



LNG RESOURCES BERHAD

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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2010 RM'000	Preceding Year Corresponding Quarter 31.03.2009 RM'000	Current Year To Date 31.03.2010 RM'000	Preceding Year Corresponding Period 31.03.2009 RM'000
Revenue	9,234	5,390	9,234	5,390
Cost of sales	(7,162)	(4,821)	(7,162)	(4,821)
Gross profit	2,072	569	2,072	569
Other income	131	81	131	81
Other expenses	(707)	(541)	(707)	(541)
Finance costs	(26)	(50)	(26)	(50)
Profit before tax	1,470	59	1,470	59
Income tax expense	(275)	(15)	(275)	(15)
Profit for the period	1,195	44	1,195	44
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,195	44	1,195	44
Profit for the period attributable to owners of the Company	1,195	44	1,195	44
Total comprehensive income attributable to owners of the Company	1,195	44	1,195	44
Earnings per share attributable to owners of the Company (sen)				
- Basic	0.64	0.02	0.64	0.02
- Diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31.03.2010 (UNAUDITED) RM'000	As at 31.12.2009 (AUDITED) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	23,773	23,755
Prepaid lease payments	2,645	2,672
	<u>26,418</u>	<u>26,427</u>
Current assets		
Inventories	4,091	3,505
Trade receivables	9,573	10,697
Other receivables and prepaid expenses	316	430
Cash and bank balances	11,622	10,945
	<u>25,602</u>	<u>25,577</u>
TOTAL ASSETS	<u>52,020</u>	<u>52,004</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	18,982	18,982
Treasury shares	(567)	(567)
Share premium	5,828	5,828
Retained earnings	18,775	17,580
	<u>43,018</u>	<u>41,823</u>
Non-current liabilities		
Borrowings	423	615
Deferred tax liabilities	1,358	1,378
	<u>1,781</u>	<u>1,993</u>
Current liabilities		
Trade payables	2,886	3,244
Other payables and accrued expenses	3,416	4,004
Borrowings	834	919
Tax liabilities	85	21
	<u>7,221</u>	<u>8,188</u>
Total liabilities	<u>9,002</u>	<u>10,181</u>
TOTAL EQUITY AND LIABILITIES	<u>52,020</u>	<u>52,004</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.23</u>	<u>0.22</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to Owners of the Company				Total Equity RM'000
	Share Capital RM'000	Non-distributable Treasury Shares RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	
At 1 January 2010	18,982	(567)	5,828	17,580	41,823
Total comprehensive income for the period	-	-	-	1,195	1,195
At 31 March 2010	18,982	(567)	5,828	18,775	43,018
At 1 January 2009	18,982	(567)	5,828	17,308	41,551
Total comprehensive income for the period	-	-	-	44	44
At 31 March 2009	18,982	(567)	5,828	17,352	41,595

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Three Months Ended	
	31.03.2010	31.03.2009
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,470	59
Adjustments for:		
Non-cash items	1,011	965
Non-operating items	(30)	(8)
Operating Profit Before Working Capital Changes	2,451	1,016
Changes in working capital		
Net change in current assets	551	1,524
Net change in current liabilities	(1,600)	(2,254)
Interest paid	(21)	(44)
Income tax paid	(169)	(26)
Income tax refunded	-	22
Net Cash From Operating Activities	1,212	238
CASH FLOWS FROM INVESTING ACTIVITIES		
Property, plant and equipment	(308)	(613)
Interest received	51	57
Net Cash Used In Investing Activities	(257)	(556)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank borrowings	(278)	(465)
Net Cash Used In Financing Activities	(278)	(465)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	677	(783)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	10,945	11,893
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11,622	11,110
Cash and cash equivalents comprise of:		
Cash and bank balances	11,622	11,110

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2009 and the accompanying explanatory notes attached to the interim financial statements.



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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2010

A. EXPLANATORY NOTES PURSUANT TO 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 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 condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2009. These explanatory 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 December 2009.

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 2009, except for the adoption of the following FRSs, Amendments and Interpretations effective for financial period beginning 1 January 2010:

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 8: Operating Segments
- FRS 101: Presentation of Financial Statements (revised)
- 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
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRSs “Improvements to FRSs (2009)”
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment



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A2. Changes in Accounting Policies (cont'd)

- 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

The adoption of these standards, amendments and interpretations do not have a material impact on the interim financial statements of the Group except for the following:

FRS 101: Presentation of Financial Statements (revised)

With the adoption of the revised FRS 101, all non-owner changes in equity are presented in the consolidated statement of comprehensive income. The consolidated statement of changes in equity only includes details of transactions with owners. The adoption of this standard does not have any impact on the financial position and results of the Group.

FRS 139: Financial Instruments: Recognition and Measurement

Prior to the adoption of FRS 139, derivative contracts were recognised in the financial statements on settlement date. With the adoption of FRS 139, derivative contracts are recognised on contract date and categorised as fair value through profit or loss.

In accordance with the transitional provisions of FRS 139, the above changes are applied prospectively and the comparatives as at 31 December 2009 are not restated. The adoption of FRS 139 does not have any significant impact on the results of the Group.

As at date of authorisation of these interim financial statements, the following FRSs, Amendments to FRSs and Interpretations have been issued but not yet effective, and therefore have not been applied by the Group:

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations
- FRS 127: Consolidated and Separate Financial Statements
- Amendment to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 7: Improving Disclosures about Financial Instruments
- Amendments to FRS 132: Financial Instruments: Presentation



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A2. Changes in Accounting Policies (cont'd)

- Amendments to FRS 138: Intangible Assets
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

The adoption of the above new standards, amendments and interpretations are not expected to have any significant impact on the financial statements of the Group upon their initial application.

A3. Auditors' Report on Preceding Annual Financial Statements

The audited financial statements for the year ended 31 December 2009 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

There were no dividends paid for the period under review.



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A9. Segmental Information

Segmental information in respect of the Group's business segments for the period ended 31 March 2010:

	Precision Engineering RM'000	Plastic Injection RM'000	Elimination RM'000	Group RM'000
Revenue				
- External customers	3,849	5,385	-	9,234
- Inter-segment	187	-	(187)	-
Total revenue	<u>4,036</u>	<u>5,385</u>	<u>(187)</u>	<u>9,234</u>
Segment results	566	873	70	1,509
Unallocated corporate expenses				(64)
Interest income				51
Finance costs				<u>(26)</u>
Profit before tax				1,470
Tax expense				<u>(275)</u>
Profit for the period				<u>1,195</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 31 March 2010 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 31 March 2010.



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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 31 March 2010 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 RM1,315,000 as of the end of the financial period.

A14. Capital Commitments

The Group has the following capital commitment in respect of property, plant and equipment as at 31 March 2010:

	RM'000
Contracted but not provided for	<u>458</u>



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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 Group's revenue for the current financial period/quarter ended 31 March 2010 of RM9.234 million is higher than the revenue in the prior corresponding financial period/quarter ended 31 March 2009 of RM5.390 million. The profit before tax for the period/quarter ended 31 March 2010 amounted to RM1.470 million, which is also higher than the profit before tax of RM0.059 million for the previous year's corresponding financial period/quarter.

The significant increase in revenue and profit before tax was mainly due to the recovery from the global economic downturn that had severely affected the connectors and semiconductor industries which support the electrical and electronics (E&E) industries in year 2009.

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 RM1.195 million for the current quarter was lower than the pre-tax profit of RM1.315 million in the preceding quarter due to lower revenue generated in the current quarter.

B3. Current Year Prospects

Barring any unforeseen circumstances, the Directors are of the opinion that the performance of the Group for the financial year ending 31 December 2010 will be better than that of 2009.

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	295	295
Deferred Tax	(20)	(20)
	<u>275</u>	<u>275</u>

The effective tax rate of the Group is lower than the statutory tax rate of 25% due to the utilisation of reinvestment allowance to partially offset the taxable profit of the Group.

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
Hire purchase	834	423	<u>1,257</u>



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B10. Derivative Financial Instruments

With the adoption of FRS 139, financial derivatives are recognised at contract dates.

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

There were no outstanding forward foreign exchange contracts as at 31 March 2010.

The Group does not foresee any significant credit and market risks posed by the above derivative 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.

B12. Dividends

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



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B13. 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 is 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 attributable to owners of the Company (RM'000)	1,195	1,195
Weighted average number of ordinary shares in issue (units)	187,371,772	187,371,772
Basic earnings per ordinary share (sen)	<u>0.64</u>	<u>0.64</u>

Diluted earnings per ordinary share

There is no dilution in the earnings per ordinary share of the Company as the market price of the Company's ordinary shares as at the end of the reporting period is lower than the exercise price.