



LNG RESOURCES BERHAD

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2016 - unaudited

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	17,943	13,216	17,943	13,216
Cost of sales	(14,699)	(12,072)	(14,699)	(12,072)
Gross profit	3,244	1,144	3,244	1,144
Other income	152	989	152	989
Selling and distribution expenses	(113)	(89)	(113)	(89)
Administrative expenses	(2,172)	(1,947)	(2,172)	(1,947)
Other expenses	(1,164)	(4)	(1,164)	(4)
Operating profit/(loss)	(53)	93	(53)	93
Interest income	9	19	9	19
Finance costs	(325)	(353)	(325)	(353)
Loss before tax	(369)	(241)	(369)	(241)
Income tax expense	(33)	(287)	(33)	(287)
Loss for the period	(402)	(528)	(402)	(528)
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	(314)	218	(314)	218
Total comprehensive income/(loss) for the period	(716)	(310)	(716)	(310)
Profit/(Loss) attributable to:				
Owners of the Company	(413)	(536)	(413)	(536)
Non-controlling interests	11	8	11	8
Loss for the period	(402)	(528)	(402)	(528)
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(719)	(324)	(719)	(324)
Non-controlling interests	3	14	3	14
Total comprehensive income/(loss) for the period	(716)	(310)	(716)	(310)



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

For the three months ended 31 March 2016 - unaudited

	Current quarter Three months ended 31 March		Cumulative quarter Three months ended 31 March	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss per ordinary share attributable to owners of the Company (sen per share)				
Basic	(0.17)	(0.22)	(0.17)	(0.22)
Diluted	-	-	-	-

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 31 March 2016

	31 March 2016 (Unaudited) RM'000	31 December 2015 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	38,744	39,877
Prepaid lease payments	2,015	2,041
Deferred tax assets	65	-
Goodwill	10,656	10,656
	<u>51,480</u>	<u>52,574</u>
Current assets		
Inventories	10,720	11,345
Trade and other receivables	15,037	13,162
Prepayments	495	727
Tax recoverable	331	464
Cash and bank balances	4,353	7,737
	<u>30,936</u>	<u>33,435</u>
Assets classified as held for sale	767	767
Total current assets	<u>31,703</u>	<u>34,202</u>
Total assets	<u>83,183</u>	<u>86,776</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	471	777
Retained earnings	17,217	17,630
Equity attributable to owners of the Company	<u>52,804</u>	<u>53,523</u>
Non-controlling interests	<u>90</u>	<u>87</u>
Total equity	<u>52,894</u>	<u>53,610</u>
Non-current liabilities		
Loans and borrowings	8,564	9,793
Deferred income on government grant	303	313
Deferred tax liabilities	1,521	1,567
	<u>10,388</u>	<u>11,673</u>
Current liabilities		
Trade and other payables	9,712	11,329
Loans and borrowings	10,139	10,139
Income tax liabilities	50	25
	<u>19,901</u>	<u>21,493</u>
Total liabilities	<u>30,289</u>	<u>33,166</u>
Total equity and liabilities	<u>83,183</u>	<u>86,776</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.22</u>	<u>0.22</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 three months ended 31 March 2016 - 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 2016	24,199	12,743	(1,826)	777	-	17,630	53,523	87	53,610
Foreign currency translation differences for foreign operations	-	-	-	(306)	-	-	(306)	(8)	(314)
Other comprehensive income/(loss) for the period	-	-	-	(306)	-	-	(306)	(8)	(314)
Loss for the period	-	-	-	-	-	(413)	(413)	11	(402)
Total comprehensive income/(loss) for the period	-	-	-	(306)	-	(413)	(719)	3	(716)
At 31 March 2016	24,199	12,743	(1,826)	471	-	17,217	52,804	90	52,894



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the three months ended 31 March 2016 - 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	-	-	-	212	-	-	212	6	218
Other comprehensive income/(loss) for the period	-	-	-	212	-	-	212	6	218
Loss for the period	-	-	-	-	-	(536)	(536)	8	(528)
Total comprehensive income/(loss) for the period	-	-	-	212	-	(536)	(324)	14	(310)
At 31 March 2015	24,199	12,743	(1,826)	451	-	22,421	57,988	91	58,079

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 three months ended 31 March 2016 – unaudited

	Three months ended 31 March	
	2016 RM'000	2015 RM'000
Cash flows from operating activities		
Loss before tax	(369)	(241)
Adjustments for:		
Amortisation of prepaid lease payments	26	26
Depreciation	1,458	1,390
Loss on disposal of property, plant and equipment	-	3
Amortisation of deferred income	(10)	(140)
Unrealised loss/(gain) on foreign exchange	250	(326)
Interest expense	289	324
Interest income	(9)	(19)
Operating profit before changes in working capital	1,635	1,017
Changes in:		
Inventories	625	562
Trade and other receivables and prepayments	(1,726)	1,503
Trade and other payables	(1,550)	(1,334)
Cash generated from/(used in) operations	(1,016)	1,748
Interest paid	(289)	(324)
Tax refunded	159	47
Tax paid	(149)	(199)
Net cash from/(used in) operating activities	(1,295)	1,272
Cash flows from investing activities		
Interest received	9	19
Purchase of property, plant and equipment	(927)	(1,224)
Withdrawals/(Placement) of pledged deposits	236	(5)
Net cash used in investing activities	(682)	(1,210)
Cash flows from financing activities		
Repayment of finance lease liabilities	(464)	(363)
Repayment of term loans	(1,467)	(1,141)
Net increase in other loans and borrowings	380	455
Drawdown of term loans	690	863
Net cash used in financing activities	(861)	(186)
Net decrease in cash and cash equivalents	(2,838)	(124)
Foreign currency translation differences	57	92
Cash and cash equivalents at 1 January	4,923	6,305
Cash and cash equivalents at 31 March	2,142	6,273



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the three months ended 31 March 2016 – unaudited

	Three months ended 31 March	
	2016 RM'000	2015 RM'000
Cash and cash equivalents comprise of:		
Cash and bank balances	4,353	9,614
Bank overdrafts	(2,114)	(2,524)
Pledged deposits	(97)	(817)
	<u>2,142</u>	<u>6,273</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2015.

The consolidated financial statements of the Group for the year ended 31 December 2015 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 2015.

A2. Significant accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following MFRSs, Amendments and/or IC Interpretations:

Effective for financial periods beginning on or after 1 January 2016

- MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 10, MFRS 12 and MFRS 128 Investment Entities: Applying the Consolidation Exception
- Amendments to MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101 Disclosure Initiative
- Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141 Agriculture: Bearer Plants
- Amendments to MFRS 127 Equity Method in Separate Financial Statements
- Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRSs 2012 – 2014 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 its products and services. During the financial period, segment information has been changed from three reportable segments to four reportable segments to include electronic manufacturing services segment.

The segmental information of the Group is 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.
- iv. Electronic manufacturing services – Involved in the manufacture and assembly of electronic components.

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 31 March 2016 was as follows:

	Precision engineering RM'000	Precision plastic injection moulding RM'000	Precision machining and stamping RM'000	Electronic manufacturing services RM'000	Total RM'000
External revenue	3,244	6,607	7,994	98	17,943
Inter-segment revenue	456	-	-	-	456
Reportable segment profit	(124)	786	1,251	(29)	1,884
Reportable segment assets	23,622	14,109	36,268	567	74,566
Reportable segment liabilities	4,071	4,442	18,000	510	27,023



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A8. Segment information (continued)

Reconciliation of reportable segment profit:

	Period ended 31 March 2016 RM'000
Total profit for reportable segments	1,884
Elimination of inter-segment profits	651
Depreciation and amortisation	(1,484)
Finance costs	(325)
Interest income	9
Unallocated corporate expenses	(1,104)
	<hr/>
Consolidated loss before tax	(369)
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A9. Events after the end of the interim period

There were no events after the current period ended 31 March 2016 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 31 March 2016.

A11. Capital expenditure

The major additions of property, plant and equipment during the current quarter and period ended 31 March 2016 were as follows:

	Current quarter RM'000	Period to date RM'000
Additions	803	803
	<hr/>	<hr/>

A12. Material commitments

As at 31 March 2016, the Group has the following material commitments:

	RM'000
Contracted but not provided for:	
Operating lease	804
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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.

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
Transactions with a person connected to certain Directors of the Company		
- Accounting fee paid	5	5



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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

Global economy remained uncertain in year 2016 due to the volatility in the financial market, fall in oil prices and slowdown in China's economy.

Overall, the operating environment remained challenging for the Group's business in the first quarter of 2016.

Financial performance

The Group reported revenue of RM17.943 million for the current period/quarter ended 31 March 2016, representing an increase of 35.8% as compared to the prior corresponding period/quarter ended 31 March 2015. The growth in revenue was mainly attributable to the increased orders during the quarter.

Despite the increase in revenue, the Group reported a loss before tax for the current period/quarter of RM0.369 million as compared to a loss before tax of RM0.241 million in the preceding corresponding period/quarter mainly due to loss arising from foreign currency exchange following the strengthening of Ringgit Malaysia against US Dollar.

Precision engineering segment

Revenue from the precision engineering segment for the current period/quarter ended 31 March 2016 increased by 28.5% as compared to previous year's corresponding period/quarter. The increase in the revenue contribution from this segment was mainly due to increase sales of mould sets.

Precision plastic injection moulding segment

Revenue from the precision plastic injection moulding segment had increased significantly by 61.7% to RM6.607 million as compared to previous year's corresponding period/quarter. The significant increase in revenue for the current period/quarter was mainly due to increased orders for its over moulding services.

Precision machining and stamping segment

Revenue from the precision machining and stamping segment had increased by 21.0% from RM6.605 million to RM7.994 million. The increase in revenue for the current period/quarter was resulted from new awarded projects from its customers.

Gross profit

Gross profit of the Group increased from RM1.144 million reported in the previous year's corresponding period/quarter to RM3.244 million achieved in the current period/quarter ended 31 March 2016 in tandem with higher revenue during the current period/quarter.



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B2. Comment on material change in profit before tax

The Group recorded a loss before tax of RM0.369 million in the current quarter as compared to a loss before tax of RM5.351 million achieved in the preceding quarter ended 31 December 2015. The decline in loss before tax was due to higher revenue in the current quarter and impairment loss on goodwill of RM2.910 million recorded in the preceding quarter.

B3. Future prospects

The market conditions remained uncertain in 2016 due to slow growth in global economy and volatility of the Ringgit against US Dollar.

Premised on the above, the Group remained cautious on the overall outlook for financial year ending 2016.

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 ending 31 December 2016.

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	146	146
Deferred tax	(113)	(113)
	<u>33</u>	<u>33</u>

The effective tax rate of the Group is higher than the statutory tax rate of 24% 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 saved for on 22 January 2016, Oriental Fastech Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company, has entered into a Sale and Purchase Agreement with a company in which certain directors of the Company have substantial financial interests, to dispose its investment property, of which the property was classified as assets held for sale as at 31 March 2016, at a consideration of RM1,200,000 to be satisfied fully in cash.



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B8. Borrowings and debt securities

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

	Short term RM'000	Long term RM'000	Total RM'000
<i>Secured</i>			
Term loans	4,001	7,170	11,171
Finance lease liabilities	1,487	1,394	2,881
Bank overdraft	2,114	-	2,114
Other bank facilities	2,537	-	2,537
	<u>10,139</u>	<u>8,564</u>	<u>18,703</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	1,164	-	1,164
Vietnamese Dong	200	178	378
Indian Rupees	13	13	26

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 year 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
Loss attributable to owners of the Company (RM'000)	(413)	(413)
Weighted average number of ordinary shares in issue (units)	<u>241,994,985</u>	<u>241,994,985</u>
Basic earnings/(loss) per ordinary share (sen)	<u>(0.17)</u>	<u>(0.17)</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 2015 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	26	26
Depreciation	1,458	1,458
Loss on foreign exchange	1,164	1,164
Interest expense	289	289
	<hr/>	<hr/>
and after crediting:		
Amortisation of deferred income	10	10
Interest income	9	9
	<hr/>	<hr/>

Other than the above, there were no other income including investment income, provision for and write off of receivables, 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 31 March 2016.

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 31 March 2016.

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 2015.

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 31 March 2016 RM'000	As at 31 December 2015 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	32,842	36,514
- Unrealised	(1,809)	(533)
	<hr/> 31,033	<hr/> 35,981
Less: Consolidation adjustments	(13,816)	(18,351)
Total Group retained profits as per consolidated accounts	<hr/> 17,217	<hr/> 17,630