



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2013 - unaudited

	Current quarter Three months ended 30 September		Cumulative quarter Nine months ended 30 September	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Revenue	14,394	6,333	37,264	17,834
Cost of sales	(10,415)	(5,190)	(27,367)	(15,186)
Gross profit	3,979	1,143	9,897	2,648
Other income	685	66	1,208	124
Selling and distribution expenses	(123)	(32)	(333)	(87)
Administrative expenses	(2,057)	(802)	(5,644)	(1,989)
Other expenses	(16)	(2)	(81)	(8)
Operating profit	2,468	373	5,047	688
Interest income	30	71	80	246
Finance costs	(333)	(10)	(631)	(31)
Profit before tax	2,165	434	4,496	903
Income tax expense	(514)	(73)	(1,161)	(167)
Profit for the period	1,651	361	3,335	736
Other comprehensive income/(loss) for the period, net of tax <i>Items that may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	27	(2)	(5)	(2)
Total comprehensive income for the period	1,678	359	3,330	734
Profit/(Loss) attributable to:				
Owners of the Company	1,658	369	3,419	744
Non-controlling interests	(7)	(8)	(84)	(8)
Profit for the period	1,651	361	3,335	736
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,689	368	3,423	743
Non-controlling interests	(11)	(9)	(93)	(9)
Total comprehensive income for the period	1,678	359	3,330	734



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the nine months ended 30 September 2013 - unaudited

	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	30 September		30 September	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Earnings per ordinary share attributable to owners of the Company (sen per share)				
Basic	0.69	0.20	1.47	0.40
Diluted	-	0.20	-	0.39

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 September 2013

	30 September 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	36,969	19,821
Prepaid lease payments	2,278	2,356
Investment property	794	-
Goodwill	13,568	-
	<u>53,609</u>	<u>22,177</u>
Current assets		
Inventories	12,504	2,699
Trade and other receivables	11,476	8,967
Prepayments	1,279	339
Tax recoverable	682	431
Cash and bank balances	7,616	10,568
	<u>33,557</u>	<u>23,004</u>
Total assets	<u>87,166</u>	<u>45,181</u>
Equity and liabilities		
Equity		
Share capital	24,199	18,982
Share premium	12,576	5,828
Other reserve	(1,826)	-
Translation reserve	(4)	(8)
Treasury shares	(567)	(567)
Retained earnings	19,085	15,666
Equity attributable to owners of the Company	<u>53,463</u>	<u>39,901</u>
Non-controlling interests	<u>58</u>	<u>32</u>
Total equity	<u>53,521</u>	<u>39,933</u>
Non-current liabilities		
Loans and borrowings	14,142	259
Deferred tax liabilities	2,221	1,247
	<u>16,363</u>	<u>1,506</u>
Current liabilities		
Trade and other payables	9,479	3,622
Loans and borrowings	7,498	120
Income tax liabilities	305	-
	<u>17,282</u>	<u>3,742</u>
Total liabilities	<u>33,645</u>	<u>5,248</u>
Total equity and liabilities	<u>87,166</u>	<u>45,181</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.22</u>	<u>0.21</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2013 - unaudited

	Attributable to owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2013	18,982	5,828	-	(8)	(567)	15,666	39,901	32	39,933
Foreign currency translation differences for foreign operations	-	-	-	4	-	-	4	(9)	(5)
Other comprehensive income for the period	-	-	-	4	-	-	4	(9)	(5)
Profit for the period	-	-	-	-	-	3,419	3,419	(84)	3,335
Total comprehensive income for the period	-	-	-	4	-	3,419	3,423	(93)	3,330
Issuance of new ordinary shares in relation to acquisition of subsidiary	5,217	6,783	-	-	-	-	12,000	-	12,000
Share issue expenses	-	(35)	-	-	-	-	(35)	-	(35)
Adjustment on premium of shares issued on acquisition of subsidiary	-	-	(1,826)	-	-	-	(1,826)	-	(1,826)
Total transactions with owners	5,217	6,748	(1,826)	-	-	-	10,139	-	10,139
Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	119	119
At 30 September 2013	24,199	12,576	(1,826)	(4)	(567)	19,085	53,463	58	53,521



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine months ended 30 September 2013 - unaudited

	Attributable to owners of the Company						Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Non-distributable			Distributable					
	Share capital RM'000	Share premium RM'000	Other reserve RM'000	Translation reserve RM'000	Treasury shares RM'000	Retained earnings RM'000			
At 1 January 2012	18,982	5,828	-	-	(567)	18,909	43,152	-	43,152
Other comprehensive income for the period	-	-	-	(1)	-	-	(1)	(1)	(2)
Profit for the period	-	-	-	-	-	744	744	(8)	736
Total comprehensive income for the period	-	-	-	(1)	-	744	743	(9)	734
Dividends (representing transactions with owners)	-	-	-	-	-	(3,747)	(3,747)	-	(3,747)
Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	9	9
At 30 September 2012	18,982	5,828	-	(1)	(567)	15,906	40,148	-	40,148

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2012 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 nine months ended 30 September 2013 – unaudited

	Nine months ended 30 September	
	2013 RM'000	2012 RM'000
Cash flows from operating activities		
Profit before tax	4,496	903
Adjustments for:		
Amortisation of prepaid lease payments	149	79
Impairment loss on trade receivables	21	-
Reversal of impairment loss on loan and receivables	(109)	-
Depreciation of property, plant and equipment	2,813	2,910
Gain on disposals of property, plant and equipment	(2)	(36)
Property, plant and equipment written off	4	1
Unrealised loss on foreign exchange	28	6
Acquisition-related costs	361	-
Interest expense	558	14
Interest income	(80)	(246)
Operating profit before changes in working capital	8,239	3,631
Changes in:		
Inventories	(3,156)	(563)
Trade and other receivables and prepayments	5,046	(2,360)
Trade and other payables	637	(992)
Cash generated from/(used in) operations	10,766	(284)
Interest paid	(558)	(14)
Tax refund	36	-
Tax paid	(1,066)	(430)
Net cash from/(used in) operating activities	9,178	(728)
Cash flows from investing activities		
Interest received	86	251
Proceeds from disposal of property, plant and equipment	2	608
Purchase of property, plant and equipment	(2,968)	(810)
Acquisition-related costs paid	(473)	-
Acquisition of subsidiaries, net	(21,227)	-
Proceeds from shares issued to non-controlling interest	119	9
Net cash from/(used in) investing activities	(24,461)	58
Cash flows from financing activities		
Repayment of loans and borrowings	(1,490)	(115)
Drawdown of loans and borrowings	12,155	-
Dividends paid	-	(3,747)
Share issue expenses paid	(35)	-
Net cash from/(used in) financing activities	10,630	(3,862)
Net decrease in cash and cash equivalents	(4,653)	(4,532)
Foreign currency translation differences	128	(2)
Cash and cash equivalents at 1 January	10,568	14,322
Cash and cash equivalents at 30 September	6,043	9,788
Cash and cash equivalents comprise of:		
Cash and bank balances	7,616	9,788
Bank overdraft	(1,573)	-
	6,043	9,788

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying notes attached to the interim financial statements.



LNG RESOURCES BERHAD

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

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 December 2012.

The consolidated financial statements of the Group for the year ended 31 December 2012 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 December 2012.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2012, except for the adoption of the following MFRSs, Amendments and IC Interpretations:

Effective for financial periods beginning on or after 1 July 2012

- Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income

Effective for financial periods beginning on or after 1 January 2013

- MFRS 10 : Consolidated Financial Statements
- MFRS 11 : Joint Arrangements
- MFRS 12 : Disclosure of Interests in Other Entities
- MFRS 13 : Fair Value Measurement
- MFRS 119 : Employee Benefits
- MFRS 127 : Consolidated and Separate Financial Statements
- MFRS 128 : Investments in Associates and Joint Ventures
- Amendments to MFRS 1 : Government Loans
- Amendments to MFRS 7 : Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10 : Consolidated Financial Statements : Transition Guidance
- Amendments to MFRS 11 : Joint Arrangements : Transition Guidance
- Amendments to MFRS 12 : Disclosure of Interests in Other Entities : Transition Guidance
- IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine
- Annual Improvements to IC Interpretations and MFRSs 2009 – 2011 Cycle



LNG RESOURCES BERHAD

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

A2. Significant accounting policies (continued)

The Directors expect that the adoption of the above MFRSs, Amendments and 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.

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, save as follows:

The Group reviewed the useful life of the items of property, plant and equipment, which resulted in changes in the expected usage of certain machineries. Certain machineries, which the Group previously estimated to have a useful life of eight years, are now expected to remain in production for twelve 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 period ended 30 September 2013 by RM0.281 million and RM0.875 million respectively.

A6. Debt and equity securities

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities for the period under review save as on 6 February 2013, the Company issued 52,173,913 new ordinary shares of RM0.10 each at an issue price of RM0.23 per ordinary share as part of purchase consideration for the acquisition of subsidiary as disclosed in Note A10.

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 their products and services, and has three reportable segments 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.

There have been no changes in the basis of measurement of segment profit or loss from the last annual financial statements.



LNG RESOURCES BERHAD

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

A8. Segment information (continued)

Information in respect of the Group's reportable segments for the period ended 30 September 2013 was as follows:

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Total RM'000
External revenue	11,842	7,450	17,972	37,264
Inter-segment revenue	268	-	-	268
Reportable segment profit	2,862	333	5,392	8,587
Reportable segment assets	26,308	11,150	35,004	72,462
Reportable segment liabilities	5,669	4,668	14,063	24,400

Reconciliation of reportable segment profit:

	Period ended 30 September 2013 RM'000
Total profit for reportable segments	8,587
Elimination of inter-segment profits	190
Depreciation and amortisation	(2,962)
Finance costs	(631)
Interest income	80
Unallocated corporate expenses	(768)
Consolidated profit before tax	4,496

A9. Events after the end of the interim period

There were no events after the current period ended 30 September 2013 that has not been reflected in this quarterly report save as disclosed in Note B9.

A10. Changes in the composition of the Group

On 8 February 2013, the Company acquired all the shares in Oriental Fastech Manufacturing Sdn Bhd ("OFM") for a total purchase consideration of RM32,000,000 satisfied by way of cash of RM20,000,000 and the balance of RM12,000,000, by way of issuance of 52,173,913 new ordinary shares of the Company at an issue price of RM0.23 per share.

OFM is engaged in the manufacture and sale of precision machining and stamping components for telecommunication, industrial sensors, switches, electronic equipment and other industries and the provision of related specialised engineering services. The acquisition of OFM allows the Group to expand its existing business operations to include precision metal turning and stamping, and surface finishing manufacturing services.

Since the acquisition date, OFM contributed revenue of RM17.972 million and profit of RM3.197 million in the period ended 30 September 2013. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have been RM39.069 million and consolidated profit for the period ended 30 September 2013 would have been RM3.333 million.



LNG RESOURCES BERHAD

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

A10. Changes in the composition of the Group (continued)

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Fair value of consideration transferred

	RM'000
Cash and cash equivalents	20,000
Equity instruments issued (52,173,913 ordinary shares valued based on the share price on completion date of RM0.195)	10,174
	<u>30,174</u>

Identifiable assets acquired and liabilities assumed

	RM'000
Property, plant and equipment	15,381
Investment property	807
Inventories	6,649
Trade and other receivables	7,848
Prepayments	468
Cash and bank balances	970
Loans and borrowings	(10,030)
Current tax liabilities	(81)
Deferred tax liabilities	(810)
Trade and other payables	(4,596)
Total identifiable net assets	<u>16,606</u>

Net cash outflow arising from acquisition of subsidiary

	RM'000
Purchase consideration settled in cash and cash equivalents	(20,000)
Cash and bank balances acquired	970
Bank overdraft	(2,197)
Net cash outflow of the Group	<u>(21,227)</u>

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	RM'000
Total consideration transferred	30,174
Fair value of identifiable net assets	(16,606)
Goodwill	<u>13,568</u>

The goodwill is attributable mainly to the synergistic benefits expected to be derived from integrating OFM into the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

Acquisition-related cost

The Group incurred acquisition-related costs of RM0.983 million and these costs of RM0.361 million and RM0.622 million were recognised as administrative expenses in the Group's statement of profit or loss and other comprehensive income for the financial period ended 30 September 2013 and for the year ended 31 December 2012 respectively.



LNG RESOURCES BERHAD

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

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 30 September 2013 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	1,236	4,724

A12. Capital commitments

The Group has the following capital commitment in respect of property, plant and equipment as at 30 September 2013.

	RM'000
Contracted but not provided for	2,384

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. Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group were as follows:

	Current quarter RM'000	Period to date RM'000
Significant transactions with companies related to major shareholders of the Company:		
Plating service costs paid	-	249
Rental income	-	160



LNG RESOURCES BERHAD

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

B. Notes pursuant to Chapter 9, Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad

B1. Performance review

Operating environment

The global economy continues to grow at a modest pace. Growths in advanced economies are notably improving. However, the recent dual challenges of slowing growth and tighter global financial conditions faced by the major emerging markets pose as a downside risk towards the overall recovery of the global economy.

Financial performance

The Group achieved a higher revenue of RM37.264 million for the current period ended 30 September 2013 as compared to the prior corresponding period ended 30 September 2012 of RM17.834 million. The main driver for the increase in revenue was due to the additional revenue contribution from the newly acquired precision machining and stamping segment and the continual growth in the demand for the precision engineering segment.

The Group's profit before tax for the current period ended 30 September 2013 increased to RM4.496 million from RM0.903 million recorded in the prior corresponding period ended 30 September 2012. The significant increase in the Group's profit before tax was mainly attributable to the increase in revenue despite that the amount was partly offset by the expenses incurred in the current period for the acquisition of a subsidiary amounted to approximately RM0.361 million.

The Group's profit before tax for the current period ended 30 September 2013 excluding expenses incurred for the acquisition of a subsidiary, were as follows:

	Current period ended 30 September 2013 RM'000
Profit before tax ("PBT")	4,496
Add: Expenses incurred for the acquisition of a subsidiary	361
PBT excluding expenses incurred for the acquisition of OFM	<u>4,857</u>

The Group reported revenue of RM14.394 million for the current quarter ended 30 September 2013, which was higher than the revenue reported in the prior corresponding quarter of RM6.333 million. The significant increase in revenue was mainly due to the additional revenue contribution from the newly acquired subsidiary, the increase in demand sustained by the precision engineering segment and new orders secured for its over moulding services in the precision plastic injection moulding segment.

The Group also recorded an increase in profit before tax of RM2.165 million for the current quarter ended 30 September 2013 as compared to RM0.434 million recorded in the prior year corresponding quarter. The higher profit before tax was in tandem with the increase in revenue of the Group. However, the precision plastic injection moulding segment contributed a negative profit before tax in the current quarter despite an increase in its revenue as a result of its over moulding services that generates lower profit margin.



LNG RESOURCES BERHAD

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

B1. Performance review (continued)

Precision engineering segment

Revenue from the precision engineering segment for the current period and quarter ended 30 September 2013 had increased by 20.7% and 8.7% respectively. The main important driver for the increase in revenue in this segment for the current period and quarter was due to the benefits gained from the sustained demand in the connector industry that leads to higher volume of orders for new connector moulds.

Precision plastic injection moulding segment

Revenue from the precision plastic injection moulding segment for the current period ended 30 September 2013 had declined by 7.1%. The decline was mainly attributable to the softness on the demand for plastic connector parts by our customers in the connector industry throughout the first and second quarter of 2013 coupled with the impact from a major customer which reduces its orders as it needs to fill its own production capacity instead of outsourcing to our Group. However, despite the decline in the revenue for the current period, revenue from this segment for the current quarter ended 30 September 2013 had increased significantly by 34.5% as compared to previous year corresponding quarter. The significant increase in revenue for the current quarter was mainly due to orders secured for its over moulding services.

Precision machining and stamping segment

Following the acquisition of a subsidiary as disclosed in Note A10, the Group expanded its business operations into the precision machining and stamping segment. In the current period and quarter ended 30 September 2013, this segment contributed revenue of RM17.972 million and RM6.951 million respectively and profit before tax of RM3.683 million and RM1.351 million respectively. This segment operates in the electrical and electronic industries ("E&E") providing components such as: (i) components for security instruments and power supply units, (ii) sensor components for security instruments and (iii) data and electrical transmission products, which consists of switches for E&E components. E&E industry is the leading industry within the manufacturing sector and it has been continuously growing at a rapid pace with the invention of innovative technologies and an ever-increasing customer inclination towards electronic goods and services. The positive growth in E&E industry is an advantage towards the performance of the precision machining and stamping segment.

Gross profit

The Group's gross profit for the current quarter and period ended 30 September 2013 amounted to RM3.979 million and RM9.897 million, representing an increase of 248.1% and 273.8% respectively.

The increase in gross profit was mainly due to the positive contribution from the precision engineering segment as a result of the increase in customers' demand coupled with the additional revenue contribution from the precision machining and stamping segment. However, the increase in gross profit was partly offset with the decrease in contribution from the precision plastic injection moulding segment, which generated revenue mainly from lower profit margin over moulding services.



LNG RESOURCES BERHAD

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

B2. Comment on material change in profit before tax

The Group's profit before tax for the current quarter ended 30 September 2013 increased by 22.2% to RM2.165 million as compared to RM1.772 million achieved in the preceding quarter ended 30 June 2013. The increase in profit before tax was mainly due to higher revenue generated during the current quarter.

B3. Future prospects

The Board is of the opinion that the Group's financial performance for year 2013 will improve as compared to the financial year 2012.

Following the completion of the acquisition of OFM, the Group is expected to benefit from the extra revenue and earnings contribution from OFM as well as the profit guarantee of RM5.500 million for the financial year ending 2013 from the vendors of OFM.

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 September 2013.

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	466	997
Deferred tax	48	164
	<u>514</u>	<u>1,161</u>

The effective tax rate of the Group was higher than the statutory tax rate of 25% principally due to certain expenses which were not deductible for income tax purposes.

B7. Status of corporate proposals

Save as disclosed below, there is no outstanding uncompleted corporate proposals as at the date of this quarterly report.

On 31 January 2012, the Company announced the commencement of the voluntary winding-up of its three wholly-owned subsidiaries, All Metro Technology Sdn Bhd ("All Metro"), Falcon Furniture Industry Sdn Bhd ("Falcon") and Venture Plastic Industries Sdn Bhd ("Venture") pursuant to Section 254(1)(b) of the Companies Act, 1965.

The final meeting for the voluntary winding-up of Falcon and Venture was held on 30 September 2013 and a return by Liquidator relating to the said final meeting was lodged on 1 October 2013 with the Companies Commission of Malaysia and the Official Receiver. Pursuant to Section 272(5) of the Companies Act, 1965, both Falcon and Venture will be dissolved on the expiration of three months after the said lodgement date.

At the date of this quarterly report, All Metro is still in the process of liquidation.



LNG RESOURCES BERHAD

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

B8. Borrowings and debt securities

The Group's loans and borrowings, all of which are secured as at the end of the reporting quarter were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
Bank loans	2,239	12,158	14,397
Finance lease liabilities	1,294	1,984	3,278
Other bank facilities	2,391	-	2,391
Bank overdraft	1,574	-	1,574
	<u>7,498</u>	<u>14,142</u>	<u>21,640</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	191	142	333
Indian Rupees	9	37	46

B9. Material litigation

Save as disclosed below, 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.

ZDGP Technology Sdn Bhd ("Plaintiff") vs OFM

On 21 September 2012, the Plaintiff commenced legal proceedings against OFM, at the High Court of Penang under suit no. [22NCVC-664-09/2012]. The Plaintiff is claiming for the amount of RM906,553.48, being the alleged amount outstanding for gold plating and passivation process services rendered to OFM, as well as interests and costs.

OFM's solicitors have filed a defence and counter-claim for OFM, praying that the Plaintiff's claim against OFM be dismissed with costs and counter-claiming against the Plaintiff for the sum of RM3,234,298.81, being general damages due to OFM for breach of contract, loss of goodwill and loss of reputation, interests and costs.

The matter came up for case management on 12 December 2012, 9 January 2013, 23 January 2013, 20 February 2013 and 1 April 2013 and was fixed for trial on 26 July 2013 and 1 August 2013.

On 26 July 2013, the trial did not proceed as it fell on a public holiday and the trial on 1 August 2013 had to be vacated as the Plaintiff has filed an application to amend its claim. The said application was fixed for hearing on 22 August 2013. The hearing on 22 August 2013 has been adjourned to 10 September 2013 due to the late delivery of Plaintiff's Affidavit in reply to OFM's Affidavit to oppose the said application.

On 10 September 2013, the hearing of the Plaintiff's application for amendment of its Writ and Statement of Claim has been adjourned to 1 October 2013 and the Court has directed the parties to file written submission on or before 24 September 2013.

The hearing on 1 October 2013 has been further adjourned to a later date.

OFM's solicitors are of the view that OFM has a good chance of succeeding in its counter-claim, hence no further provision has been made in the financial statements.



LNG RESOURCES BERHAD

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

B10. Dividends

On 14 November 2013, the Company declared an interim single-tier dividend of 3% equivalent to 0.3 sen per ordinary share in respect of financial year ending 31 December 2013, to be paid on 18 December 2013 to all holders of ordinary shares whose names appeared in the Record of Depositors at the close of business on 2 December 2013.

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 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)	1,658	3,419
Weighted average number of ordinary shares in issue (units)	239,545,685	232,665,609
Basic earnings per ordinary share (sen)	<u>0.69</u>	<u>1.47</u>

Diluted earnings per ordinary share

There is no dilution in the earnings per ordinary share of the Company for the current quarter and financial period to date as the average market price of the Company's ordinary shares was lower than the exercise price.

B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited financial statements for the year ended 31 December 2012 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 payments	53	149
Impairment loss on trade receivables	-	21
Depreciation of property, plant and equipment	1,028	2,813
Property, plant and equipment written off	-	4
Loss on derivatives	16	28
Interest expense	309	558
and after crediting:		
Gain on foreign exchange	456	538
Gain on disposal of property, plant and equipment	2	2
Reversal of impairment loss on loan and receivables	109	109
Interest income	30	80



LNG RESOURCES BERHAD

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

B13. Profit for the period (continued)

Other than the above, there were no other income including investment income, 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 period ended 30 September 2013.

B14. Derivative financial instruments

During the financial period, the Group entered into forward foreign currency contracts to manage exposure to the fluctuations in foreign currency exchange rates.

There were no outstanding forward foreign currency contracts as at 30 September 2013.

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements for the year ended 31 December 2012.

There is no change to the Group's financial risk management policies and objectives in managing these derivative financial instruments and its related accounting policies.

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 (other than derivative financial instruments as disclosed in Note B14).

B16. Realised and unrealised profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, was as follows:

	As at 30 September 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	37,974	25,978
- Unrealised	(2,340)	(1,332)
	<hr/> 35,634	<hr/> 24,646
Less: Consolidation adjustments	(16,549)	(8,980)
Total Group retained profits as per consolidated accounts	<hr/> <hr/> 19,085	<hr/> <hr/> 15,666