LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the twelve months ended 31 December 2013 - unaudited

	Current quarter Three months ended 31 December		Cumulative quarter Twelve months ended 31 December	
	2013 RM'000	**2012 RM'000**	**2013 RM'000**	**2012 RM'000**
Revenue	18,212	7,079	55,476	24,913
Cost of sales	(10,573)	(5,758)	(37,940)	(20,944)
Gross profit	7,639	1,321	17,536	3,969
Other income	139	21	1,347	145
Selling and distribution expenses	(87)	(33)	(420)	(120)
Administrative expenses	(2,083)	(765)	(7,727)	(2,754)
Other expenses	(350)	(618)	(431)	(626)
Operating profit/(loss)	5,258	(74)	10,305	614
Interest income	40	68	120	314
Finance costs	(309)	(8)	(940)	(39)
Profit/(Loss) before tax	4,989	(14)	9,485	889
Income tax expense	(840)	(245)	(2,001)	(412)
Profit/(Loss) for the year/period	4,149	(259)	7,484	477
Other comprehensive income/(loss) for the year/period, net of tax				
Items that may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	71	(9)	66	(11)
Total comprehensive income/(loss) for the year/period	4,220	(268)	7,550	466
Profit/(Loss) attributable to:				
Owners of the Company	4,151	(240)	7,570	504
Non-controlling interests	(2)	(19)	(86)	(27)
Profit/(Loss) for the year/period	4,149	(259)	7,484	477
Total comprehensive income/(loss) attributable to:				
Owners of the Company	4,221	(247)	7,644	496
Non-controlling interests	(1)	(21)	(94)	(30)
Total comprehensive income/(loss) for the year/period	4,220	(268)	7,550	466

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)
For the twelve months ended 31 December 2013 - unaudited

	Current quarter Three months ended 31 December		Cumulative quarter Twelve months ended 31 December	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen per share)				
Basic	1.73	(0.13)	3.23	0.27
Diluted	-	-	-	0.27

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 31 December 2013

	31 December 2013 (Unaudited) RM'000	31 December 2012 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	39,581	19,821
Prepaid lease payments	2,251	2,356
Investment property	789	-
Goodwill	13,568	-
	56,189	22,177
Current assets		
Inventories	15,173	2,699
Trade and other receivables	14,991	8,967
Prepayments	310	339
Tax recoverable	313	431
Cash and bank balances	7,579	10,568
	38,366	23,004
Total assets	94,555	45,181
Equity and liabilities		
Equity		
Share capital	24,199	18,982
Share premium	12,576	5,828
Other reserve	(1,826)	-
Translation reserve	66	(8)
Treasury shares	(567)	(567)
Retained earnings	22,517	15,666
Equity attributable to owners of the Company	56,965	39,901
Non-controlling interests	57	32
Total equity	57,022	39,933
Non-current liabilities		
Loans and borrowings	13,617	259
Deferred income on government grant	400	-
Deferred tax liabilities	2,439	1,247
	16,456	1,506
Current liabilities		
Trade and other payables	11,199	3,622
Derivative liability	7	-
Loans and borrowings	9,365	120
Income tax liabilities	506	-
	21,077	3,742
Total liabilities	37,533	5,248
Total equity and liabilities	94,555	45,181
Net assets per share attributable to owners of the Company (RM)	0.24	0.21

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 twelve months ended 31 December 2013 - unaudited

	Attributable to owners of the Company								
	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	Total RM'000	Non-controlling interests RM'000	Total equity 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	-	-	-	74	-	-	74	(8)	66
Other comprehensive income for the year	-	-	-	74	-	-	74	(8)	66
Profit for the year	-	-	-	-	-	7,570	7,570	(86)	7,484
Total comprehensive income for the year	-	-	-	74	-	7,570	7,644	(94)	7,550
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)
Dividends	-	-	-	-	-	(719)	(719)	-	(719)
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)	-	-	(719)	9,420	-	9,420
Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	119	119
At 31 December 2013	24,199	12,576	(1,826)	66	(567)	22,517	56,965	57	57,022

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the twelve months ended 31 December 2013 - unaudited

	Attributable to owners of the Company								
	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	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2012	18,982	5,828	-	-	(567)	18,909	43,152	-	43,152
Other comprehensive income for the year	-	-	-	(8)	-	-	(8)	(3)	(11)
Profit for the year	-	-	-	-	-	504	504	(27)	477
Total comprehensive income for the year	-	-	-	(8)	-	504	496	(30)	466
Dividends (representing transactions with owners)	-	-	-	-	-	(3,747)	(3,747)	-	(3,747)
Contribution of capital by non-controlling interest	-	-	-	-	-	-	-	62	62
At 31 December 2012	18,982	5,828	-	(8)	(567)	15,666	39,901	32	39,933

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.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the twelve months ended 31 December 2013 – unaudited

	Twelve months ended 31 December	
	2013	2012
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	9,485	889
Adjustments for:		
Amortisation of prepaid lease payments	105	106
Depreciation	4,071	3,795
Impairment loss on trade receivables	24	-
Reversal of impairment loss on loans and receivables	(109)	-
Gain on disposals of property, plant and equipment	(2)	(36)
Property, plant and equipment written off	10	1
Unrealised gain on foreign exchange	(161)	(13)
Unrealised loss on forward foreign currency contracts	7	-
Acquisition-related costs	361	622
Interest expense	858	18
Interest income	(120)	(314)
Operating profit before changes in working capital	14,529	5,068
Changes in:		
Inventories	(5,825)	227
Trade and other receivables and prepayments	2,968	6
Trade and other payables	2,198	(947)
Cash generated from operations	13,870	4,354
Interest paid	(858)	(18)
Tax refund	520	-
Tax paid	(1,610)	(592)
Net cash from operating activities	11,922	3,744
Cash flows from investing activities		
Interest received	124	318
Proceeds from disposal of property, plant and equipment	2	608
Purchase of property, plant and equipment	(6,399)	(885)
Deposit paid for proposed acquisition	-	(3,200)
Acquisition-related costs paid	(474)	(509)
Acquisition of subsidiaries, net	(21,227)	-
Proceeds from shares issued to non-controlling interest	119	62
Net cash used in investing activities	(27,855)	(3,606)
Cash flows from financing activities		
Repayment of finance lease liabilities	(1,310)	(144)
Net decrease in loans and borrowings	(69)	-
Drawdown of term loans	12,645	-
Dividends paid	(719)	(3,747)
Share issue expenses paid	(35)	-
Net cash from/(used in) financing activities	10,512	(3,891)
Net decrease in cash and cash equivalents	(5,421)	(3,753)
Foreign currency translation differences	132	(1)
Cash and cash equivalents at 1 January	10,568	14,322
Cash and cash equivalents at 31 December	5,279	10,568

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)
For the twelve months ended 31 December 2013 – unaudited

	Twelve months ended 31 December	
	2013	**2012**
	RM'000	**RM'000**
Cash and cash equivalents comprise of:		
Cash and bank balances	7,579	10,568
Bank overdraft	(2,300)	-
	5,279	10,568

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.

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

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 year under review.

A5. Changes in estimates

There were no changes in estimates that have had a material effect for the year 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 year ended 31 December 2013 by RM0.281 million and RM1.156 million respectively.

A6. Debt and equity securities

There were no issues, cancellations, repurchases, resale and repayments of debt and equity securities for the year 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

A single tier interim dividend of 0.3 sen per ordinary share, amounting to RM718,637 in respect of financial year ended 31 December 2013 was paid by the Company on 18 December 2013.

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.

A8. Segment information (continued)

Information in respect of the Group's reportable segments for the year ended 31 December 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	19,019	10,914	25,543	55,476
Inter-segment revenue	355	-	-	355
Reportable segment profit	5,127	1,029	9,614	15,770
Reportable segment assets	27,173	12,431	40,723	80,327
Reportable segment liabilities	5,659	5,303	16,816	27,778

Reconciliation of reportable segment profit:

	Year ended 31 December 2013 RM'000
Total profit for reportable segments	15,770
Elimination of inter-segment profits	289
Depreciation and amortisation	(4,176)
Finance costs	(940)
Interest income	120
Unallocated corporate expenses	(1,578)
Consolidated profit before tax	9,485

A9. Events after the end of the interim period

There were no events after the current year ended 31 December 2013 that has not been reflected in this quarterly report save as disclosed in Note B7.

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 RM25.543 million and profit of RM6.104 million in the year ended 31 December 2013. If the acquisition had occurred on 1 January 2013, management estimates that consolidated revenue would have been RM57.280 million and consolidated profit for the year ended 31 December 2013 would have been RM7.482 million.

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
	30,174

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	16,606

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	(21,227)

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	13,568

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 other expenses in the Group's statement of profit or loss and other comprehensive income for the financial year ended 31 December 2013 and for the year ended 31 December 2012 respectively.

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and year ended 31 December 2013 were as follows:

	Current quarter RM'000	Year to date RM'000
Additions	3,757	8,481

A12. Capital commitments

The Group has the following capital commitment in respect of property, plant and equipment as at 31 December 2013.

	RM'000
Contracted but not provided for	373

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	Year to date RM'000
Significant transactions with a company related to certain directors of the Company:		
Plating service costs paid	-	249
Rental income	-	160
Significant transaction with a company connected with certain directors of the Company:		
Rental income	-	10

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

B1. Performance review

Operating environment

Global semiconductor and connector sales has continued to grow in year 2013. Overall, the global economy has gained momentum in the second half of 2013. Major advanced economies show encouraging signs of sustained recovery, while emerging economies show moderate growth.

Financial performance

The Group achieved a higher revenue of RM55.476 million for the current year ended 31 December 2013 as compared to the prior corresponding year ended 31 December 2012 of RM24.913 million. The increase in revenue was mainly due to the additional revenue contribution from the newly acquired precision machining and stamping segment. Apart from that, both precision engineering segment and precision plastic injection moulding segment also contributed higher revenue to the Group for the current year ended 31 December 2013 due to increase in orders sustained by both segments.

The Group's profit before tax for the current year ended 31 December 2013 increased to RM9.485 million from RM0.889 million recorded in the prior corresponding year ended 31 December 2012. The significant increase in the Group's profit before tax was mainly attributable to the increase in revenue during the financial year.

The Group reported revenue of RM18.212 million for the current quarter ended 31 December 2013, which was 157.3% higher than the revenue reported in the prior corresponding quarter of RM7.079 million. The significant increase in revenue was mainly due to 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 recorded a profit before tax of RM4.989 million for the current quarter ended 31 December 2013 as compared to a loss before tax of RM0.014 million recorded in the prior year corresponding quarter. The higher profit before tax was in tandem with the increase in revenue of the Group.

Precision engineering segment

Revenue from the precision engineering segment for the current year and quarter ended 31 December 2013 had increased by 28.5% and 45.5% respectively. The revenue contribution from this segment continues to be encouraging in the current quarter due to the continued momentum of increase in the 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 year and quarter ended 31 December 2013 had increased by 7.3% and 61.3% as compared to last year corresponding period. Revenue from this segment has achieved positive growth for the current year due to the gradual recovery of the connector industry throughout year 2013 despite facing the negative impact from a major customer which reduces its orders as it needs to fill its own production capacity instead of outsourcing to our Group. Revenue for the current quarter has increased significantly due to additional orders secured for its over moulding services that subsequently leads to an overall increase in the revenue for this segment for the year ended 31 December 2013.

B1. Performance review (continued)

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 year and quarter ended 31 December 2013, this segment contributed revenue of RM25.543 million and RM7.571 million respectively and profit before tax of RM7.152 million and RM3.469 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 year ended 31 December 2013 amounted to RM7.639 million and RM17.536 million, representing an increase of 478.3% and 341.8% respectively as compared to last year corresponding period.

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.

B2. Comment on material change in profit before tax

The Group's profit before tax for the current quarter ended 31 December 2013 increased by 130.4% to RM4.989 million as compared to RM2.165 million achieved in the preceding quarter ended 30 September 2013. The increase in profit before tax was mainly due to higher revenue generated during the current quarter.

B3. Future prospects

The global economic growth is expected to accelerate in 2014. However, the world economy may continue to encounter many structural flaws and policy constraints that hinder more investment and faster productivity growth.

Barring any unforeseen circumstances, the Board of Directors is of the opinion that the performance of the Group for the financial year ending 31 December 2014 will be maintained as per year 2013.

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 year ended 31 December 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)

i. Variance of actual profit after tax and minority interest and the forecast profit after tax and minority interest (where the variance exceeds 10%).

– Not applicable.

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) (continued)

ii. Shortfall in the profit guarantee received by the corporation (if any) and steps taken to recover the shortfall.

As per the Company's Circular to Shareholders dated 12 December 2012 in relation to the acquisition of OFM, the individual vendors have jointly and severally covenant with LNG that the audited profit after tax of OFM Group for the financial year ended 31 December 2012 shall not be less than RM3.0 million and the audited profit after tax of OFM Group for the financial year ended 31 December 2013 shall not be less than RM5.5 million.

Based on the audited financial statements of OFM Group for the financial year ended 31 December 2012 and the unaudited financial statements of OFM Group for the financial year ended 31 December 2013, there is no shortfall in the profit guarantee amount.

B6. Income tax expense

	Current quarter RM'000	Year to date RM'000
Income tax	623	1,620
Deferred tax	217	381
	840	2,001

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.

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.

(a) 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. These subsidiaries were dissolved on 1 January 2014 upon the expiration of three months after the said lodgement date.

(b) The final meeting for the voluntary winding-up of All Metro was held on 3 December 2013 and a return by Liquidator relating to the said final meeting was lodged on 4 December 2013 with the Companies Commission of Malaysia and the Official Receiver. Pursuant to Section 272(5) of the Companies Act, 1965, All Metro will be dissolved on the expiration of three months after the said lodgement date.

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	2,385	11,954	14,339
Finance lease liabilities	1,270	1,663	2,933
Other bank facilities	3,410	-	3,410
Bank overdraft	2,300	-	2,300
	9,365	13,617	22,982

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	1,356	198	1,554
Indian Rupees	9	35	44

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 fairly good chance of succeeding in its counter-claim, hence no further provision has been made in the financial statements.

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 ended 31 December 2013 and was paid by the Company 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 year 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	**Year to date**
Profit attributable to owners of the Company (RM'000)	4,151	7,570
Weighted average number of ordinary shares in issue (units)	239,545,685	234,399,765
Basic earnings per ordinary share (sen)	1.73	3.23

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 December 2012 was not qualified.

B13. Profit for the period

	Current quarter RM'000	**Year to date RM'000**
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease payments	26	105
Impairment loss on trade receivables	3	24
Depreciation	1,188	4,071
Property, plant and equipment written off	6	10
Loss on derivatives	7	35
Interest expense	300	858
and after crediting:		
Gain on foreign exchange	153	691
Gain on disposal of property, plant and equipment	-	2
Reversal of impairment loss on loan and receivables	-	109
Interest income	40	120

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 year ended 31 December 2013.

B14. Derivative financial instruments

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

As at 31 December 2013, the Group's outstanding forward foreign currency contracts, all of which had maturity less than one year, was as follows:

	Contract value RM'000	**Net fair value loss RM'000**
Forward foreign currency contracts	306	7

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 31 December 2013 RM'000	As at 31 December 2012 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	41,465	25,978
- Unrealised	(2,362)	(1,332)
	39,103	24,646
Less: Consolidation adjustments	(16,586)	(8,980)
Total Group retained profits as per consolidated accounts	22,517	15,666