



# 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 2015 - unaudited

	Current quarter Three months ended 30 September		Cumulative quarter Nine months ended 30 September	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	14,520	13,551	41,137	43,857
Cost of sales	(12,655)	(12,318)	(36,893)	(36,839)
Gross profit	1,865	1,233	4,244	7,018
Other income	1,633	159	2,876	558
Selling and distribution expenses	(101)	(82)	(286)	(226)
Administrative expenses	(1,907)	(1,713)	(5,688)	(5,144)
Other expenses	-	52	(9)	(175)
Operating profit/(loss)	1,490	(351)	1,137	2,031
Interest income	12	22	42	65
Finance costs	(290)	(342)	(955)	(1,032)
Profit/(Loss) before tax	1,212	(671)	224	1,064
Income tax expense	(281)	(33)	(630)	(330)
Profit/(Loss) for the period	931	(704)	(406)	734
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	515	87	713	(95)
Total comprehensive income/(loss) for the period	1,446	(617)	307	639
Profit/(Loss) attributable to:				
Owners of the Company	909	(677)	(450)	709
Non-controlling interests	22	(27)	44	25
Profit/(Loss) for the period	931	(704)	(406)	734
Total comprehensive income/(loss) attributable to:				
Owners of the Company	1,435	(590)	268	614
Non-controlling interests	11	(27)	39	25
Total comprehensive income/(loss) for the period	1,446	(617)	307	639



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(Company No: 582043-K)  
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## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (continued)

For the nine months ended 30 September 2015 - unaudited

	Current quarter		Cumulative quarter	
	Three months ended		Nine months ended	
	30 September		30 September	
	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	0.38	(0.28)	(0.19)	0.29
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.



# LNG RESOURCES BERHAD

(Company No: 582043-K)  
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## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2015

	30 September 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	39,686	40,143
Prepaid lease payments	2,067	2,146
Investment property	755	770
Deferred tax assets	73	50
Goodwill	13,568	13,568
	<u>56,149</u>	<u>56,677</u>
<b>Current assets</b>		
Inventories	12,288	11,858
Trade and other receivables, including derivatives	14,017	13,466
Prepayments	829	283
Tax recoverable	585	754
Cash and bank balances	8,255	9,799
	<u>35,974</u>	<u>36,160</u>
<b>Total assets</b>	<u>92,123</u>	<u>92,837</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	24,199	24,199
Share premium	12,743	12,743
Other reserve	(1,826)	(1,826)
Translation reserve	957	239
Retained earnings	22,507	22,957
<b>Equity attributable to owners of the Company</b>	<u>58,580</u>	<u>58,312</u>
<b>Non-controlling interests</b>	<u>116</u>	<u>77</u>
<b>Total equity</b>	<u>58,696</u>	<u>58,389</u>
<b>Non-current liabilities</b>		
Loans and borrowings	10,831	12,001
Deferred income on government grant	-	353
Deferred tax liabilities	2,036	2,152
	<u>12,867</u>	<u>14,506</u>
<b>Current liabilities</b>		
Trade and other payables	9,782	8,447
Loans and borrowings	10,661	11,442
Income tax liabilities	117	53
	<u>20,560</u>	<u>19,942</u>
<b>Total liabilities</b>	<u>33,427</u>	<u>34,448</u>
<b>Total equity and liabilities</b>	<u>92,123</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

(Company No: 582043-K)  
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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the nine months ended 30 September 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			
<b>At 1 January 2015</b>	24,199	12,743	(1,826)	239	-	22,957	58,312	77	58,389
Foreign currency translation differences for foreign operations	-	-	-	718	-	-	718	(5)	713
Other comprehensive income for the year Profit/(Loss) for the period	-	-	-	718	-	-	718	(5)	713
	-	-	-	-	-	(450)	(450)	44	(406)
Total comprehensive income/(loss) for the period	-	-	-	718	-	(450)	268	39	307
<b>At 30 September 2015</b>	<b>24,199</b>	<b>12,743</b>	<b>(1,826)</b>	<b>957</b>	<b>-</b>	<b>22,507</b>	<b>58,580</b>	<b>116</b>	<b>58,696</b>



# LNG RESOURCES BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the nine months ended 30 September 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			
<b>At 1 January 2014</b>	24,199	12,576	(1,826)	66	(567)	22,525	56,973	57	57,030
Foreign currency translation differences for foreign operations	-	-	-	(95)	-	-	(95)	-	(95)
Other comprehensive income/(loss) for the period	-	-	-	(95)	-	-	(95)	-	(95)
Profit for the period	-	-	-	-	-	709	709	25	734
Total comprehensive income/(loss) for the period	-	-	-	(95)	-	709	614	25	639
Sale of treasury shares	-	167	-	-	567	-	734	-	734
Total transactions with owners	-	167	-	-	567	-	734	-	734
<b>At 30 September 2014</b>	<b>24,199</b>	<b>12,743</b>	<b>(1,826)</b>	<b>(29)</b>	<b>-</b>	<b>23,234</b>	<b>58,321</b>	<b>82</b>	<b>58,403</b>

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

(Company No: 582043-K)  
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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the nine months ended 30 September 2015 – unaudited

	Nine months ended 30 September	
	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	224	1,064
Adjustments for:		
Amortisation of prepaid lease payments	79	79
Depreciation	4,242	3,763
Loss on disposal of property, plant and equipment	3	170
Impairment loss on loans and receivables	6	-
Amortisation of deferred income	(353)	-
Unrealised gain on foreign exchange	(1,305)	(105)
Unrealised loss on forward foreign currency contracts	-	5
Interest expense	873	948
Interest income	(42)	(65)
<b>Operating profit before changes in working capital</b>	3,727	5,859
Changes in:		
Inventories	(430)	1,420
Trade and other receivables and prepayments	186	2,975
Trade and other payables	1,470	(2,485)
<b>Cash generated from operations</b>	4,953	7,769
Interest paid	(874)	(948)
Tax refunded	47	-
Tax paid	(576)	(1,468)
<b>Net cash from operating activities</b>	3,550	5,353
<b>Cash flows from investing activities</b>		
Interest received	42	73
Proceeds from disposal of property, plant and equipment	-	314
Purchase of property, plant and equipment	(1,335)	(4,457)
Placement of pledged deposits	(18)	(27)
<b>Net cash used in investing activities</b>	(1,311)	(4,097)
<b>Cash flows from financing activities</b>		
Repayment of finance lease liabilities	(984)	(1,223)
Repayment of term loans	(3,149)	(2,622)
Net increase/(decrease) in other loans and borrowings	(1,382)	710
Drawdown of term loans	1,746	2,319
Proceeds from sale of treasury shares	-	734
<b>Net cash used in financing activities</b>	(3,769)	(82)
<b>Net increase/(decrease) in cash and cash equivalents</b>	(1,530)	1,174
Foreign currency translation differences	178	(47)
Cash and cash equivalents at 1 January	6,305	4,480
<b>Cash and cash equivalents at 30 September</b>	4,953	5,607
Cash and cash equivalents comprise of:		
Cash and bank balances	8,255	9,094
Bank overdrafts	(2,472)	(2,662)
Pledged deposits	(830)	(825)
	4,953	5,607

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.



# LNG RESOURCES BERHAD

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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 September 2015 was as follows:

	<b>Precision engineering RM'000</b>	<b>Precision plastic injection moulding RM'000</b>	<b>Precision machining and stamping RM'000</b>	<b>Total RM'000</b>
External revenue	8,832	10,772	21,533	41,137
Inter-segment revenue	1,044	-	37	1,081
Reportable segment profit	3,124	705	976	4,805
Reportable segment assets	25,280	11,658	41,387	78,325
Reportable segment liabilities	4,834	3,332	20,509	28,675





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## A8. Segment information (continued)

Reconciliation of reportable segment profit:

	Period ended 30 September 2015 RM'000
Total profit for reportable segments	4,805
Elimination of inter-segment profits	1,824
Depreciation and amortisation	(4,321)
Finance costs	(955)
Interest income	42
Unallocated corporate expenses	(1,171)
	<hr/>
Consolidated profit before tax	224
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## A9. Events after the end of the interim period

There were no events after the current period ended 30 September 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 September 2015 save as on 28 July 2015, Edaran Resources Pte. Ltd., a wholly-owned subsidiary of the Company in Singapore, has incorporated and successfully registered a new wholly-owned subsidiary namely Orifast Connector Solutions LLC ("Orifast LLC") with North Carolina Department of the Secretary of State. Orifast LLC's intended business activities are design, development and supply of interconnect solutions.

## A11. Capital expenditure

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

	Current quarter RM'000	Period to date RM'000
Additions	574	2,953
	<hr/>	<hr/>

## A12. Capital commitment

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

	RM'000
Contracted but not provided for	452
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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:

	<b>Current quarter RM'000</b>	<b>Period to date RM'000</b>
Accounting fee paid to a person connected to certain Directors of the Company	5	13



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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**

Operating environment remained tough and challenging but the gain in the value of the dollar has contributed to improved financial performance of the Group for the current quarter.

#### **Financial performance**

The Group reported revenue of RM41.137 million for the current period ended 30 September 2015, representing a decrease of 6.2% as compared to the prior corresponding period ended 30 September 2014. The decline in revenue was in tandem with the low orders from customers during the financial period.

The Group's profit before tax for the current period ended 30 September 2015 amounted to RM0.224 million as compared to profit before tax of RM1.064 million reported in the prior corresponding period ended 30 September 2014. The significant drop in profit before tax was due to the decline in the period's revenue.

The Group achieved revenue of RM14.520 million for the current quarter ended 30 September 2015 as compared to the prior year corresponding quarter of RM13.551 million. The increase in revenue was mainly due to the increase in revenue contribution from the precision engineering and precision machining and stamping segment. As a result, the Group recorded a profit before tax of RM1.212 million for the current quarter ended 30 September 2015.

#### **Precision engineering segment**

Revenue for the current period decreased by 6.7% whilst for the current quarter, revenue increased by 45.2% as compared to last year corresponding period. The increase in revenue was mainly due to more orders for mould sets and also the weakening of Ringgit Malaysia against US Dollar that has resulted in increase in export sales in the third quarter of 2015.

#### **Precision plastic injection moulding segment**

Revenue from the precision plastic injection moulding segment for the current period and quarter ended 30 September 2015 declined by 12.3% and 21.9% 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 September 2015 dropped by 2.6% as compared to previous year's corresponding period mainly due to decline in orders from a major customer during the first quarter of 2015. For the current quarter, revenue increased by 8.8% as compared to last year corresponding quarter.

#### **Gross profit**

The Group's gross profit for the current quarter and period ended 30 September 2015 amounted to RM1.865 million and RM4.244 million respectively.

For the 9-month period, the decline in gross profit was in tandem with the lower revenue recorded. For the current quarter, gross profit improved as compared to last year corresponding quarter mainly due to increase in the quarter's revenue.



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## B2. Comment on material change in profit before tax

The Group recorded a profit before tax of RM1.212 million in the current quarter as compared to a loss before tax of RM0.747 million achieved in the preceding quarter ended 30 June 2015. The increase in profits was mainly due to higher revenue and forex gain recorded in the current quarter.

## B3. Future prospects

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 September 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

	<b>Current quarter RM'000</b>	<b>Period to date RM'000</b>
Income tax	349	757
Deferred tax	(68)	(127)
	<u>281</u>	<u>630</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	3,773	8,384	12,157
Finance lease liabilities	1,346	2,447	3,793
Other bank facilities	3,070	-	3,070
Bank overdraft	2,472	-	2,472
	<u>10,661</u>	<u>10,831</u>	<u>21,492</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	1,766	-	1,766
Indian Rupees	13	22	35

## 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 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/(Loss) attributable to owners of the Company (RM'000)	909	(450)
Weighted average number of ordinary shares in issue (units)	<u>241,994,985</u>	<u>241,994,985</u>
<b>Basic earnings/(loss) per ordinary share (sen)</b>	<u>0.38</u>	<u>(0.19)</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

	<b>Current quarter RM'000</b>	<b>Period to date RM'000</b>
<b>Profit for the period is arrived at after charging:</b>		
Amortisation of prepaid lease payments	26	79
Depreciation	1,431	4,242
Loss on disposal of property, plant and equipment	(1)	3
Impairment loss on loans and receivables	-	6
Interest expense	264	873
	<hr/>	<hr/>
<b>and after crediting:</b>		
Gain on foreign exchange	1,486	2,317
Amortisation of deferred income	73	353
Interest income	12	42
	<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 September 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 September 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 September 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	38,721	39,445
- Unrealised	(761)	(1,723)
	<hr/> 37,960	<hr/> 37,722
Less: Consolidation adjustments	(15,453)	(14,765)
Total Group retained profits as per consolidated accounts	<hr/> 22,507	<hr/> 22,957