is lower than the revenue in the prior corresponding financial period ended 30 June 2008 of RM16.716 million. The profit before tax for the period ended 30 June 2009 amounted to RM0.289 million, which is also lower than the profit before tax of RM3.366 million for the previous year's corresponding financial period.

The Group achieved a revenue of RM6.143 million for the current quarter ended 30 June 2009, which is lower than the revenue for the quarter ended 30 June 2008 of RM8.272 million. The profit before tax for the current quarter ended 30 June 2009 decreased to RM0.230 million from RM1.527 million in the quarter ended 30 June 2008.

There are no other material factors which have affected the revenue and profit before tax of the Group for the current period/quarter.

B2. Comment on Material Change in Profit Before Tax

The pre-tax profit of RM0.230 million for the current quarter was higher than the pre-tax profit of RM0.059 million in the preceding quarter due to higher revenue generated in the current quarter.

B3. Current Year Prospects

Given the poor economic factors and the weak outlook for the connector, semiconductor and electronics and electrical industries, the Directors are of the opinion that the performance of the Group will also be weaker in the financial year ending 31 December 2009 compared to the previous financial year.

The Group will implement the following strategies to mitigate the current downturn:

- (i) Cost containment exercise to reduce operating costs.
- (ii) Invest in research and development into designing and fabricating fine pitch high speed connector moulds that will be used in high speed servers.
- (iii) Collaborations with our key customers in development of new fine pitch connector moulds and toolings to manufacture fine pitch connectors.

B4. Variance of Actual Profit from Profit Forecast

Not applicable.



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B5. Income Tax Expense

	Current Quarter RM'000	Period To Date RM'000
Income Tax	55	68
Deferred Tax	20	22
	<u>75</u>	<u>90</u>

The effective tax rate of the Group is higher than the statutory tax rate of 25% due to underprovision of deferred tax expense in prior year.

B6. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investment and/or properties for the current quarter and the financial period to date.

B7. Particulars of Purchase or Disposal of Quoted Securities

There were no acquisitions or disposals of quoted securities for the current quarter and the financial period to date.

B8. Status of Corporate Proposals

There is no outstanding uncompleted corporate proposal as at the date of this quarterly report.

B9. Borrowings and Debt Securities

The Group's borrowings, all of which are secured and denominated in Ringgit Malaysia, as at the end of the reporting quarter are as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Term loan	609	-	609
Hire-purchase	838	1,043	1,881
Total	<u>1,447</u>	<u>1,043</u>	<u>2,490</u>



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B10. Off Balance Sheet Financial Instruments

During the financial period, the Group entered into forward foreign exchange contracts to hedge exposures to currency risk for receivables and payables which are denominated in currencies other than the functional currency of the Group.

As at 17 August 2009 (the latest practicable date which is not earlier than 7 days from the date of issue of the quarterly report), the Group had entered into forward foreign exchange contracts with the following notional amounts and maturities:

	Currency	Amount in foreign currency ('000)	Notional Amount (RM'000)
Forward foreign exchange contracts:			
Within 1 year	JPY	4,000	146
	USD	59	215

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the date of transactions unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken into the income statements.

The Group does not foresee any significant credit and market risks posed by the above off balance sheet financial instruments.

There is also no cash requirement risk as the Group uses fixed forward foreign exchange contracts as its hedging instrument.

B11. Material Litigations

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.



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B12. Dividends

The Board of Directors does not recommend any dividend for the period under review.

B13. Earnings Per Share

Basic earnings per ordinary share

The calculation of basic earnings per share for the current quarter and financial period to date is based on the profit attributable to equity holders 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 attributable to equity holders of the Company (RM'000)	155	199
Weighted average number of ordinary shares in issue (units)	<u>187,371,772</u>	<u>187,371,772</u>
Basic earnings per ordinary share (sen)	<u>0.08</u>	<u>0.11</u>

Diluted earnings per ordinary share

There is no dilution in the earnings per share of the Company as the market price of the Company's ordinary shares as at balance sheet date is lower than the exercise price.