



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 2015 - unaudited

	Current quarter Three months ended 31 December		Cumulative quarter Twelve months ended 31 December	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	15,724	13,903	56,861	57,760
Cost of sales	(15,054)	(13,544)	(51,947)	(50,383)
Gross profit	670	359	4,914	7,377
Other income	(169)	1,108	2,707	1,666
Selling and distribution expenses	(108)	(82)	(394)	(308)
Administrative expenses	(5,441)	(1,504)	(11,129)	(6,648)
Other expenses	3	5	(6)	(170)
Operating profit/(loss)	(5,045)	(114)	(3,908)	1,917
Interest income	34	32	76	97
Finance costs	(340)	(371)	(1,295)	(1,403)
Profit/(Loss) before tax	(5,351)	(453)	(5,127)	611
Income tax expense	426	168	(204)	(162)
Profit/(Loss) for the year/period	(4,925)	(285)	(5,331)	449
Other comprehensive income for the year/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	(161)	270	552	175
Total comprehensive income/(loss) for the year/period	(5,086)	(15)	(4,779)	624
Profit/(Loss) attributable to:				
Owners of the Company	(4,876)	(277)	(5,326)	432
Non-controlling interests	(49)	(8)	(5)	17
Profit/(Loss) for the year/period	(4,925)	(285)	(5,331)	449
Total comprehensive income/(loss) attributable to:				
Owners of the Company	(5,056)	(10)	(4,788)	604
Non-controlling interests	(30)	(5)	9	20
Total comprehensive income/(loss) for the year/period	(5,086)	(15)	(4,779)	624



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

For the twelve months ended 31 December 2015 - unaudited

	Current quarter		Cumulative quarter	
	Three months ended		Twelve months ended	
	31 December		31 December	
	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	(2.01)	(0.11)	(2.20)	0.18
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 31 December 2015

	31 December 2015 (Unaudited) RM'000	31 December 2014 (Audited) RM'000
Assets		
Non-current assets		
Property, plant and equipment	39,864	40,143
Prepaid lease payments	2,041	2,146
Investment property	-	770
Deferred tax assets	-	50
Goodwill	10,656	13,568
	<u>52,561</u>	<u>56,677</u>
Current assets		
Inventories	11,345	11,858
Trade and other receivables, including derivatives	13,162	13,466
Prepayments	727	283
Tax recoverable	464	754
Cash and bank balances	7,737	9,799
	<u>33,435</u>	<u>36,160</u>
Assets classified as held for sale	780	-
Total current assets	<u>34,215</u>	<u>36,160</u>
Total assets	<u>86,776</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	777	239
Retained earnings	17,631	22,957
Equity attributable to owners of the Company	<u>53,524</u>	<u>58,312</u>
Non-controlling interests	<u>86</u>	<u>77</u>
Total equity	<u>53,610</u>	<u>58,389</u>
Non-current liabilities		
Loans and borrowings	9,793	12,001
Deferred income on government grant	313	353
Deferred tax liabilities	1,567	2,152
	<u>11,673</u>	<u>14,506</u>
Current liabilities		
Trade and other payables	11,329	8,447
Loans and borrowings	10,139	11,442
Income tax liabilities	25	53
	<u>21,493</u>	<u>19,942</u>
Total liabilities	<u>33,166</u>	<u>34,448</u>
Total equity and liabilities	<u>86,776</u>	<u>92,837</u>
Net assets per share attributable to owners of the Company (RM)	<u>0.22</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 twelve months ended 31 December 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	-	-	-	538	-	-	538	14	552
Other comprehensive income for the year	-	-	-	538	-	-	538	14	552
Loss for the year	-	-	-	-	-	(5,326)	(5,326)	(5)	(5,331)
Total comprehensive income/(loss) for the year	-	-	-	538	-	(5,326)	(4,788)	9	(4,779)
At 31 December 2015	24,199	12,743	(1,826)	777	-	17,631	53,524	86	53,610



LNG RESOURCES BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the twelve months ended 31 December 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)	67	(567)	22,525	56,974	57	57,031
Foreign currency translation differences for foreign operations	-	-	-	172	-	-	172	3	175
Other comprehensive income/(loss) for the year	-	-	-	172	-	-	172	3	175
Profit for the year	-	-	-	-	-	432	432	17	449
Total comprehensive income/(loss) for the year	-	-	-	172	-	432	604	20	624
Sale of treasury shares	-	167	-	-	567	-	734	-	734
Total transactions with owners	-	167	-	-	567	-	734	-	734
At 31 December 2014	24,199	12,743	(1,826)	239	-	22,957	58,312	77	58,389

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the twelve months ended 31 December 2015 – unaudited

	Twelve months ended 31 December	
	2015 RM'000	2014 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	(5,127)	611
Adjustments for:		
Amortisation of prepaid lease payments	105	105
Depreciation	5,694	5,118
Loss/(Gain) on disposal of property, plant and equipment	(3)	170
Impairment loss on loans and receivables	6	-
Impairment loss on goodwill	2,912	-
Amortisation of deferred income	(40)	(47)
Reversal of impairment loss on loans and receivables	-	(78)
Reversal of inventories written down	-	(39)
Inventories written down	-	394
Unrealised gain on foreign exchange	(1,133)	(411)
Unrealised gain on forward foreign currency contracts	-	(6)
Interest expense	1,181	1,292
Interest income	(76)	(97)
Operating profit before changes in working capital	3,519	7,012
Changes in:		
Inventories	513	3,012
Trade and other receivables and prepayments	789	1,991
Trade and other payables	2,984	(2,334)
Cash generated from operations	7,805	9,681
Interest paid	(1,181)	(1,291)
Tax refunded	242	142
Tax paid	(711)	(1,582)
Net cash from operating activities	6,155	6,950
Cash flows from investing activities		
Interest received	76	105
Proceeds from disposal of property, plant and equipment	31	314
Purchase of property, plant and equipment	(3,042)	(5,062)
Withdrawals/(Placement) of pledged deposits	479	(13)
Net cash used in investing activities	(2,456)	(4,656)
Cash flows from financing activities		
Repayment of finance lease liabilities	(1,432)	(1,600)
Repayment of term loans	(4,267)	(3,212)
Net increase/(decrease) in other loans and borrowings	(2,295)	1,001
Drawdown of term loans	2,654	2,434
Proceeds from sale of treasury shares	-	734
Net cash used in financing activities	(5,340)	(643)
Net increase/(decrease) in cash and cash equivalents	(1,641)	1,651
Foreign currency translation differences	258	174
Cash and cash equivalents at 1 January	6,305	4,480
Cash and cash equivalents at 31 December	4,922	6,305



LNG RESOURCES BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) For the twelve months ended 31 December 2015 – unaudited

	Twelve months ended 31 December	
	2015 RM'000	2014 RM'000
Cash and cash equivalents comprise of:		
Cash and bank balances	7,737	9,799
Bank overdrafts	(2,482)	(2,682)
Pledged deposits	(333)	(812)
	<u>4,922</u>	<u>6,305</u>

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

(Company No: 582043-K)
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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 year under review.



LNG RESOURCES BERHAD

(Company No: 582043-K)
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A5. Changes in estimates

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

A6. Debt and equity securities

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

A7. Dividends paid

There were no dividends paid during the year 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 year ended 31 December 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	12,102	15,842	28,917	56,861
Inter-segment revenue	1,395	28	45	1,468
Reportable segment profit	2,932	1,485	(99)	4,318
Reportable segment assets	25,220	13,210	37,778	76,208
Reportable segment liabilities	5,299	4,306	19,334	28,939



LNG RESOURCES BERHAD

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

A8. Segment information (continued)

Reconciliation of reportable segment profit:

	Year ended 31 December 2015 RM'000
Total profit for reportable segments	4,318
Elimination of inter-segment profits	(531)
Depreciation and amortisation	(5,799)
Finance costs	(1,295)
Interest income	76
Unallocated corporate expenses	(1,896)
	<hr/>
Consolidated loss before tax	(5,127)
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A9. Events after the end of the interim period

Save as disclosed below, there were no events after the current year ended 31 December 2015 that has not been reflected in this quarterly report.

On 8 January 2016, the Company announced the proposed establishment of an employees' share option scheme of up to 30% of its issued and paid up share capital (excluding treasury shares) ("Proposed ESOS"). The Proposed ESOS was approved by its shareholders at the Company's Extraordinary General Meeting held on 25 February 2016.

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the current year ended 31 December 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 year ended 31 December 2015 were as follows:

	Current quarter RM'000	Year to date RM'000
Additions	1,831	4,784
	<hr/>	<hr/>

A12. Material commitments

As at 31 December 2015, the Group has the following material commitments:

	RM'000
Contracted but not provided for:	
Capital expenditure	222
Operating lease	904
Total	<hr/> 1,126



LNG RESOURCES BERHAD

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

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	Year to date RM'000
Transactions with a person connected to certain Directors of the Company		
- Sale of property, plant and equipment	-	25
- Purchase of property, plant and equipment	-	25
- Accounting fee paid	4	17



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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

In 2015, global economic activity remained subdued. Growth in emerging market and developing economies declined while a modest recovery continued in advanced economies.

Overall, operating environment remained tough and challenging for the Group in the final quarter of 2015.

Financial performance

The Group reported revenue of RM56.861 million for the current year ended 31 December 2015, representing a decrease of 1.6% as compared to the prior corresponding year ended 31 December 2014. The slight decline in revenue was due to lower orders for the financial year.

The Group recorded a loss before tax of RM5.127 million for the current year ended 31 December 2015 as compared to a profit before tax of RM0.611 million in the prior corresponding year. The significant drop in profit before tax was due to sales of lower margin products, increase in operating expenses and impairment loss on goodwill of RM2.9 million.

The Group achieved revenue of RM15.724 million for the current quarter ended 31 December 2015 as compared to the prior year corresponding quarter of RM13.903 million. The increase in revenue was mainly due to the increase in revenue contribution from the precision plastic injection moulding and precision machining and stamping segment. Loss before tax stood at RM5.351 million for the current quarter ended 31 December 2015 mainly due to losses recorded by the precision machining and stamping segment as a result of sales of low profit margin products and impairment loss on goodwill of RM2.9 million.

Precision engineering segment

Revenue for the current year and quarter decreased by 5.7% and 3.2% respectively as compared to last year corresponding period. The decline in revenue was mainly attributable to drop in orders and selling price due to increase competition.

Precision plastic injection moulding segment

Revenue from the precision plastic injection moulding segment for the current year dropped by 2.6% whilst for the current quarter, revenue increased by 27.2% as compared to last year corresponding quarter. The significant increase in revenue for the current 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 for the current year and quarter ended 31 December 2015 increased by 0.9% and 12.9% respectively as compared to previous year's corresponding period due to orders secured from new customers during the year.

Gross profit

The Group's gross profit for the current quarter and year ended 31 December 2015 amounted to RM0.670 million and RM4.914 million respectively.

The decline in gross profit was mainly due to losses suffered by the precision machining and stamping segment.



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B2. Comment on material change in profit before tax

The Group recorded a loss before tax of RM5.351 million in the current quarter as compared to a profit before tax of RM1.212 million achieved in the preceding quarter ended 30 September 2015. The decrease in profits was mainly due to lower profits from the precision engineering segment, increased losses from the precision machining and stamping segment and impairment on goodwill of RM2.9 million.

B3. Future prospects

General business environment remained uncertain and volatile. Risks to the global outlook remain tilted to the downside and relate to ongoing adjustments in the global economy.

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 ended 31 December 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	Year to date RM'000
Income tax	(24)	733
Deferred tax	(402)	(529)
	<u>(426)</u>	<u>204</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 period were as follows:

	Short term RM'000	Long term RM'000	Total RM'000
<i>Secured</i>			
Term loans	3,973	7,975	11,948
Finance lease liabilities	1,527	1,818	3,345
Other bank facilities	2,157	-	2,157
Bank overdraft	2,482	-	2,482
	<u>10,139</u>	<u>9,793</u>	<u>19,932</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	1,144	-	1,144
Vietnamese Dong	153	260	413
Indian Rupees	14	18	32

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	Year to date
Profit/(Loss) attributable to owners of the Company (RM'000)	(4,876)	(5,326)
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>(2.01)</u>	<u>(2.20)</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	Year to date RM'000
Profit for the period is arrived at after charging:		
Amortisation of prepaid lease payments	26	105
Depreciation	1,452	5,694
Impairment loss on goodwill	2,912	2,912
Impairment loss on loans and receivables	-	6
Interest expense	308	1,181
	<hr/>	<hr/>
and after crediting:		
Gain on foreign exchange	24	2,341
Gain on disposal of property, plant and equipment	6	3
Amortisation of deferred income	(313)	40
Interest income	34	76
	<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 year ended 31 December 2015.

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.

There were no outstanding forward foreign currency contracts as at 31 December 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 31 December 2015 RM'000	As at 31 December 2014 RM'000
Total retained profits of LNG Resources Berhad and its subsidiaries:		
- Realised	36,514	39,445
- Unrealised	(533)	(1,723)
	<hr/> 35,981	<hr/> 37,722
Less: Consolidation adjustments	(18,350)	(14,765)
Total Group retained profits as per consolidated accounts	<hr/> 17,631	<hr/> 22,957