



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 - unaudited

	Current quarter Three months ended 30 June		Cumulative quarter Six months ended 30 June	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	13,401	15,801	26,617	30,306
Cost of sales	(12,166)	(12,235)	(24,238)	(24,521)
Gross profit	1,235	3,566	2,379	5,785
Other income	254	130	1,243	399
Selling and distribution expenses	(96)	(68)	(185)	(144)
Administrative expenses	(1,834)	(1,725)	(3,781)	(3,431)
Other expenses	(5)	(48)	(9)	(227)
Operating profit/(loss)	(446)	1,855	(353)	2,382
Interest income	11	24	30	43
Finance costs	(312)	(349)	(665)	(690)
Profit/(Loss) before tax	(747)	1,530	(988)	1,735
Income tax expense	(62)	(155)	(349)	(297)
Profit/(Loss) for the period	(809)	1,375	(1,337)	1,438
Other comprehensive income for the period, net of tax				
<i>Items that are or may be reclassified subsequently to profit or loss</i>				
Foreign currency translation differences for foreign operations	(20)	(146)	198	(182)
Total comprehensive income/(loss) for the period	(829)	1,229	(1,139)	1,256
Profit/(Loss) attributable to:				
Owners of the Company	(823)	1,363	(1,359)	1,386
Non-controlling interests	14	12	22	52
Profit/(Loss) for the period	(809)	1,375	(1,337)	1,438
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(843)	1,219	(1,167)	1,204
Non-controlling interests	14	10	28	52
Total comprehensive income/(loss) for the period	(829)	1,229	(1,139)	1,256



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

For the six months ended 30 June 2015 - unaudited

	Current quarter		Cumulative quarter	
	Three months ended		Six months ended	
	30 June		30 June	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
Earnings/(Loss) per ordinary share attributable to owners of the Company (sen per share)				
Basic	(0.34)	0.56	(0.56)	0.58
Diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying notes attached to the interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2015

	30 June 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	39,939	40,143
Prepaid lease payments	2,093	2,146
Investment property	760	770
Deferred tax assets	41	50
Goodwill	13,568	13,568
	<u>56,401</u>	<u>56,677</u>
Current assets		
Inventories	11,465	11,858
Trade and other receivables, including derivatives	13,542	13,466
Prepayments	686	283
Tax recoverable	659	754
Cash and bank balances	6,163	9,799
	<u>32,515</u>	<u>36,160</u>
Total assets	<u>88,916</u>	<u>92,837</u>
Equity and liabilities		
Equity		
Share capital	24,199	24,199
Share premium	12,743	12,743
Other reserve	(1,826)	(1,826)
Translation reserve	431	239
Retained earnings	21,598	22,957
Equity attributable to owners of the Company	<u>57,145</u>	<u>58,312</u>
Non-controlling interests	<u>105</u>	<u>77</u>
Total equity	<u>57,250</u>	<u>58,389</u>
Non-current liabilities		
Loans and borrowings	10,976	12,001
Deferred income on government grant	73	353
Deferred tax liabilities	2,080	2,152
	<u>13,129</u>	<u>14,506</u>
Current liabilities		
Trade and other payables	8,372	8,447
Loans and borrowings	10,139	11,442
Income tax liabilities	26	53
	<u>18,537</u>	<u>19,942</u>
Total liabilities	<u>31,666</u>	<u>34,448</u>
Total equity and liabilities	<u>88,916</u>	<u>92,837</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.24</u>	<u>0.24</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying notes attached to the interim financial statements.



LNG RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the six months ended 30 June 2015 - 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 2015	24,199	12,743	(1,826)	239	-	22,957	58,312	77	58,389
Foreign currency translation differences for foreign operations	-	-	-	192	-	-	192	6	198
Other comprehensive income for the year Profit/(Loss) for the period	-	-	-	192	-	-	192	6	198
	-	-	-	-	-	(1,359)	(1,359)	22	(1,337)
Total comprehensive income/(loss) for the period	-	-	-	192	-	(1,359)	(1,167)	28	(1,139)
At 30 June 2015	24,199	12,743	(1,826)	431	-	21,598	57,145	105	57,250



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2015 - 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 2014	24,199	12,576	(1,826)	66	(567)	22,525	56,973	57	57,030
Foreign currency translation differences for foreign operations	-	-	-	(182)	-	-	(182)	-	(182)
Other comprehensive income/(loss) for the period	-	-	-	(182)	-	-	(182)	-	(182)
Profit for the period	-	-	-	-	-	1,386	1,386	52	1,438
Total comprehensive income/(loss) for the period	-	-	-	(182)	-	1,386	1,204	52	1,256
Sale of treasury shares	-	167	-	-	567	-	734	-	734
Total transactions with owners	-	167	-	-	567	-	734	-	734
At 30 June 2014	24,199	12,743	(1,826)	(116)	-	23,911	58,911	109	59,020

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying notes attached to the interim financial statements.



LNG RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2015 – unaudited

	Six months ended 30 June	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit before tax	(988)	1,735
Adjustments for:		
Amortisation of prepaid lease payments	53	53
Depreciation	2,811	2,423
Loss/(Gain) on disposal of property, plant and equipment	4	180
Impairment loss on loans and receivables	6	-
Amortisation of deferred income	(280)	-
Unrealised loss/(gain) on foreign exchange	(283)	47
Interest expense	609	634
Interest income	(30)	(43)
Operating profit before changes in working capital	1,902	5,029
Changes in:		
Inventories	393	875
Trade and other receivables and prepayments	(158)	1,783
Trade and other payables	220	(2,275)
Cash generated from operations	2,357	5,412
Interest paid	(609)	(634)
Tax refunded	47	-
Tax paid	(389)	(1,157)
Net cash from operating activities	1,406	3,621
Cash flows from investing activities		
Interest received	30	51
Proceeds from disposal of property, plant and equipment	-	304
Purchase of property, plant and equipment	(1,464)	(3,206)
Placement of pledged deposits	(5)	-
Net cash used in investing activities	(1,439)	(2,851)
Cash flows from financing activities		
Repayment of finance lease liabilities	(736)	(877)
Repayment of term loans	(2,032)	(1,867)
Net increase/(decrease) in other loans and borrowings	(1,431)	949
Drawdown of term loans	1,011	2,319
Proceeds from sale of treasury shares	-	734
Net cash from/(used in) financing activities	(3,188)	1,258
Net increase/(decrease) in cash and cash equivalents	(3,221)	2,028
Foreign currency translation differences	45	(164)
Cash and cash equivalents at 1 January	6,305	4,480
Cash and cash equivalents at 30 June	3,129	6,344
Cash and cash equivalents comprise of:		
Cash and bank balances	6,163	9,088
Bank overdrafts	(2,217)	(1,946)
Pledged deposits	(817)	(798)
	3,129	6,344

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying notes attached to the interim financial statements.



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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 2014.

The consolidated financial statements of the Group for the year ended 31 December 2014 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 2014.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2014, except for the adoption of the following MFRSs, Amendments and/or IC Interpretations:

Effective for financial periods beginning on or after 1 January 2015

- Amendments to MFRS 119 Defined Benefit Plans: Employee Contributions
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2010 - 2012 Cycle”
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2011 - 2013 Cycle”

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



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A5. Changes in estimates

There were no changes in estimates that have had a material effect for the period under review.

A6. Debt and equity securities

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

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.

Information in respect of the Group's reportable segments for the period ended 30 June 2015 was as follows:

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Total RM'000
External revenue	5,058	7,800	13,759	26,617
Inter-segment revenue	861	-	11	872
Reportable segment profit	1,555	451	415	2,421
Reportable segment assets	24,002	11,859	39,510	75,371
Reportable segment liabilities	4,486	3,534	18,906	26,926



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A8. Segment information (continued)

Reconciliation of reportable segment profit:

	Period ended 30 June 2015 RM'000
Total profit for reportable segments	2,421
Elimination of inter-segment profits	1,007
Depreciation and amortisation	(2,864)
Finance costs	(665)
Interest income	30
Unallocated corporate expenses	(917)
	<hr/>
Consolidated loss before tax	(988)
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A9. Events after the end of the interim period

There were no events after the current period ended 30 June 2015 that has not been reflected in this quarterly report.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current period ended 30 June 2015.

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 30 June 2015 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	1,076	2,379
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A12. Capital commitment

The Group has the following capital commitment in respect of property, plant and equipment as at 30 June 2015.

	RM'000
Contracted but not provided for	47
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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.



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A14. Related party transactions

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

	Current quarter RM'000	Period to date RM'000
Accounting fee paid to a person connected to certain Directors of the Company	4	8



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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 operating environment remained tough and challenging for the first half of 2015 despite the gain in the value of the dollar. Global economy remained uncertain as events happening are in flux and change considerably.

Financial performance

The Group reported revenue of RM26.617 million for the current period ended 30 June 2015, representing a decrease of 12.2% as compared to the prior corresponding period ended 30 June 2014. The decline in revenue was in tandem with the low orders from customers during the financial period.

The Group's loss before tax for the current period ended 30 June 2015 amounted to RM0.988 million as compared to profit before tax of RM1.735 million reported in the prior corresponding period ended 30 June 2014. The significant drop in profit before tax was due to the decline in the period's revenue.

The Group achieved revenue of RM13.401 million for the current quarter ended 30 June 2015 as compared to the prior year corresponding quarter of RM15.801 million. The drop in revenue was mainly due to the decrease in revenue contribution from the precision engineering and precision plastic injection moulding segment. As a result, the Group recorded a loss before tax of RM0.747 million for the current quarter ended 30 June 2015.

Precision engineering segment

Revenue for the current period and quarter decreased by 26.3% and 41.9% respectively as compared to last year corresponding period. The decline in revenue was mainly due to low orders for mould sets in the second quarter of 2015 as compared to last year.

Precision plastic injection moulding segment

Revenue from the precision plastic injection moulding segment for the current period and quarter ended 30 June 2015 declined by 8.0% and 13.3% respectively as compared to previous year's corresponding period due to lower orders during the period.

Precision machining and stamping segment

Revenue from the precision machining and stamping segment for the current period ended 30 June 2015 dropped by 8.1% as compared to previous year's corresponding period mainly due to decline in orders from a major customer during the first quarter of 2015.

Gross profit

The Group's gross profit for the current quarter and period ended 30 June 2015 amounted to RM1.235 million and RM2.379 million respectively.

The decline in gross profit was mainly attributable to the lower revenue recorded in the current period/quarter.

Gross profit margin for the precision machining and stamping segment and the precision plastic injection moulding segment have dropped compared to last year corresponding period due to drop in revenue and sale of lower profit margin products.



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B2. Comment on material change in profit before tax

The Group recorded a loss before tax of RM0.747 million in the current quarter as compared to a loss before tax of RM0.241 million achieved in the preceding quarter ended 31 March 2015. The increase in losses was mainly due to lower forex gain recorded in the current quarter.

B3. Future prospects

The general business environment remained tough and uncertain. Overall, business sentiment has weakened noticeably in 2015 as compared to 2014.

Premised on the above, the Group remained cautious on the overall outlook for financial year ending 2015.

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 June 2015.

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	120	408
Deferred tax	(58)	(59)
	<u>62</u>	<u>349</u>

The effective tax rate of the Group is higher than the statutory tax rate of 25% mainly due to certain expenses which were not deductible for income tax purposes and losses of certain subsidiaries cannot be set off against taxable profits generated by the other subsidiaries.

B7. Status of corporate proposals

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



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B8. Borrowings and debt securities

The Group's loans and borrowings as at the end of the reporting quarter were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
<i>Secured</i>			
Term loans	3,480	9,059	12,539
Finance lease liabilities	1,421	1,917	3,338
Other bank facilities	3,021	-	3,021
Bank overdraft	2,217	-	2,217
	<u>10,139</u>	<u>10,976</u>	<u>21,115</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	1,531	74	1,605
Indian Rupees	12	22	34

B9. Material litigation

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.

B10. Dividends

The Directors do not recommend any dividend for the period under review.

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	Period to date
Loss attributable to owners of the Company (RM'000)	(823)	(1,359)
Weighted average number of ordinary shares in issue (units)	<u>241,994,985</u>	<u>241,994,985</u>
Basic loss per ordinary share (sen)	<u>(0.34)</u>	<u>(0.56)</u>

Diluted earnings per ordinary share

Not applicable.



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B12. Auditor's report on preceding annual financial statements

The auditor's report on the audited financial statements for the year ended 31 December 2014 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	27	53
Depreciation	1,421	2,811
Loss on disposal of property, plant and equipment	1	4
Impairment loss on loans and receivables	6	6
Interest expense	285	609
	<hr/>	<hr/>
and after crediting:		
Gain on foreign exchange	31	831
Amortisation of deferred income	140	280
Interest income	11	30
	<hr/>	<hr/>

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 June 2015.

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 June 2015.

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 2014.

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).



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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 June 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	39,099	39,445
- Unrealised	(1,866)	(1,723)
	<hr/> 37,233	<hr/> 37,722
Less: Consolidation adjustments	(15,635)	(14,765)
Total Group retained profits as per consolidated accounts	<hr/> 21,598	<hr/> 22,957