LNG Resources Berhad

(582043-K)

annual report 2008

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

YBhg Dato' (Dr) Pahamin
Bin Ab Rajab
(Chairman/Non-Independent Non-Executive Director)

Low Chee Thean
(Managing Director)

Ng Boon Keong
(Executive Director)

Kek Chin Wu
(Independent Non-Executive Director)

Lok Choon Hong
(Independent Non-Executive Director)

Dennis Tan Tze Wen
(Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman
Kek Chin Wu
(Independent Non-Executive Director)

Members
Lok Choon Hong
(Independent Non-Executive Director)

Dennis Tan Tze Wen
(Independent Non-Executive Director)

NOMINATION COMMITTEE

Chairman
YBhg Dato' (Dr) Pahamin
Bin Ab Rajab
(Non-Independent Non-Executive Director)

Members
Kek Chin Wu
(Independent Non-Executive Director)

Lok Choon Hong
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Chairman
Lok Choon Hong
(Independent Non-Executive Director)

Members
Kek Chin Wu
(Independent Non-Executive Director)

Ng Boon Keong
(Executive Director)

COMPANY SECRETARY

Pang Kah Man (MIA 18831)

AUDITORS

SC Lim, Ng & Co. (AF 0681)
(Member of The International Accounting Group)
Chartered Accountants
8 (2nd Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

REGISTRAR

Mega Corporate Services Sdn. Bhd.
Level 15-2
Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel No. : 03-2692 4271
Fax No. : 03-2732 5388

REGISTERED OFFICE

8 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim
Tel No. : 06-9541 705/6
Fax No. : 06-9527 328

PRINCIPAL PLACE OF BUSINESS

K27 Jalan Perindustrian
Kawasan Perindustrian
Tanjung Agas
84000 Muar
Johor Darul Takzim
Tel No. : 06-9536 088
Fax No. : 06-9536 986/
9532 691

PRINCIPAL BANKERS

HSBC Bank (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad

WEB-SITE ADDRESS

www.lng-res.com

DATE OF LISTING

29 July 2003

STOCK EXCHANGE LISTING

MESDAQ Market of Bursa Malaysia Securities Berhad
Stock Name: LNGRES
Stock Code: 0025

CORPORATE STRUCTURE

LNG Resources Berhad
(582043-K)

100%	EDARAN PRECISION INDUSTRIES SDN BHD (308284-M)
100%	GOLDEN CITY PLASTIC SDN BHD (488182-V)
100%	ALL METRO TECHNOLOGY SDN BHD (472527-W)
100%	FALCON FURNITURE INDUSTRY SDN BHD (177114-P)
100%	VENTURE PLASTIC INDUSTRIES SDN BHD (185653-H)

PROFILE OF DIRECTORS

YBhg Dato' (Dr) Pahamin Bin Ab Rajab Aged 63, Malaysian, is the Non-Independent Non-Executive Chairman of LNG Resources Berhad and was appointed to the Board on 20 April 2006. He is also the Chairman of the Nomination Committee. He is currently an Advocate and Solicitor of the High Court of Malaya. He has worked in several ministries and government agencies in Malaysia over a thirty (30)-year period, where he held various key positions, including Director General of Road Transport Department at the Ministry of Transport from 1974 to 1998, Secretary-General of the Ministry of Domestic Trade and Consumer Affairs from 1998 to 2001 and Chairman of the Patent Board and the Controller of Copyright from 1998 to 2001. He is recognised internationally as an expert in intellectual property laws by the World Intellectual Property Organisation and in 2000, was awarded the prestigious Cyber Champion International Award by Business Software Alliance in Washington.

He obtained a Bachelor of Arts (Hons) in History majoring in International Relations from the University Malaya in 1970 and a Master of Arts in Public Policy and Administration, majoring in Economic Development from the University of Wisconsin, Madison, United States of America in 1978. He later received a law degree (LLB) from the University of London in 1990 and a Diploma in Syariah Law and Practice from the International Islamic University, Malaysia in 1991. He was conferred the Honorary Doctor of Laws (honoris causa) by The University of Newcastle, Australia in 2006.

YBhg Dato' (Dr) Pahamin has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

YBhg Dato' (Dr) Pahamin Bin Ab Rajab
Aged 63, Malaysian

profile of directors

Low Chee Thean Aged 50, Malaysian, is the Managing Director of LNG Resources Berhad and was appointed to the Board on 15 March 2003. He is one of the co-founders of the LNG Group, building the Group from a start-up in 1994 to a reputable integrated precision engineering manufacturing group of companies. He has more than twenty (20) years of precision engineering experience in the mould and die industry. Mr. Low leads the Group in areas of strategic planning, business development and new ventures and investment. He is also actively involved in key operational aspects of the business of the Group. His sound technical background and management has taken the Group to the forefront of the precision engineering industry in terms of technical development of precision integrated circuit and connector parts moulds.

He sits on the Board of all companies under the LNG Group. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

Ng Boon Keong Aged 41, Malaysian, is an Executive Director and was appointed to the Board on 15 March 2003. He is one of the co-founders of the LNG Group and is primarily in charge of the operations, sales and marketing functions of the Group. Together with Mr. Low Chee Thean, they built the Group into an established 'one-stop' precision engineering and precision injection moulding manufacturer that caters to the stringent requirements of major multinational corporations ("MNCs"). Mr. Ng has made significant contributions to the Group in terms of plant operations and development of product designs. He is also involved in technical discussions and collaborations with MNCs in relation to the final products manufactured.

Mr. Ng sits on the Board of all companies under the LNG Group and is a member of the Remuneration Committee of the Company. He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

Low Chee Thean
Aged 50, Malaysian

Ng Boon Keong
Aged 41, Malaysian

profile of directors

Kek Chin Wu Aged 38, Malaysian, is the Independent Non-Executive Director of LNG Resources Berhad and was appointed to the Board on 31 May 2005. He is also the Chairman of the Audit Committee and a member of the Nomination and Remuneration Committee of the Company. Mr. Kek is a member of the Malaysian Institute of Accountants and a Fellow Member of The Chartered Association of Certified Accountants, UK. He started his auditing career and professional training with BDO Binder, an international accounting firm in 1993 where he gained experience in auditing companies in various industries. He then joined Bumiputra Merchant Bankers Berhad in 1997 where he served in the Corporate Finance Department and was responsible for providing corporate advisory services to public listed companies. He later served as the Corporate Finance Manager of Paracorp Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad ("Bursa Securities"), from 1998 to 1999 where he was involved in the planning and execution of the listed company's corporate exercises. Over the span of twelve (12) years, he has gained extensive knowledge, skills and experience in auditing and corporate finance. He is currently a director of Paragon Advisory Sdn Bhd, a consulting firm which offers business advisory services. He is also an Independent Non-Executive Director of Frontken Corporation Berhad, a company listed on the Main Board of Bursa Securities.

Mr. Kek has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

Kek Chin Wu
Aged 38, Malaysian

Lok Choon Hong Aged 39, Malaysian, is the Independent Non-Executive Director of LNG Resources Berhad and was appointed to the Board on 15 March 2003. He is the Chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee of the Company. Mr. Lok graduated with a Bachelor of Laws (Honours) degree from University Malaya in 1995. He furthered his studies at the University of Cambridge and graduated with a Masters of Law (Commercial Law) degree in 1997. He is a qualified Advocate and Solicitor for the Supreme Court of Singapore and the High Court of Malaya, and also a Registered Patent, Trademark and Industrial Design agent in Malaysia. He is currently a director of Pintas Consulting Group Sdn. Bhd., Pintas IP Group Sdn. Bhd. and Pintas Pte. Ltd., Singapore. In 2009, he completed his Executive MBA degree with Insead, France/Singapore and EMBA with Tsinghua University, China.

He has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

Dennis Tan Tze Wen Aged 38, Malaysian, is the Independent Non-Executive Director of LNG Resources Berhad and was appointed to the Board on 23 January 2009. He is also a member of the Audit Committee of the Company. Mr. Dennis Tan graduated with a Bachelor of Science (major: Computer Science, minor: Business Administration) from Memorial University of Newfoundland, Canada in 1995. He is currently an Associate Director at Frost & Sullivan Asia Pacific, based out of its Kuala Lumpur office. He heads research and consulting in Asia Pacific in the areas of independent market research for IPOs, due diligence exercises, market feasibility studies, strategic planning and business plan development for clients in the business and financial services sector, working largely with investment banks, private equity firms, venture capitalists, and other professional services firms such as auditors, legal firms and educational institutions.

Mr. Dennis Tan has no family relationship with any director and/or major shareholder of the Company nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past ten (10) years.

Lok Choon Hong
Aged 39, Malaysian

Dennis Tan Tze Wen
Aged 38, Malaysian

FIVE-YEAR FINANCIAL HIGHLIGHTS

GROUP	2004 (RM'000) (restated)	2005 (RM'000) (restated)	2006 (RM'000)	2007 (RM'000)	2008 (RM'000)
Revenue	20,181	20,680	27,759	28,344	32,628
Profit before tax	5,356	5,475	9,113	6,035	5,756
Profit for the year	4,821	4,648	7,167	5,216	5,240
Profit attributable to shareholders	4,821	4,648	7,167	5,216	5,240
Total equity attributable to shareholders	21,677	23,894	33,430	38,657	41,551
Total assets	24,881	30,485	48,037	53,769	52,819
Total borrowings	338	749	772	2,759	2,426

SHARE INFORMATION

	2004 (restated)	2005 (restated)	2006	2007	2008
Basic earnings per share (sen)	3.28	2.98	4.32	2.82	2.80
Gross dividend per share (sen)	2.00	2.00	2.00	1.50	* 0.50
Net assets per share (RM)	0.14	0.15	0.19	0.20	0.22
Net cash per share (RM)	0.05	0.07	0.10	0.06	0.05

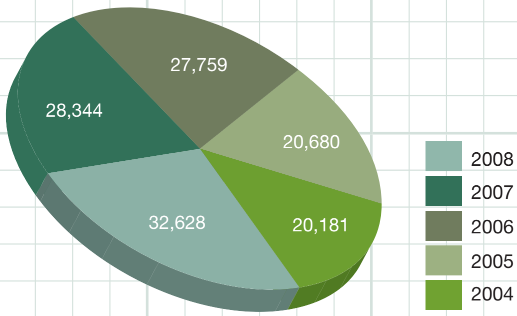
* Include proposed final dividend of 0.5 sen per share

FINANCIAL RATIOS

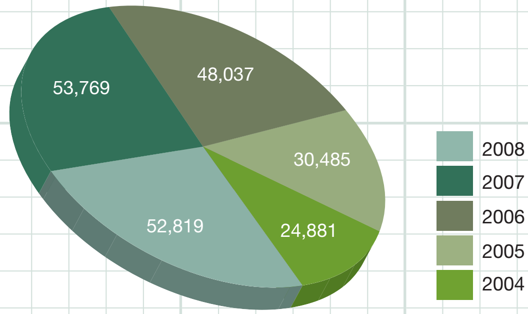
	2004 (restated)	2005 (restated)	2006	2007	2008
Profit before tax margin	27%	26%	33%	21%	18%
Net profit margin	24%	22%	26%	18%	16%
Return on equity attributable to shareholders	22%	19%	21%	13%	13%
Return on total assets	19%	15%	15%	10%	10%
Revenue growth rate	33%	2%	34%	2%	15%
Debt equity ratio	0.02	0.03	0.02	0.07	0.06

five-year financial highlights

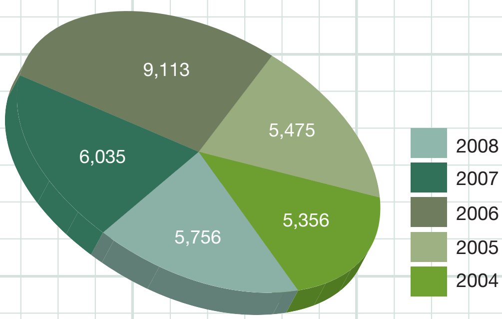
Revenue (RM'000)



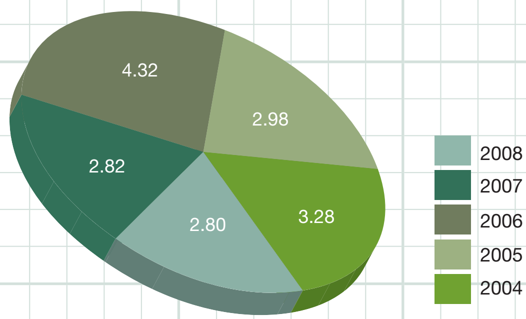
Total assets (RM'000)



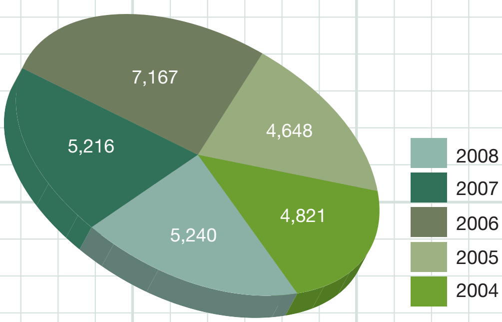
Profit before tax (RM'000)



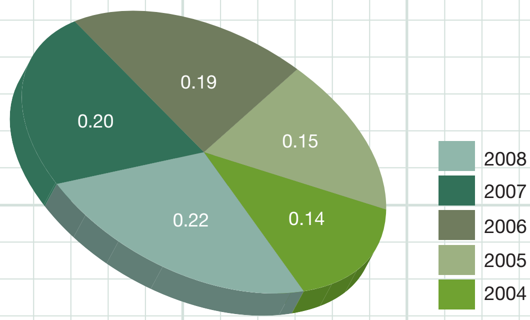
Basic earnings per share (sen)



Profit attributable
to shareholders (RM'000)



Net assets per share (RM)



CHAIRMAN'S STATEMENT

Dear Valued Stakeholders,

On behalf of the Board of Directors, I am pleased to present to you the annual report of LNG Resources Berhad ("LNG") for the financial year ended 31 December 2008 ("FY2008").

Though this financial year under review was marked by a myriad of challenges brought about by the slowdown of the global economy, it is my pleasure to report that the Group managed to register growth in revenue whilst maintaining its profit after tax as compared to the previous financial year. Our Group's revenue stood at RM32.6 million for FY2008, representing a growth of 15.1% over the previous financial year. LNG Group's profit after tax remained unchanged at RM5.2 million for FY2008.

OPERATING ENVIRONMENT IN 2008

2008 was a year of economic turbulence and turmoil as recessions in the United States, Europe and Japan became a major threat to Malaysia's external sector. Asia is not spared from this economic crisis too as the United States, Europe and Japan are major export destinations for Asian countries. The economic recession is sharp and severe with every our major export markets affected. In response, governments all over the world have announced fiscal stimulation packages in order to stimulate economic activities and to contain the spiral of economic downturn.

The Malaysian economy slowed down in the fourth quarter of 2008 to grow by 0.1 per cent after a growth of 4.7 per cent in the third quarter of 2008. The Malaysian manufacturing sector contracted by 8.8 per cent in the fourth quarter after having recorded positive growths for the past 26 quarters. Growth for the whole year of 2008 moderated to 4.6 per cent compared with 6.3 per cent in 2007.

chairman's statement

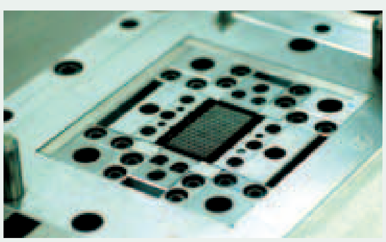
INDUSTRY OVERVIEW

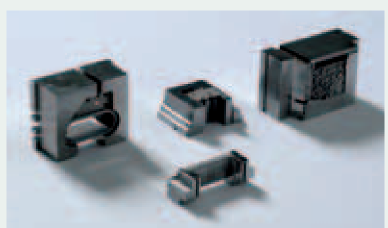
LNG Group is principally engaged in the precision engineering and precision plastic injection moulding services for the connector, semiconductor and electronics and electrical ("E&E") industries globally. As our Group has strong linkages to these industries, the results of our Group are dependent on the performance and prospects of these industries.

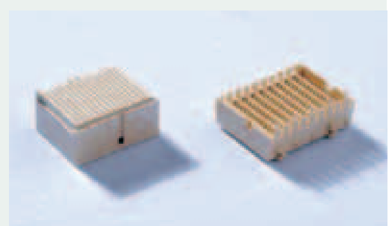
Due to the steep downturn experienced in the second half of 2008, the connector industry which is our Group's major business contributor was affected severely. Based on market researcher, Bishop and Associates, the 4th quarter of 2008 ("4Q08") will result in world connector sales of about US$8.5 billion, or -23.2% below sales of US$11.1 billion achieved in the 4th quarter of 2007. Moving forward, the first quarter of 2009 world connector sales is forecasted to be very weak at approximately the same level as 4Q08, or around US$8.5 billion world connector sales which is a decline of 25.4% compared to the first quarter of 2008.

Global sales of semiconductors were also severely impacted by the global economic turmoil in 2008 resulting in the first year-on-year drop in sales since 2001, as reported by the Semiconductor Industry Association ("SIA"). Total semiconductor sales for 2008 were US$248.6 billion compared to US$255.6 billion in 2007, a decrease of 2.8%. Sales fell from US$22.3 billion in December 2007 to US$17.4 billion in December 2008, a decline of 22%. December 2008 sales declined by 16.6% compared to November 2008 sales of US$20.9 billion. The global economic recession severely dampened semiconductor sales in the fourth quarter of 2008, which was historically a strong quarter for the industry.

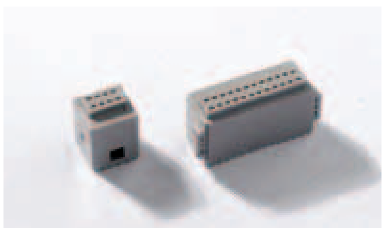
Both connectors and semiconductor industries are supporting the E&E industries. Weakening global demand for consumer E&E goods such as personal computers, cell phones, consumer electronics and corporate information technology products and automobiles has resulted in a sharp drop in connector and semiconductor industry sales.







chairman's statement



REVIEW OF OPERATIONS

Overall, LNG Group achieved a revenue of RM32.6 million for FY2008, which is higher than the revenue in the prior corresponding financial year ended 31 December 2007 ("FY2007") of RM28.3 million. This represents an improvement of approximately 15.1%. However, the profit before tax for FY2008 amounted to RM5.8 million, which is approximately 4.6% lower than the profit before tax of RM6.0 million for the previous year's corresponding financial year. The Group's profit after tax for FY2008 remained unchanged compared to the previous financial year.

During the year under review, LNG Group invested approximately RM5.4 million in property, plant and equipment. These investments include high technology CNC machinery and plastics injection moulding machines, were required in order to expand and upgrade our manufacturing facilities.

Our Group continued to generate positive operating cashflows amounting to RM7.4 million during the financial year. As at 31 December 2008, our shareholders' funds were RM41.6 million. Our Group managed to generate a return on shareholders' funds of 12.6% in FY2008.

chairman's statement

The results of the two business divisions are as follows:

Precision Engineering Division

The precision engineering division is engaged in the design and manufacture of high precision moulds, tools and dies. The precision engineering division's revenue contributed 57.7% of our Group's total revenue in FY2008. The precision engineering division generated a revenue of RM18.8 million, increased by RM2.7 million or 16.4% compared to FY2007. The margins of the precision engineering division were maintained in the year.

This division continued its focus in designing and fabricating high precision connector moulds for the automotive and the E&E industries during the year. In addition, we extended the product range to include fabrication of precision connector moulds for high-speed connectors used in aerospace, telecommunication and computer hardware industries.

Precision Plastic Injection Moulding Division

The precision plastic injection moulding division remained the complementary downstream business activity. For FY2008, this division achieved a revenue of RM13.8 million, representing an increase of 13.3% compared to FY2007. This division currently serves the same set of customers as the precision engineering division. The precision plastic injection moulding division's margins were affected significantly in the second half of FY2008 due to the economic downturn, which caused the Group's overall margins to decline compared to the previous year.

chairman's statement

DIVIDENDS

In appreciation of the support given by our shareholders, I am pleased to inform that the Board of Directors is recommending a first and final tax exempt dividend of 0.5 sen per share. The proposed final dividend is subject to the shareholders' approval at the forthcoming Annual General Meeting.

Though the Company has consistently paid dividends in each financial year since its listing in 2003, FY2008 proved to be a difficult and exceptional year whereby all our export markets were impacted by severe recessions. The Board of Directors believes that the Group needs to conserve its cash for the economic downturn and hence have recommended a lower dividend in the year. We hope that our Company can continue to reward our shareholders with higher dividends once this crisis is over.

GROUP'S PROSPECTS IN 2009

The severity of this global economic recession is unprecedented in our Group's operating history. Though the Group has faced recessions in the past, the recessions were mainly contained within certain parts of the world. The Group had weathered past recessions due to its good mix of export markets in Europe, Japan, Malaysia and USA. Should one export market face a recession, the other markets were able to provide a safety net for the Group to rely on for its sales. The current financial turmoil, however, is a global phenomenon whereby all our customers in different industry sectors are affected simultaneously. Hence, our Group would not be able to escape this recession unscathed.

As at the date of this report, governments all over the world have announced further economic stimulus packages, hoping that the downturn could be contained. However, the effects of these economic stimulus packages have yet to be seen in the first quarter of 2009 as many of these fiscal spending projects have yet to be implemented fully to see results. Consumer spending and sentiments have deteriorated significantly in the first quarter of 2009 and hopefully the economic plans laid out by the governments of our export markets would take positive effect.

Given this outlook, our Group's business prospects would be negatively affected this financial year. In the meantime, we will continue to develop our capabilities in new technologies, especially high speed connector moulds. We hope that by preparing ourselves with new skills and know-how, we will be able to capitalise on any opportunity that arise out of this crisis. We will also implement cost cutting and containment measures to minimise operating costs.

chairman's statement

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors, I would like to take this opportunity to welcome Mr. Dennis Tan Tze Wen as our Independent Non-Executive Director and look forward to his invaluable contributions to the Group. I would also like to extend our gratitude and sincere thanks to our valued customers, business associates, suppliers, bankers and regulatory bodies for their continued support. To the management and staff of the Group, I would like to express our appreciation to them for their unabated dedication and hard work in seeing us through another challenging year. Lastly, my personal thanks to my fellow Board members for their invaluable support and contributions, and our shareholders for their continued support and confidence in LNG Resources Berhad. We will continue to strive to create more stakeholders' value against the backdrop of increasing uncertainty in the global economy.

YBhg Dato (Dr) Pahamin Bin Ab Rajab
Chairman/Non-Independent Non-Executive Director

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors recognises the importance of good corporate governance and is committed to ensuring that good corporate governance is being practised by the Group in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

This statement sets out the manner in which the Group has applied the Principles of Corporate Governance and the extent of compliance with the best practices of the Malaysian Code on Corporate Governance ("the Code").

A. THE BOARD OF DIRECTORS

I. Composition

The Board currently has six (6) members comprising a Non-Independent Non-Executive Chairman, two (2) Executive Directors and three (3) Independent Non-Executive Directors. This composition complies with Rule 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market whereby the Company must have at least two (2) directors or one-third (1/3) of the Board, whichever is higher, who are independent directors.

In the event of any vacancy in the Board resulting in the non-compliance with the above, the Company must fill the vacancy within three (3) months. The Board is of the opinion that the interests of shareholders of the Company are fairly represented by the current Board composition and its size constitutes an effective Board of the Company.

II. Board Balance

The Board's composition represents members from diverse disciplines, tapping on their respective qualifications and experiences in business, commercial, finance and legal aspects. The Directors, with their wide spectrum of experience, skills and knowledge give added strength to the leadership which is necessary for the effective stewardship of the Group.

The presence of the three (3) Independent Non-Executive Directors is essential in providing guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that high standards of conduct and integrity are maintained by the Group.

III. Board Responsibilities

The Board's principal duty is to act in the best interests of the Group and its shareholders and is ultimately responsible for the performance of the Group. In carrying out this pivotal role, the Board assumes the following specific responsibilities:

- Reviewing and adopting a strategic plan for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Succession planning including appointing, training, fixing the compensation of and, where appropriate, replacing senior management;
- Developing and implementing an investor relations programme or shareholder communication policy for the Company; and

A. THE BOARD OF DIRECTORS (CONT'D)

III. Board Responsibilities (cont'd)

- Reviewing the adequacy and the integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

The Group practises a division of responsibilities between the Non-Independent Non-Executive Chairman and the Executive Directors. Their roles are separated and clearly defined to ensure a balance of power and authority. The Chairman is responsible for the Board's effectiveness and conduct whilst the Executive Directors are in charge of the day-to-day operations of the business, making strategic business decision and implementing Board policies.

The roles of the Independent Non-Executive Directors are to ensure that strategies proposed by the Executive Directors and Management are fully reviewed and examined. No individual dominates the Board's decision making. The Board reserves appropriate strategic, financial and organisational matters for its collective decision.

IV. Board Meetings

The Board meets on a quarterly basis with additional meetings held whenever necessary. The Board met five (5) times during the year under review. The Board receives documents on matters requiring its consideration prior to and in advance of each meeting. All proceedings of the Board meetings are minuted.

The meeting attendance record of the Directors is as follows:

		Meeting Attendance
YBhg Dato' (Dr) Pahamin Bin Ab Rajab	Non-Independent Non-Executive Chairman	5/5
Low Chee Thean	Managing Director	5/5
Ng Boon Keong	Executive Director	5/5
Kek Chin Wu	Independent Non-Executive Director	5/5
Lok Choon Hong	Independent Non-Executive Director	5/5
Dennis Tan Tze Wen *(Appointed on 23 January 2009)*	Independent Non-Executive Director	-

V. Supply of Information

Prior to each Board meeting, an agenda together with the relevant documents and information are distributed to all Directors. All Directors, whether as a full board or in their individual capacity have access to all information of the Group on a timely basis in an appropriate form and quality necessary to enable them to discharge their duties and responsibilities. In exercising their duties, the Directors have access to the advice and services of the Company Secretary and are also entitled to obtain professional opinions or advice from external consultants when the need arises. The Directors would appoint as secretary, someone who is capable of carrying out the duties to which the post entails, and his removal should be a matter for the Board as a whole. The Chairman of the Board is entitled to the strong and positive support of the Company Secretary in ensuring the effective functioning of the Board.

Detailed periodic briefings on the industry outlook and Group performance are also conducted for the Directors to ensure that the Board is well informed on the Group's operational, financial and corporate issues.

A. THE BOARD OF DIRECTORS (CONT'D)

VI. Board Committees

The Board, in discharging its fiduciary duties, is assisted by the three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee, each entrusted with specific tasks and operates within clearly defined terms of reference approved by the Board.

All Board Committees shall report to the Board and the Board retains the overall responsibility for monitoring activities undertaken by the Board Committees.

VII. Appointments to the Board

The Nomination Committee was established on 12 February 2007 to assist the Board in recommending appointment of new directors and assessing the effectiveness of the Board.

The membership of the Nomination Committee is as follows:

Chairman	:	YBhg Dato' (Dr) Pahamin Bin Ab Rajab	*(Non-Independent Non-Executive Director)*
Members	:	Kek Chin Wu	*(Independent Non-Executive Director)*
		Lok Choon Hong	*(Independent Non-Executive Director)*

The terms of reference of the Nomination Committee are as follows:

- to identify and recommend to the Board suitable candidates for appointment to the Board and Board Committees. In making its recommendations, the Committee should consider the candidates' skills, knowledge, expertise and experience; professionalism; integrity; and in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors;

- to assess the effectiveness of the Board as a whole, its Committees and the contribution of each Director, including independent non-executive directors on an annual basis;

- to review regularly the board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary;

- to consider in making its recommendations, candidates for directorships proposed by senior executive or any director or shareholder;

- to assist the Board in its annual review of its required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board; and

- to recommend to the Board for continuation (or not) in service of executive director(s) and directors who are due for retirement by rotation.

A. THE BOARD OF DIRECTORS (CONT'D)

VII. Appointments to the Board (cont'd)

The Board is entitled to the services of a company secretary who must ensure that all appointments are properly made, that all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising form the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market and other regulatory requirements.

VIII. Re-election of Directors

In accordance with the Company's Articles of Association, all Directors are subject to re-election by shareholders at the Annual General Meeting following their appointment. At least one-third of the remaining Directors shall retire from office at each Annual General Meeting at least once in every three (3) years, but shall be eligible for re-election.

IX. Directors' Training and Education

All Directors have completed the Mandatory Accreditation Programme. The Directors will also continue to attend various training programmes to enhance their skills and knowledge where relevant, as well as to keep abreast with the changing regulatory and corporate governance developments. As of the date of this Annual Report, the Directors have attended relevant training programmes relating to quality management system, non-executive director development series – ensuring compliance and protecting asset value, national investors symposium and technical analysis to enhance their knowledge to effectively discharge their duties and obligations. An independent non-executive Director has also completed his Executive MBA degree with Insead, France/Singapore and EMBA degree with Tsinghua University, China. In addition, the Company Secretary and external auditors also update the Directors on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

B. DIRECTORS' REMUNERATION

I. Remuneration Committee

The Remuneration Committee was established on 12 February 2007 and is responsible for recommending to the Board on the remuneration framework as well as the remuneration package of executive Directors to ensure that rewards commensurate with their contributions to the Group's growth and profitability in order to align the interest of the Directors with those of the shareholders. The Committee also ensures the level of remuneration for non-executive Directors and executive Directors are linked to their level of responsibilities undertaken and contribution to the effective functioning of the Board.

The membership of the Remuneration Committee is as follows:

Chairman	:	Lok Choon Hong	*(Independent Non-Executive Director)*
Members	:	Kek Chin Wu	*(Independent Non-Executive Director)*
		Ng Boon Keong	*(Executive Director)*

The Company's remuneration policy for Directors is formulated to attract and retain individuals of the necessary calibre needed to run the business of the Group successfully. The remuneration is structured to link experience, expertise and level of responsibility undertaken by the Directors. The Directors play no part in deciding their own remuneration and shall abstain from discussing or voting on their own remuneration.

B. DIRECTORS' REMUNERATION (CONT'D)

II. Details of the Directors' Remuneration

The details of the Directors' remuneration comprising remuneration received/receivable from the Company and subsidiary companies during the financial year ended 31 December 2008 are as follows:

	Executive Directors (RM)	Non-Executive Directors (RM)	Total (RM)
Fees	-	135,300	135,300
Salaries and other emoluments	949,280	10,250	959,530
Benefits-in-kind	42,550	-	42,550
Total	**991,830**	**145,550**	**1,137,380**

The Directors' remuneration are categorised into the following bands:

	Number of Directors	
Range of Remuneration	**Executive Directors**	**Non-Executive Directors**
Below RM50,000	-	1
RM50,001 to RM100,000	-	2
RM100,001 to RM450,000	-	-
RM450,001 to RM500,000	2	-

C. SHAREHOLDERS

I. Relationship with Shareholders and Investors

The Board recognises the importance and need for shareholders to be informed of all material development and performance of the Group. The information is disseminated through annual reports, circulars to shareholders, press releases, quarterly reports and announcements made from time to time via Bursa Malaysia Securities Berhad.

In addition, the Company's website at www.lng-res.com provides a comprehensive up-to-date information on the latest business and corporate development of the Group.

Members of senior management are involved in investor relations through investor briefings with financial analysts, institutional shareholders and fund managers. The Company has also participated in Bursa Securities CMDF – Bursa Research Scheme and analyst reports can be downloaded at Bursa Securities website.

II. Annual General Meeting

The Annual General Meeting serves as a principal forum for dialogue with the shareholders. At the meeting, shareholders are given the opportunity to seek clarifications or raise questions on relevant and pertinent matters.

D. ACCOUNTABILITY AND AUDIT

I. Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospects in the annual and quarterly reports and other published information. The Board is assisted by the Audit Committee in overseeing the Group's financial reporting processes and the accuracy, adequacy and completeness of its financial reports. The financial statements have been prepared in conformity with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and in accordance with the provisions of the Companies Act, 1965.

II. Directors' Responsibilities Statement in respect of the Audited Financial Statements

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board so as to give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results of their operations and cash flows for the year ended on that date.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently, and made estimates and judgements which are reasonable and prudent. The financial statements have been prepared on a going-concern basis.

The Directors are responsible to ensure that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy the financial position of the Group and of the Company. The Directors are also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

III. Internal Control

The Board acknowledges its responsibilities for the Group's systems of internal control covering not only financial controls but also operational and compliance controls. The Board should maintain a sound system of internal control to safeguard shareholders' investment and the Group's assets.

The Statement on Internal Control set out on pages 31 and 32 of this Annual Report provides an overview of the state of internal controls within the Group.

IV. Relationship with the Auditors

The Board, via the Audit Committee, maintains a formal and transparent relationship with the Group's external auditors in seeking valuable professional advice and in ensuring compliance with the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board in Malaysia. The Audit Committee meets up with the external auditors at least twice a year to review audit plans and exchange views on issues requiring attention.

The roles of the Audit Committee in relation to the external auditors is described in the Audit Committee Report set out on pages 24 to 28 of this Annual Report.

E. ADDITIONAL COMPLIANCE INFORMATION

I. Utilisation of Proceeds Raised from Corporate Proposals

There were no proceeds raised from corporate proposals.

II. Material Contracts

There were no material contracts entered into by the Group involving Directors' or major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of the previous financial year.

III. Share Buy-back

During the financial year, the Company bought back a total of 2,041,100 of its ordinary shares of RM0.10 each ("LNG Shares") which are listed on the MESDAQ Market of the Bursa Securities in the open market. The details of the LNG Shares bought back during the financial year are as follows:

Month	No. of LNG Shares repurchased	Lowest price paid (RM)	Highest price paid (RM)	Average price paid (RM)	Total consideration paid (RM)
January	2,041,100	0.225	0.240	0.231	471,888

All the LNG Shares bought back during the financial year are held as treasury shares in accordance with Section 67A Subsection (3A)(b) of the Companies Act, 1965. As at 31 December 2008, a total of 2,449,300 LNG Shares were held as treasury shares. None of the treasury shares held were resold or cancelled during the financial year.

IV. Options, Warrants or Convertible Securities

The Company does not have any warrant or convertible securities in issue. During the financial year, none of the options held under the Company's Employees Share Option Scheme ("ESOS") was exercised. Pursuant to the Company's ESOS Bye-Laws, Non-Executive Directors may not participate in the ESOS.

V. American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

During the financial year, the Company did not sponsor any ADR and GDR programme.

VI. Impositions of Sanctions and Penalties

During the financial year, there were no sanctions and/or penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

VII. Non-Audit Fees

The amount of non-audit fees paid/payable to the external auditors of the Group for the financial year amounted to RM650.

E. ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

VIII. Profit Estimates, Forecasts or Projections

The Company did not issue any profit estimates, forecasts or projections for the financial year.

IX. Profit Guarantee

The Company did not issue any profit guarantee during the financial year.

X. Directors' Training and Education

All directors of LNG attended various training programmes during the financial year. The details of training are disclosed in the Statement on Corporate Governance: Directors' Training and Education on page 19 of this Annual Report.

XI. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company did not enter into any recurrent related party transactions of a revenue or trading nature during the financial year.

XII. Revaluation Policy

The Group adopted a policy of revaluing landed properties every five years or at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying amounts.

F. COMPLIANCE STATEMENT

The Company has complied with the Best Practices in Corporate Governance as set out in the Code throughout the financial year ended 31 December 2008. The Board is of the view that the transparency and accountability aspects of corporate governance on disclosure of Directors' Remuneration by applicable bands of RM50,000 (which complies with the disclosure requirements under the Listing Requirements of Bursa Securities for the MESDAQ Market) are appropriately served by the band disclosure.

AUDIT COMMITTEE REPORT

The Audit Committee was established on 20 May 2003 by the Board of Directors with the primary objective of assisting the Board of Directors in fulfilling its fiduciary responsibilities relating to accounting and reporting practices, and systems of internal control of the Group.

MEMBERSHIP

The Audit Committee presently comprises the following members:

Chairman	:	Kek Chin Wu	*(Independent Non-Executive Director)*
Members	:	Lok Choon Hong	*(Independent Non-Executive Director)*
		Ng Boon Keong	*(Executive Director) (Resigned on 23 January 2009)*
		Dennis Tan Tze Wen	*(Independent Non-Executive Director) (Appointed on 23 January 2009)*

TERMS OF REFERENCE

- **Composition**

  The Committee shall be appointed from amongst the Board of Directors and shall comprise at least three (3) members. All members of the audit committee should be non-executive directors, with a majority of them being independent directors.

  The Board shall at all times ensure that all members of the Committee are financially literate and at least one (1) member shall be:

  - a member of the Malaysian Institute of Accountants (MIA); or

  - if he is not a member of MIA, he must have at least three (3) years of working experience and:

    a. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or

    b. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or

    c. fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.

  In the event of any vacancy with the result that the number of members is reduced to below three (3), the vacancy must be filled within three (3) months.

  The Chairman, who shall be elected by the Audit Committee, must be an independent director. No alternate director of the Board shall be appointed as a member of the Committee.

  The Board shall review the terms of office and performance of an audit committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

TERMS OF REFERENCE (CONT'D)

- **Meetings**

  The quorum for a meeting shall be two (2) members, provided that the majority of the members present at the meeting shall be independent non-executive directors. The Committee shall meet at least four (4) times a year, although additional meetings may be called at any time at the Audit Committee Chairman's discretion. An agenda shall be sent to all members of the Committee and any other persons who may be required or invited to attend. All meetings to review the quarterly results and annual financial statements shall be held prior to such quarterly results and annual financial statements being presented to the Board of Directors for approval.

  Upon the request of any member of the Committee, the external auditors or the internal auditors, the Chairman of the Committee shall convene a meeting of the Committee to consider any matters which should be brought to the attention of the Directors or shareholders.

  The Committee may invite any Board member or any member of the senior management or any relevant employee within the Group who the Committee thinks fit to attend its meetings to assist in resolving and clarifying matters raised in audit reports.

  The Company Secretary shall be the Secretary of the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda and circulating it prior to each meeting. The Secretary shall also be responsible for keeping the minutes of meetings of the Committee and circulating them to the Committee Members.

- **Authority & Rights**

  The Committee shall in accordance with the procedures determined by the Board of Directors and at the cost of the Company:

  a. have authority to investigate any activity within its terms of reference;

  b. have the resources which are required to perform its duties;

  c. have full and unrestricted access to any information pertaining to the Group;

  d. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;

  e. have authority to obtain independent professional or other advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary; and

  f. be able to convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary.

TERMS OF REFERENCE (CONT'D)

- **Duties and Responsibilities**

  The duties and responsibilities of the Committee are stipulated as follows:

  a. To recommend the nomination of and to consider the appointment of the external auditors, the audit fee and questions of resignation or dismissal;

  b. To discuss with the external auditors before the annual audit commences, the nature and scope of the audit plan;

  c. To discuss with the external auditors problems and reservations arising from the final and any interim audits, evaluation of the system of internal controls and any matters the external auditors may wish to discuss including assistance given by the employees of the Group to the auditors; and to review the auditors' audit report, management letter and management's response;

  d. To convene meetings with the external auditors, the internal auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary;

  e. To consider any related party, inter company transactions and conflict of interest that may arise within the Company/Group and any related parties outside the Company/Group including any transaction, procedure or course of conduct that raises questions of management integrity;

  f. To review the quarterly, and annual financial statements of the Company and the Group prior to the approval by the Board of Directors, focusing particularly on:

     i. Any changes in major accounting policies.
     ii. Significant and unusual events.
     iii. Significant adjustments arising from the audit.
     iv. The going concern assumption.
     v. Compliance with applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board and other legal requirements.
     vi. The accuracy and adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.

  g. To do the following, in relation to the internal audit function:

     i. Review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work.
     ii. Review the internal audit programme and results of the internal audit process and, where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function.

  h. The chairman of the Committee should engage on a continuous basis with senior management, internal auditors as well as the external auditors in order to be kept informed of matters affecting the Group;

  i. To review the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance;

TERMS OF REFERENCE (CONT'D)

- **Duties and Responsibilities (cont'd)**

    j. To consider all areas of significant financial risk and arrangements in place to contain those risks to acceptable levels;

    k. To verify the allocation of options pursuant to the ESOS at the end of each financial year as being in compliance with the criteria which are disclosed to the employees; and

    l. Such other functions as may be agreed by the Audit Committee and the Board of Directors.

MEETINGS

During the financial year, a total of five (5) Audit Committee meetings were held and the details of the attendance are as follows:

	Meeting Attendance
Kek Chin Wu	5/5
Lok Choon Hong	5/5
Ng Boon Keong *(Resigned on 23 January 2009)*	5/5
Dennis Tan Tze Wen *(Appointed on 23 January 2009)*	-

SUMMARY OF ACTIVITIES

In line with the terms of reference of the Committee, the following activities were carried out by the Committee during the financial year ended 31 December 2008 in discharging its functions:

a. Review of the external auditors' scope of work and their audit plan;

b. Reviewing with the external auditors on the results of their audit, the audit report and internal control recommendations in respect of internal control weaknesses noted in the course of their audit;

c. Meeting with the external auditors and the internal auditors twice during the year without the presence of any executive Board member and employees of the Group;

d. Review of internal control procedures;

e. Review of internal audit planning and internal audit reports;

f. Review of the quarterly unaudited financial results announcements and recommending for the Board of Directors' approval;

g. Review of the audited financial statements before recommending for the Board of Directors' approval;

h. Review of the Company's compliance with the Listing Requirements of Bursa Securities for the MESDAQ Market and the applicable approved Financial Reporting Standards issued by the Malaysian Accounting Standards Board; and

i. Review of the application of corporate governance principles and the extent of the Group's compliance with the best practices set out under the Malaysian Code on Corporate Governance.

INTERNAL AUDIT FUNCTION

The Board of Directors acknowledges that it is responsible for maintaining a sound system of internal controls which provides reasonable assessment of effective and efficient operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines to safeguard shareholders' investment and the Group's assets.

The Company has engaged an external independent internal audit service provider at a fee of RM12,000 for the financial year ended 31 December 2008 to carry out the internal audit function to assist the Audit Committee in maintaining a sound system of internal control. The internal audits were undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the risk management, internal control and governance processes within the Group.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Internal Control on page 31 of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

In 2008, our Group remains committed to socially responsible practices. We recognise that in order for us to be a truly successful company, we must be a responsible corporate citizen and be committed to improving the world around us. We are committed to undertake responsible practices that impact our society and environment in a positive manner and to inculcate a culture of responsibility in all aspects of our business.

Balancing profits and principles has always been a core tenet of our Group's operations. We need to balance profits and principles through corporate social responsibility ("CSR") and ensure that the products we develop are of international safety standards and provide safe working environments for our customers, partners and employees. We also develop ethical and responsible business policies and practices that are applied without exception across our operations.

The CSR initiatives undertaken by our Group during the financial year are summarised below:

The Environment

We regard our corporate responsibility to the environment with deep gravity. All our manufacturing plants are accredited with ISO 14001:2004 Environmental Management System. Our Group is committed to achieve excellence in manufacturing and manage our operations in an environmentally sustainable way. Our Group undertakes to:

- Ensure compliance to all relevant environmental legal and other requirements and raise the environmental awareness among employees.
- Prevent air, water, land and noise pollution in the workplace.
- Integrate the environmental and quality management system together to strive for continual improvement.

We believe that integrating environmental considerations into our business practices will help us to manage risk better and increase our value as an investment and grow our business in an ethical and sustainable manner.

The Workplace

A healthy and safe working environment is an essential component of employee welfare. Safety inspections and audits and regular training form part of our comprehensive measures to ensure health and safety at the workplace. During the year 2008, we initiated health and safety programmes such as fire drills, safety system checks on equipments, first aid training, plant evacuation exercise as well as health talks. We also have an Emergency Response Team to handle emergency situations pending the arrival of assistance from the respective authorities during emergency situations.

We acknowledge the need to provide a healthy lifestyle to our employees. In this regard, various initiatives such as sport activities were carried out with the full support and commitment of our employees throughout the year. In addition, we provide benefits such as personal accident and group health insurance coverage for our employees.

Our employees are the pillars of strength that make LNG Group stand out among its peers. Hence, we place great emphasis on managing employees as a vital resource and as key stakeholders, and this year was no exception. We are committed to develop our people into creative thinking and innovative individuals and team players. We are also committed to create a knowledge-based workforce to compete effectively in global markets.

The Workplace (cont'd)

Our employees are encouraged to continually upgrade their technical competence to keep pace with the evolving environment as well as technological advancements. On-the-job training is conducted for all new employees. Additionally, specific process training and skills enhancement training are provided to our employees to ensure that our employees are well equipped with the necessary skills for their jobs.

The Community

Our Group recognise that we can make a positive impact in the community by giving financial and other resources towards meaningful causes. In 2008, we continued to make direct donations to charitable organisations.

In order to fulfil our responsibilities to the community in a consistent manner, we also provide industrial training for students. During the financial year 2008, our Group has taken in a total of 7 students from local institutions, colleges, polytechnics and universities in Malaysia as trainees.

The Marketplace

We are committed to ensure that the interests of all our important stakeholders – our shareholders, suppliers and customers are being taken care. Our Group emphasises on good corporate governance practices to meet shareholder expectations. For our suppliers, we practice transparent and fair procurement policies. As to our customers, all the facilities within our Group are accredited with ISO 9001:2000 Quality Management System. We are committed to supply quality products and meeting customers' satisfactions through continual improvement in technology, process and services.

STATEMENT ON INTERNAL CONTROL

BOARD RESPONSIBILITY

The Board of Directors is responsible for the Group's system of internal controls and risk management and for reviewing its adequacy and integrity in order to safeguard shareholders' investment and the Group's assets. Due to inherent limitations to any system of internal control, these systems are designed to manage, rather than eliminate risk of failure in achieving the Group's business objectives and to provide reasonable, but not absolute, assurance against material misstatement or loss due to fraud and errors.

INTERNAL CONTROL SYSTEM

The principal features of the Group's system of internal controls are summarised as follows:

1. An established hierarchical organisation structure with clearly defined line of responsibility, authority and appropriate reporting structure.

2. Documented internal policies, procedures and manuals, which are updated from time to time. The significant operations of each business units of the Group are accredited with ISO9001:2000 Quality Management System and ISO14001:2004 Environmental Management System.

3. An annual budgeting process where key performance indicators for each business units are set, and reviewed by the Board and Audit Committee. Performance is monitored regularly and a reporting system highlights significant variances against budgets for investigation and follow-up by management of respective business units.

4. Supplying comprehensive financial and management reports to the Audit Committee and the Board on a quarterly basis for review.

5. The Group's performance is monitored through management and operational meetings attended by senior management. The Executive Directors are also actively involved in the day-to-day operations of the Group.

6. Appointment of staff is based on the required level of qualification, experience and competency to fulfill their responsibilities. Training and development is provided for selected staff to further enhance their skill and capability. In addition, a formal employee appraisal to evaluate and measure employee's performance and their competency is performed at least once a year.

RISK MANAGEMENT FRAMEWORK

The Board regards risk management as an integral part of the business operations. The management has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group throughout the financial year under review. This process is regularly reviewed by the Board and the Audit Committee.

The management's risk management initiative includes delegating the responsibilities of identifying and managing risk to the respective Head of each business units. Significant risk identified and the corresponding internal controls implemented are discussed during periodic management meetings. In addition, significant risks identified are also brought to the attention of the Board at their scheduled meetings. The Group's key risk profile is updated regularly by management. Risk identified are prioritised in terms of possibility of occurrence and the potential impact to the Group's operation should the risk materialises.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent internal audit service provider to review the adequacy and integrity of the internal control systems of the business units. The internal audit adopts a risk-based approach and prepares its audit strategy and plan based on the risk profiles of individual business units of the Group. These plans are updated annually and approved by the Audit Committee. The internal audit appraises and contributes towards improving the Group's risk management and control systems, and reports to the Audit Committee on a regular basis.

CONCLUSION

The Board is pleased to report that there were no significant internal control deficiencies or weaknesses that resulted in material losses or contingencies that would require disclosure in the Group's Annual Report.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

This Statement, prepared in accordance with paragraph 15.26(b) of the Listing Requirements of Bursa Securities for the MESDAQ Market has been reviewed by the external auditors as required under paragraph 15.23 for inclusion in the Annual Report. The external auditors' review was performed in accordance with Recommended Practice Guide 5 ("RPG 5") issued by the Malaysian Institute of Accountants. Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control of the Group. RPG 5 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk and control procedures.

FINANCIAL STATEMENTS

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	5,240,470	1,384,977

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

Dividends paid or declared by the Company since the end of the previous financial year were as follows :

- A final tax-exempt dividend of 10% equivalent to 1 sen per share amounting to RM 1,873,718 which was proposed in respect of the financial year ended 31 December 2007 and dealt with in the previous directors' report was paid by the Company on 10 June 2008. The payment was made to the shareholders whose names appeared in the Company's Record of Depositors on 29 May 2008.

Pending the declaration of dividends by certain subsidiaries totalling RM 900,000, the Board of Directors proposes a final tax-exempt dividend of 5% equivalent to 0.5 sen per share in respect of financial year ended 31 December 2008. This dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2009.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year save as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up share capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up unissued shares of the Company.

TREASURY SHARES

On 27 May 2008, the shareholders of the Company renewed their approval for the Company to buy-back its own shares.

During the financial year, the Company bought back from the open market, 2,041,100 of its issued ordinary shares of RM 0.10 each ("LNG Shares") listed on MESDAQ Market of Bursa Malaysia Securities Berhad at an average buy-back price of RM 0.23 per ordinary share. The total consideration paid for the share buy-back of LNG Shares by the Company during the financial year, including transaction costs, was RM 471,888 and was financed by internally generated funds. The LNG Shares bought back are held as treasury shares in accordance with Section 67A sub-section (3A)(b) of the Companies Act, 1965. None of the treasury shares held were resold or cancelled during the financial year.

At 31 December 2008, the Company held 2,449,300 LNG Shares as treasury shares out of its total issued and paid-up share capital of 189,821,072 LNG Shares. Such treasury shares are held at a carrying amount of RM 566,908. Further information are as disclosed in Note 10 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 27 May 2008, the shareholders of the Company approved the extension of the duration of the ESOS for an extended period of five (5) years from 25 July 2008 to 24 July 2013.

The salient features and other terms of the ESOS are disclosed in Note 9 to the financial statements.

At 31 December 2008, the options offered and accepted under ESOS to take up unissued ordinary shares and the option price are as follows :

		Number Of Options Over Ordinary Shares Of RM 0.10 Each				
Date Of Offer	**Option Price**	**Balance At 01.01.2008**	**Offered And Accepted**	**Exercised**	**Ceased**	**Balance At 31.12.2008**
28 Jul 2003	RM 0.22	13,627,300	-	-	(143,500)	13,483,800
13 Aug 2004	RM 0.37	7,307,300	-	-	(434,000)	6,873,300
1 Sep 2005	RM 0.21	6,070,900	-	-	(355,500)	5,715,400
		27,005,500	-	-	(933,000)	26,072,500

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY

The Directors who served since the date of the last report are :

YBhg Dato' (Dr) Pahamin Bin Ab Rajab
Low Chee Thean
Ng Boon Keong
Lok Choon Hong
Kek Chin Wu
Dennis Tan Tze Wen (Appointed on 23.01.2009)

At the forthcoming Annual General Meeting, the following directors retire and being eligible, offer themselves for re-election :

(i) Mr. Ng Boon Keong and Mr. Lok Choon Hong pursuant to Article 81 of the Company's Articles of Association; and

(ii) Mr. Dennis Tan Tze Wen pursuant to Article 88 of the Company's Articles of Association.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of the Directors in office at the end of the financial year in the shares and options of the Company and its related corporations during the financial year were as follows :

	Number Of Ordinary Shares Of RM 0.10 Each			
	Balance At 01.01.2008	**Bought**	**Sold**	**Balance At 31.12.2008**
YBhg Dato' (Dr) Pahamin Bin Ab Rajab	11,000,000	823,800	-	11,823,800
Low Chee Thean	24,071,176	1,461,200	-	25,532,376
Ng Boon Keong	12,809,456	-	-	12,809,456
Kek Chin Wu - Direct	839,600	-	-	839,600
- Indirect *	30,000	-	-	30,000

In addition to the above, the following Directors are deemed to have interests in the shares of the Company by virtue of options granted to them pursuant to the ESOS of the Company. The details were as follows :

	Number Of Options Over Ordinary Shares Of RM 0.10 Each			
	Balance At 01.01.2008	**Offered And Accepted**	**Exercised**	**Balance At 31.12.2008**
Low Chee Thean	5,505,400	-	-	5,505,400
Ng Boon Keong	4,670,200	-	-	4,670,200

* Deemed interest by virtue of his wife, Chan Ping Ping's shareholding in the Company.

Other than as disclosed above, none of the other Directors in office at the end of the financial year had any other interest in the shares and options under the ESOS of the Company and its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors as disclosed in Note 20 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company was a party, whereby the Directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as may arise from the share options granted pursuant to the ESOS of the Company as disclosed above and in Note 9 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the balance sheets and the income statements of the Group and of the Company were made out, the Directors took reasonable steps :

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts to be written off and that no allowance for doubtful debts had been made ; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances :

  (i) which would necessitate the writing off of bad debts or the setting up of allowance for doubtful debts in respect of the financial statements of the Group and of the Company ; or

  (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading ; or

  (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate ; or

  (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(c) At the date of this report, there does not exist :

  (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year and which secures the liabilities of any other person ; or

  (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

(d) In the opinion of the Directors :

  (i) no contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due ; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

The subsequent event is disclosed in Note 30 to the financial statements.

AUDITORS

The auditors, Messrs. SC Lim, Ng & Co., have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors :

LOW CHEE THEAN
Director

NG BOON KEONG
Director

Muar, Johor Darul Takzim
Date : 3 April 2009

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, the undersigned, being two of the Directors of LNG Resources Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 42 to 78 are drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2008 and of the results and cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors :

LOW CHEE THEAN
Director

NG BOON KEONG
Director

Muar, Johor Darul Takzim
Date : 3 April 2009

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, LOW CHEE THEAN, the Director primarily responsible for the financial management of LNG Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 78 are to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared	}	
by the abovenamed LOW CHEE THEAN	}	
at Muar in the state of Johor Darul Takzim	}	
on 3 April 2009	}	**LOW CHEE THEAN**

Before me :

HJ. SALLEH BIN JAMAL
(No. J120)

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

To The Members Of LNG RESOURCES BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of LNG Resources Berhad, which comprise the balance sheets at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 78.

Directors' Responsibility For The Financial Statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with applicable Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company at 31 December 2008 and of their financial performance and cash flows for the financial year then ended.

INDEPENDENT AUDITORS' REPORT

To The Members Of LNG RESOURCES BERHAD

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following :

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.

(b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(c) Our audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

SC LIM, NG & CO.
No. AF 0681
Chartered Accountants

LIM SWEE CHONG
No. 1177/12/10 (J)
Partner

Muar, Johor Darul Takzim
Date : 3 April 2009

BALANCE SHEETS

At 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	3	**25,804,895**	23,990,271	**23,542**	-
Prepaid lease payments	4	**2,776,853**	2,881,970	**-**	-
Investment in subsidiaries	5	**-**	-	**12,055,463**	12,055,463
		28,581,748	26,872,241	**12,079,005**	12,055,463
Current Assets					
Inventories	6	**3,914,480**	4,267,414	**-**	-
Trade and other receivables	7	**8,429,098**	8,397,728	**11,322,976**	8,560,060
Deposits, bank and cash balances	8	**11,893,329**	14,231,939	**4,180,012**	7,980,769
		24,236,907	26,897,081	**15,502,988**	16,540,829
TOTAL ASSETS		**52,818,655**	53,769,322	**27,581,993**	28,596,292
EQUITY AND LIABILITIES					
Equity Attributable to Equity Holders of the Company					
Share capital	9	**18,982,107**	18,982,107	**18,982,107**	18,982,107
Treasury shares	10	**(566,908)**	(95,020)	**(566,908)**	(95,020)
Reserves	11	**23,136,180**	19,769,428	**9,014,453**	9,503,194
TOTAL EQUITY		**41,551,379**	38,656,515	**27,429,652**	28,390,281
Non-Current Liabilities					
Hire purchase payables	12	**755,604**	415,522	**-**	-
Term loans	13	**68,152**	1,135,204	**-**	-
Deferred tax liabilities	14	**1,426,388**	1,485,922	**-**	-
		2,250,144	3,036,648	**-**	-
Current Liabilities					
Trade and other payables	15	**7,414,600**	10,856,617	**152,341**	202,890
Hire purchase payables	12	**536,181**	173,990	**-**	-
Term loans	13	**1,066,351**	1,034,447	**-**	-
Tax liabilities		**-**	11,105	**-**	3,121
		9,017,132	12,076,159	**152,341**	206,011
TOTAL LIABILITIES		**11,267,276**	15,112,807	**152,341**	206,011
TOTAL EQUITY AND LIABILITIES		**52,818,655**	53,769,322	**27,581,993**	28,596,292

The accompanying notes form an integral part of the financial statements

INCOME STATEMENTS

For The Financial Year Ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
REVENUE	16	**32,628,360**	28,344,468	**1,651,086**	8,081,261
COST OF SALES		**(24,034,766)**	(19,850,412)	**-**	-
GROSS PROFIT		**8,593,594**	8,494,056	**1,651,086**	8,081,261
OTHER INCOME		**56,289**	161,994	**-**	-
SELLING AND DISTRIBUTION EXPENSES		**(268,265)**	(233,368)	**-**	-
ADMINISTRATIVE EXPENSES		**(2,638,566)**	(2,556,900)	**(297,703)**	(277,941)
OTHER EXPENSES		**(93,712)**	(117,673)	**-**	(1,752)
OPERATING PROFIT		**5,649,340**	5,748,109	**1,353,383**	7,801,568
INTEREST INCOME	17	**276,529**	387,737	**153,190**	206,902
FINANCE COSTS	18	**(169,771)**	(100,553)	**(3,382)**	(1,568)
PROFIT BEFORE TAX	19	**5,756,098**	6,035,293	**1,503,191**	8,006,902
TAX EXPENSE	22	**(515,628)**	(819,068)	**(118,214)**	(1,664,364)
PROFIT FOR THE FINANCIAL YEAR		**5,240,470**	5,216,225	**1,384,977**	6,342,538
ATTRIBUTABLE TO:					
EQUITY HOLDERS OF THE COMPANY		**5,240,470**	5,216,225	**1,384,977**	6,342,538
EARNINGS PER ORDINARY SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	23				
- Basic (sen)		**2.80**	2.82		
- Diluted (sen)		**N/A**	2.74		

The accompanying notes form an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2008

Group

		Attributable To Equity Holders Of The Company				
			Non-Distributable		Distributable	
	Note	**Share Capital RM**	**Treasury Shares RM**	**Share Premium RM**	**Retained Profits RM**	**Total Equity RM**
At 1 January 2007		17,629,947	-	4,283,609	11,516,085	33,429,641
Issue of shares pursuant to exercise of ESOS	9	1,352,160	-	1,549,096	-	2,901,256
Share issue expenses written off against share premium		-	-	(4,227)	-	(4,227)
Net loss not recognised in the consolidated income statement		-	-	(4,227)	-	(4,227)
Share buy-back	10	-	(95,020)	-	-	(95,020)
Profit for the financial year		-	-	-	5,216,225	5,216,225
Dividends	24	-	-	-	(2,791,360)	(2,791,360)
At 31 December 2007		18,982,107	(95,020)	5,828,478	13,940,950	38,656,515
Share buy-back	10	-	(471,888)	-	-	(471,888)
Profit for the financial year		-	-	-	5,240,470	5,240,470
Dividends	24	-	-	-	(1,873,718)	(1,873,718)
At 31 December 2008		18,982,107	(566,908)	5,828,478	17,307,702	41,551,379

Company

	Note	**Share Capital RM**	**Treasury Shares RM**	**Share Premium RM**	**Retained Profits RM**	**Total Equity RM**
At 1 January 2007		17,629,947	-	4,283,609	123,538	22,037,094
Issue of shares pursuant to exercise of ESOS	9	1,352,160	-	1,549,096	-	2,901,256
Share issue expenses written off against share premium		-	-	(4,227)	-	(4,227)
Net loss not recognised in the income statement		-	-	(4,227)	-	(4,227)
Share buy-back	10	-	(95,020)	-	-	(95,020)
Profit for the financial year		-	-	-	6,342,538	6,342,538
Dividends	24	-	-	-	(2,791,360)	(2,791,360)
At 31 December 2007		18,982,107	(95,020)	5,828,478	3,674,716	28,390,281
Share buy-back	10	-	(471,888)	-	-	(471,888)
Profit for the financial year		-	-	-	1,384,977	1,384,977
Dividends	24	-	-	-	(1,873,718)	(1,873,718)
At 31 December 2008		18,982,107	(566,908)	5,828,478	3,185,975	27,429,652

The accompanying notes form an integral part of the financial statements

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**5,756,098**	6,035,293	**1,503,191**	8,006,902
Adjustments for :					
Amortisation of prepaid lease payments		**105,117**	116,618	**-**	-
Dividend income		**-**	-	**(1,350,000)**	(7,800,000)
Depreciation		**3,557,771**	2,634,224	**1,458**	-
Gain on disposal of leasehold land		**-**	(68,607)	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**1,432**	(81,126)	**-**	-
Property, plant and equipment written off		**1,991**	71,252	**-**	-
Unrealised loss on foreign exchange		**76,759**	21,291	**-**	-
Interest expense		**140,367**	68,214	**-**	-
Interest income		**(276,529)**	(387,737)	**(153,190)**	(206,902)
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES		**9,363,006**	8,409,422	**1,459**	-
Changes In Working Capital					
Inventories		**352,934**	(726,639)	**-**	-
Trade and other receivables		**(1,838,519)**	(20,623)	**(2,741,937)**	(6,469,401)
Trade and other payables		**214,802**	125,129	**(50,549)**	67,603
CASH GENERATED FROM/(USED IN) OPERATIONS		**8,092,223**	7,787,289	**(2,791,027)**	(6,401,798)
Dividends received		**-**	-	**1,298,000**	6,234,000
Interest paid		**(140,367)**	(68,214)	**-**	-
Tax paid		**(576,617)**	(1,275,687)	**(88,135)**	(131,714)
Tax refunded		**-**	325,144	**-**	-
NET CASH FROM/(USED IN) OPERATING ACTIVITIES		**7,375,239**	6,768,532	**(1,581,162)**	(299,512)
CASH FLOWS FROM INVESTING ACTIVITIES					
Prepaid lease payments		**-**	(2,596,295)	**-**	-
Interest received		**274,028**	395,968	**151,011**	211,897
Proceeds from disposal of leasehold land		**1,800,000**	90,318	**-**	-
Proceeds from disposal of property, plant and equipment		**35,747**	109,682	**-**	-
Purchase of property, plant and equipment		**(8,145,143)**	(10,406,665)	**(25,000)**	-
NET CASH (USED IN)/FROM INVESTING ACTIVITIES		**(6,035,368)**	(12,406,992)	**126,011**	211,897
FORWARD		**1,339,871**	(5,638,460)	**(1,455,151)**	(87,615)

CASH FLOW STATEMENTS

For The Financial Year Ended 31 December 2008

	Note	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
FORWARD		**1,339,871**	(5,638,460)	**(1,455,151)**	(87,615)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares pursuant to exercise of ESOS		**-**	2,901,256	**-**	2,901,256
Share issue expenses paid		**-**	(4,227)	**-**	(4,227)
Drawdown of term loan		**-**	3,000,000	**-**	-
Repayment of hire purchase payables		**(297,727)**	(156,175)	**-**	-
Repayment of term loans		**(1,035,148)**	(931,246)	**-**	-
Buy-back of shares		**(471,888)**	(95,020)	**(471,888)**	(95,020)
Dividends paid		**(1,873,718)**	(2,791,360)	**(1,873,718)**	(2,791,360)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES		**(3,678,481)**	1,923,228	**(2,345,606)**	10,649
NET (DECREASE) IN CASH AND CASH EQUIVALENTS		**(2,338,610)**	(3,715,232)	**(3,800,757)**	(76,966)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**14,231,939**	17,947,171	**7,980,769**	8,057,735
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	25	**11,893,329**	14,231,939	**4,180,012**	7,980,769

Notes :

(i) Prepaid lease payments

	Group 2008 RM	Group 2007 RM
Aggregate cost of leasehold land acquired (Note 4)	**-**	54,791
Cash paid in respect of previous year acquisition	**-**	2,541,504
Cash paid during the financial year	**-**	2,596,295

(ii) Purchase of property, plant and equipment

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Aggregate cost of property, plant and equipment acquired (Note 3)	**5,411,565**	11,194,387	**25,000**	-
Finance via hire purchase	**(1,000,000)**	(74,800)	**-**	-
Unpaid balance included under other payables (Note 15(b))	**(2,316,922)**	(6,050,500)	**-**	-
Cash paid in respect of previous year acquisitions	**6,050,500**	5,337,578	**-**	-
Cash paid during the financial year	**8,145,143**	10,406,665	**25,000**	-

The accompanying notes form an integral part of the financial statements

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 5. There have been no significant changes in the nature of these principal activities during the financial year.

The Company was incorporated in Malaysia as a public limited liability company. It is domiciled in Malaysia and is listed on the MESDAQ Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is 8 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim. Its principal place of business is located at K27, Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Muar, Johor Darul Takzim.

These financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 April 2009.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

(a) The financial statements of the Group and of the Company have been prepared in accordance with applicable Financial Reporting Standards ("FRSs") and the Companies Act, 1965 in Malaysia. At the beginning of current financial year, the Group and the Company had adopted new/revised FRSs which are mandatory for financial periods beginning on or after 1 July 2007 as disclosed fully in Note 2.3.

(b) The financial statements of the Group and of the Company have been prepared under the historical cost basis unless otherwise disclosed in the summary of significant accounting policies.

(c) The financial statements of the Group and of the Company are presented in Ringgit Malaysia ("RM"), and all values are rounded to the nearest RM, unless otherwise stated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in income statements.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(a) Subsidiaries and basis of consolidation (cont'd)

(ii) Basis of consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of acquisition over the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the Group's interests in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in income statements.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statements during the financial period in which they are incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent to initial recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(c).

The Group revalues its landed properties every 5 years or at shorter intervals whenever the fair value of the revalued assets are expected to differ materially from their carrying amount.

Surplus arising on revaluation are credited to revaluation reserve. Any deficit arising from revaluation is charged against the revaluation reserve to the extent of a previous surplus held in the revaluation reserve for the same property, plant and equipment. In all other cases, a decrease in carrying amount is charged to the income statements. Subsequent to revaluation, any addition is stated at cost whilst disposal is at cost or valuation as appropriate.

Factory building under restoration and capital work-in-progress are not depreciated until the assets are ready for their intended use.

Depreciation of other property, plant and equipment is provided for on the straight line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates :

Leasehold buildings and improvement	3.6%-3.8%
Renovation	10.0%-20.0%
Air-condition systems, electrical installation, plant, machinery, tools and equipment	3.6%-33.3%
Motor vehicles, office equipment, furniture, fittings and signboard	10.0%-25.0%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(b) Property, plant and equipment and depreciation (cont'd)

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the income statements and the unutilised portion of the revaluation surplus on that item, if any, is transferred directly to retained profits.

(c) Impairment of non-financial assets

The carrying amounts of assets except for inventories are reviewed for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying amounts of the assets with their recoverable amounts. The recoverable amount is the higher of an asset's net selling price and its value-in-use, which is measured by reference to discounted future cash flows. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash-generating unit.

An impairment loss is charged to the income statements immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statements immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statements, a reversal of that impairment loss is recognised as income in the income statements.

(d) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of a lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating lease.

(ii) Finance leases

Property, plant and equipment acquired under hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as hire purchase payables. In calculating the present value of the minimum lease payment, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(d) Leases (cont'd)

(ii) Finance leases (cont'd)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and fair value of the assets acquired, are recognised in the income statements over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The property, plant and equipment so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment and depreciation in Note 2.2(b).

(iii) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(e) Inventories

Inventories comprising raw materials, work-in-progress, finished goods and consumable tools are stated at the lower of cost and net realisable value. Cost is determined on the weighted average or first-in-first-out bases, as applicable.

The costs of raw materials and consumable tools comprise the original purchase price plus costs incurred in bringing the inventories to their present location whilst the costs of work-in-progress and finished goods include the costs of raw materials, consumable tools, direct labour and an appropriate proportion of production overheads based on normal operating capacity.

Net realisable value represents the estimated selling price in the ordinary course of business less selling and distribution costs and all other estimated costs to completion.

(f) Employee benefits

(i) Short term benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses, social security contributions ("SOCSO") and non-monetary benefits are recognised as expenses in the income statements in the financial year in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statements as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(f) Employee benefits (cont'd)

(iii) Share-based compensation

The Company's Employees' Share Option Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's eligible executive directors and employees to acquire ordinary shares of the Company. Where the Group pays for services of its employees using share options, the fair value of the transaction is recognised as an expense in the income statements over the vesting periods of the grants, with a corresponding increase in equity. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share option at the date of the grant and the number of share options to be vested by the vesting date taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. At the balance sheet date, the Group revises its estimate of the number of share options that are expected to vest by the vesting date. Any revision of this estimate is included in the income statements and a corresponding adjustment to equity over the remaining vesting period.

(g) Income tax

Tax expense comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the balance sheet date, and any adjustment to tax payables in respect of previous financial years.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax is recognised as income or an expense and included in the income statements for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity.

(h) Revenue recognition

(i) Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment are established.

(ii) Management fee income

Management fee income from subsidiaries is recognised on accrual basis upon services rendered.

(iii) Sale of goods

Revenue from sale of goods is recognised upon delivery of goods and customers' acceptances, if any.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(i) Interest income recognition

Interest income is recognised in income statements on an accrual basis using the effective interest method.

(j) Research and development expenditure

Research and development expenditure is charged to the income statements in the financial year in which it is incurred except insofar as it relates to a clearly defined project which the benefits therefrom can reasonably be regarded as assured. Expenditure so deferred is limited to the value of the future benefit and is stated at cost incurred less grants received, if any. Such deferred expenditure shall be amortised through the income statements over the period of the project, upon commencement of commercial production.

(k) Functional and foreign currencies

(i) Functional and presentation currency

The financial statements of the Group and of the Company are measured using the currency of the primary economic environment in which the entities operate ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Transactions and balances in foreign currencies

Transactions in foreign currencies during the financial year are converted into Ringgit Malaysia at rates of exchange ruling at the dates of transactions unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date unless hedged by forward foreign exchange contracts, in which case the rates specified in such forward foreign exchange contracts are used.

All gains or losses arising from the settlement of foreign currency transactions and from translating foreign monetary assets and liabilities are taken into the income statements.

(l) Contingent liability

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements, and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(m) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Financial instruments

Financial instruments are recognised in the balance sheets when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(i) Receivables

Receivables are carried at anticipated realisable value. All known bad debts are written off in the period in which they are identified. An allowance is made for doubtful debts based on estimates of possible losses which may arise from non-collection of certain receivable accounts.

(ii) Cash and cash equivalents

For the purpose of cash flow statements, cash and cash equivalents consist of cash on hand, balances and deposits with banks and short term highly liquid investments which have an insignificant risks of changes in value, net of outstanding bank overdrafts, if any.

(iii) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) Bank borrowings

Bank borrowings are recorded at the amount of proceeds received, net of transaction costs.

Borrowing costs directly incurred in financing the acquisition, construction or production of qualifying assets are capitalised, until such time that the assets are ready for their intended use. All other borrowing costs are charged to the income statements in the period they are incurred.

(v) Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction, other than in the context of a business combination, are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided. Cost of issuing equity securities in connection with a business combination is included in the cost of acquisition.

When the share capital of the Company is repurchased, the consideration paid, including any attributable transaction costs, is presented as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statements on the sale, re-issuance or cancellation of treasury shares. Consideration received is presented in the financial statements as a change in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Summary of Significant Accounting Policies (cont'd)

(n) Financial instruments (cont'd)

(vi) Derivative financial instruments

The Group uses derivative financial instruments in the form of forward foreign exchange contracts to hedge its exposure to foreign exchange arising from operating activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes.

Derivative financial instruments are not recognised in the financial statements on inception.

The underlying foreign currency assets or liabilities are translated at their respective hedged exchange rates and all exchange gains or losses are recognised as income or expense in the income statements in the same period as the exchange differences on the underlying hedged items. Exchange gains and losses arising on contracts entered into as hedges of anticipated future transactions are deferred until the date of such transaction, at which time they are included in the measurement of such transactions.

2.3 Changes in Accounting Policies and Effects Arising from Adoption of New/Revised Financial Reporting Standards ("FRSs"), Amendments to FRSs and Issues Committee ("IC") Interpretations

On 1 January 2008, the Group and the Company adopted the following FRSs, amendment to FRS, and IC Interpretations which are mandatory for financial period beginning on or after 1 July 2007 :

FRS 107	:	Cash Flow Statements
FRS 111	:	Construction Contracts
FRS 112	:	Income Taxes
FRS 118	:	Revenue
FRS 120	:	Accounting for Government Grants and Disclosures of Government Assistance
FRS 134	:	Interim Financial Reporting
FRS 137	:	Provisions, Contingent Liabilities and Contingent Assets
Amendment to FRS 121	:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

FRS 112 allows recognition of deferred tax asset in respect of unutilised reinvestment allowance. However, the Group has decided to continue with the existing method of recognising such tax benefit in the income statements when such allowance is utilised for income tax purposes. Consequently, the adoption of FRS 112 has no financial impact to the Group.

The adoption of the above FRSs, amendment to FRS and IC Interpretations does not have a significant impact on the Group and the Company.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 New Standards and IC Interpretations that are Not Yet Effective

At the date of authorisation of these financial statements, the following FRSs and IC Interpretations have been issued but not yet effective, and therefore have not been applied by the Group and the Company :

			Effective for financial periods beginning on or after
FRS 8	:	Operating Segments	1 July 2009
FRS 4	:	Insurance Contracts	1 January 2010
FRS 7	:	Financial Instruments : Disclosures	1 January 2010
FRS 139	:	Financial Instruments : Recognition and Measurement	1 January 2010
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	:	Interim Financial Reporting and Impairment	1 January 2010

The Group and the Company plans to apply the above applicable FRSs and/or IC Interpretations when effective.

The possible impact of applying FRS 7 and FRS 139 on the financial statements upon their initial application are not disclosed by virtue of the exemptions given in the respective standards.

The initial application of the above applicable FRSs and/or IC Interpretations are not expected to have any material impact on the financial statements of the Group and the Company.

2.5 Significant Accounting Estimates and Judgments

Estimates and assumptions concerning the future are made in the preparation of the financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below :

(i) Impairment of property, plant and equipment

The Group determines whether property, plant and equipment are impaired on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which property, plant and equipment are allocated. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line method over their useful lives. Management estimates the useful lives of these assets to be within 3 to 28 years.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Significant Accounting Estimates and Judgments (cont'd)

(a) Key sources of estimation uncertainty (cont'd)

(iii) Income taxes

Significant judgment is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provision in the period in which such determination is made.

(b) Critical judgments made in applying accounting policies

Management is of the opinion that the instances of application of judgment are not expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimates.

3. PROPERTY, PLANT AND EQUIPMENT

Group - At 31 December 2008

	Leasehold buildings and improvement RM	Renovation RM	Air-condition systems, electrical installation, plant, machinery, tools and equipment RM	Motor vehicles, office equipment, furniture, fittings and signboard RM	Factory building under restoration and capital work-in-progress RM	Total RM
At Cost						
At 1 January 2008	6,242,932	22,082	31,232,426	2,712,826	1,812,934	42,023,200
Additions	-	12,277	3,747,247	329,329	1,322,712	5,411,565
Disposals	-	-	(39,037)	-	-	(39,037)
Reclassifications	2,850,368	-	285,278	-	(3,135,646)	-
Write off	-	-	(171,866)	(8,600)	-	(180,466)
At 31 December 2008	9,093,300	34,359	35,054,048	3,033,555	-	47,215,262
Less : Accumulated Depreciation						
At 1 January 2008	93,458	1,103	16,605,105	1,333,263	-	18,032,929
Charge for the financial year	233,260	5,798	2,952,386	366,327	-	3,557,771
Disposals	-	-	(1,858)	-	-	(1,858)
Write off	-	-	(169,876)	(8,599)	-	(178,475)
At 31 December 2008	326,718	6,901	19,385,757	1,690,991	-	21,410,367
Carrying Amount						
At 31 December 2008	8,766,582	27,458	15,668,291	1,342,564	-	25,804,895

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group - At 31 December 2007

	Leasehold buildings and improvement RM	Factory buildings, renovation, fixtures and fittings RM	Air-condition systems, electrical installation, plant, machinery, tools and equipment RM	Motor vehicles, office equipment, furniture and fittings RM	Factory building under restoration and capital work-in-progress RM	Total RM
At Cost						
At 1 January 2007	-	1,383,713	24,365,340	2,724,907	4,294,585	32,768,545
Additions	-	22,082	6,962,996	339,625	3,869,684	11,194,387
Disposals	-	(1,360,478)	-	-	-	(1,360,478)
Reclassifications	6,242,932	-	-	-	(6,242,932)	-
Transfer to prepaid lease payments (Note 4)	-	-	-	-	(108,403)	(108,403)
Write off	-	(23,235)	(95,910)	(351,706)	-	(470,851)
At 31 December 2007	6,242,932	22,082	31,232,426	2,712,826	1,812,934	42,023,200
Less : Accumulated Depreciation						
At 1 January 2007	-	325,300	14,500,579	1,322,409	-	16,148,288
Charge for the financial year	93,458	44,015	2,152,837	343,914	-	2,634,224
Disposals	-	(349,984)	-	-	-	(349,984)
Write off	-	(18,228)	(48,311)	(333,060)	-	(399,599)
At 31 December 2007	93,458	1,103	16,605,105	1,333,263	-	18,032,929
Carrying Amount						
At 31 December 2007	6,149,474	20,979	14,627,321	1,379,563	1,812,934	23,990,271

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company - At 31 December 2008

	Signboard RM
At Cost	
At 1 January 2008	-
Additions	25,000
At 31 December 2008	25,000
Less : Accumulated Depreciation	
At 1 January 2008	-
Charge for the financial year	1,458
At 31 December 2008	1,458
Carrying Amount	
At 31 December 2008	23,542

(a) Motor vehicles and certain plant and machinery of the Group with carrying amount of RM 618,096 and RM 988,164 (2007 : RM 760,464 and RM Nil) respectively are acquired under hire purchase instalment plans (Note 12).

(b) In 2007, certain plant and machinery of the Group with carrying amount of RM 67,115 were pledged against term loan facility granted to a subsidiary (Note 13).

(c) Leasehold buildings and improvement and capital work-in-progress of the Group with carrying amount of RM 8,766,582 and RM Nil (2007 : RM 6,149,474 and RM 1,812,934) respectively are pledged against banking facilities granted to certain subsidiaries (Note 13).

(d) There is no property, plant and equipment in the Company throughout the previous financial year.

4. PREPAID LEASE PAYMENTS

	Group	
	2008 RM	**2007 RM**
At 1 January	**2,881,970**	3,665,693
Addition	**-**	54,791
Transfer from property, plant and equipment (Note 3)	**-**	108,403
	2,881,970	3,828,887
Amortisation for the financial year	**(105,117)**	(116,618)
Disposals	**-**	(830,299)
At 31 December	**2,776,853**	2,881,970
Analysed as :		
Leasehold land	**2,776,853**	2,881,970

The leasehold land is pledged against banking facilities granted to certain subsidiaries (Note 13).

5. INVESTMENT IN SUBSIDIARIES

	Company 2008 RM	Company 2007 RM
Unquoted shares - at cost	**12,055,463**	12,055,463

The principal activities of the subsidiaries, all of which are incorporated in Malaysia, and the equity interest held by the Company are shown below :

Name of Company	Principal Activities	Equity Interest 2008	Equity Interest 2007
Edaran Precision Industries Sdn. Bhd.	Design and manufacture of high precision moulds, tools and dies.	100%	100%
Golden City Plastic Sdn. Bhd.	Precision engineering plastic injection moulding and sub-assembly.	100%	100%
All Metro Technology Sdn. Bhd.	Ceased operations.	100%	100%
Falcon Furniture Industry Sdn. Bhd.	Ceased operations.	100%	100%
Venture Plastic Industries Sdn. Bhd.	Ceased operations.	100%	100%

6. INVENTORIES

	Group 2008 RM	Group 2007 RM
At Cost		
Raw materials	**858,471**	586,369
Work-in-progress	**365,499**	916,159
Finished goods	**2,122,061**	2,300,976
Consumable tools	**568,449**	463,910
	3,914,480	4,267,414

7. TRADE AND OTHER RECEIVABLES

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
Trade Receivables				
Amounts due from subsidiaries	**-**	-	**1,293,024**	991,937
Other trade receivables	**7,612,572**	5,837,775	**-**	-
	7,612,572	5,837,775	**1,293,024**	991,937
Other Receivables				
Amounts due from subsidiaries	**-**	-	**9,989,459**	7,539,459
Deposits	**99,127**	25,545	**-**	-
Prepaid expenses	**76,096**	64,411	**17,100**	26,250
Tax paid in advance	**530,689**	541,194	**18,800**	-
Sundry receivables	**110,614**	1,928,803	**4,593**	2,414
	816,526	2,559,953	**10,029,952**	7,568,123
	8,429,098	8,397,728	**11,322,976**	8,560,060

(a) The Group's normal trade credit terms range from 30 days to 90 days (2007 : 30 days to 90 days) from the date of invoices. Other credit terms are assessed and approved on a case-by-case basis.

(b) The non-trade amounts due from subsidiaries are unsecured, interest free and are repayable on demand.

(c) Trade receivables denominated in currencies other than the functional currency are as follows :

	Group 2008 RM	Group 2007 RM
Euro	**460,990**	198,730
Great Britain Pound	**33,550**	-
United States Dollar	**1,266,731**	1,050,922

(d) Other receivables denominated in currencies other than the functional currency are as follows :

	Group 2008 RM	Group 2007 RM
Singapore Dollar	**63,027**	-

8. DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bank and cash balances	**2,118,904**	4,367,025	**56,163**	1,460,856
Deposits placed with licensed banks	**9,774,425**	9,864,914	**4,123,849**	6,519,913
	11,893,329	14,231,939	**4,180,012**	7,980,769

(a) The weighted average effective interest rates for deposits placed with licensed banks of the Group and of the Company at the end of financial year are 3.0% (2007 : 3.3%) and 3.2% (2007 : 3.3%) per annum respectively.

(b) The maturity periods for deposits placed with licensed banks of the Group and of the Company at the end of financial year are 7 days to 120 days (2007 : 30 days) and 30 days to 120 days (2007 : 30 days) respectively.

9. SHARE CAPITAL

	Group And Company	
	2008 RM	2007 RM
Authorised :		
Ordinary shares of RM 0.10 each	**25,000,000**	25,000,000
Issued and fully paid :		
Ordinary shares of RM 0.10 each		
At 1 January	**18,982,107**	17,629,947
Issued during the financial year		
- ESOS	**-**	1,352,160
At 31 December	**18,982,107**	18,982,107

The holders of ordinary shares are entitled to receive dividends as declared by the Company and are entitled to one (1) vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets. In respect of the Company's treasury shares, all rights are suspended until those shares are reissued.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

At an Extraordinary General Meeting held on 27 May 2008, the shareholders of the Company approved the extension of the duration of the ESOS for an extended period of five (5) years from 25 July 2008 to 24 July 2013.

The salient features of the ESOS are as follows :

(i) The eligible executive directors and employees must be at least eighteen (18) years of age, confirmed and employed full time and are on the payroll of the Group.

(ii) The maximum number of shares which may be subscribed on the exercise of options under the ESOS shall not be more than thirty per centum (30%) of the total issued and paid-up share capital of the Company at any point in time during the existence of ESOS.

9. SHARE CAPITAL (CONT'D)

EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (cont'd)

(iii) The option price for each share shall be at a discount of not more than ten per centum (10%) if deemed appropriate on the weighted average market price of the shares of the Company as quoted and shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) market days immediately preceding the date of the offer, or the par value of the ordinary share, whichever is higher.

(iv) The options shall be personal to the grantee and cannot be assigned, transferred or otherwise disposed of in any manner whatsoever.

(v) Options exercisable in a particular year but not exercised can be carried forward to the subsequent years subject to the time limit of the ESOS.

(vi) The options granted to eligible executive directors and employees will cease when they are no longer in employment of the Group.

At 31 December 2008, the options offered and accepted under ESOS to take up unissued ordinary shares and the option price are as follows :

		Number Of Options Over Ordinary Shares Of RM 0.10 Each				
Date Of Offer	**Option Price**	**Balance At 01.01.2008**	**Offered And Accepted**	**Exercised**	**Ceased**	**Balance At 31.12.2008**
28 Jul 2003	RM 0.22	13,627,300	-	-	(143,500)	13,483,800
13 Aug 2004	RM 0.37	7,307,300	-	-	(434,000)	6,873,300
1 Sep 2005	RM 0.21	6,070,900	-	-	(355,500)	5,715,400
		27,005,500	**-**	**-**	**(933,000)**	**26,072,500**

Number of share options vested :

	Group And Company	
	2008 Units	**2007 Units**
At 1 January	**27,005,500**	41,372,600
At 31 December	**26,072,500**	27,005,500

10. TREASURY SHARES

On 27 May 2008, the shareholders of the Company renewed their approval for the Company to buy-back its own shares.

During the financial year, the Company bought back from the open market, 2,041,100 (2007 : 408,200) of its issued ordinary shares of RM 0.10 each at an average buy-back price of RM 0.23 (2007 : RM 0.23) per ordinary share. The total consideration paid including transaction costs was RM 471,888 (2007 : RM 95,020). The repurchase transactions were financed by internally generated funds.

At 31 December 2008, a total of 2,449,300 (2007 : 408,200) repurchased shares are being held as treasury shares. The number of outstanding shares of RM 0.10 each in issue after the setoff is 187,371,772 (2007 : 189,412,872).

None of the treasury shares held were resold or cancelled during the financial year. Treasury shares have no rights to voting, dividends or participation in other distribution.

11. RESERVES

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Non-Distributable				
Share premium	**5,828,478**	5,828,478	**5,828,478**	5,828,478
Distributable				
Retained profits	**17,307,702**	13,940,950	**3,185,975**	3,674,716
	23,136,180	19,769,428	**9,014,453**	9,503,194

(a) Share Premium

Share premium represents the resultant premium arising from the issuance of new shares.

(b) Retained Profits

Retained profits are those available for distribution by way of dividends.

Finance Act 2007 (Act 683) introduced a single-tier company income tax system with effect from the Year of Assessment 2008. As such, the Section 108 balance at 31 December 2007 will be available to the Company until such time the balance is fully utilised or upon expiry on 31 December 2013, whichever is earlier unless it opts to disregard the Section 108 balance to pay single-tier dividends.

The Company did not elect for the irrevocable option to disregard the available Section 108 balance. Subject to the agreement of the Inland Revenue Board, at 31 December 2008 and 2007, the Company has sufficient Section 108 balance under Finance Act 2007 (Act 683), and the balance in tax exempt income account to frank the payment of dividends out of its entire retained profits without incurring additional tax liability.

12. HIRE PURCHASE PAYABLES

	Group 2008 RM	Group 2007 RM
Minimum hire purchase payments :		
Not later than one year	**592,550**	197,856
Later than one year and not later than two years	**551,545**	197,856
Later than two years and not later than five years	**235,782**	240,827
	1,379,877	636,539
Less : Unexpired term charges	**(88,092)**	(47,027)
	1,291,785	589,512
Principal amount outstanding :		
Current		
Not later than one year	**536,181**	173,990
Non-current		
Later than one year and not later than two years	**523,836**	182,541
Later than two years and not later than five years	**231,768**	232,981
	755,604	415,522
	1,291,785	589,512

(a) The hire purchase payable of the Group amounting to RM 876,262 (2007 : RM Nil) is secured by corporate guarantee by the Company.

(b) The hire purchase payables bear interests ranging from 4.3% to 6.3% (2007 : 4.3% to 6.3%) per annum.

13. TERM LOANS

	Group 2008 RM	Group 2007 RM
Current		
Not later than one year	**1,066,351**	1,034,447
Non-current		
Later than one year and not later than two years	**68,152**	1,065,281
Later than two years and not later than five years	**-**	69,923
	68,152	1,135,204
	1,134,503	2,169,651

13. TERM LOANS (CONT'D)

(a) The term loans are secured by the following :

(i) Leasehold land, leasehold buildings and improvement, and capital work-in-progress of the Group (Notes 3 and 4).

(ii) Certain plant and machinery of the Group with carrying amount of RM 67,115 for financial year 2007 (Note 3(b)).

(iii) Corporate guarantee by the Company.

(b) The term loans of the Group bear interests ranging from 6.4% to 6.8% (2007 : 6.4% to 6.8%) per annum.

(c) The term loans are denominated in Ringgit Malaysia.

14. DEFERRED TAX LIABILITIES

	Group	
	2008 RM	**2007 RM**
(a) Movements of deferred tax liabilities		
At 1 January	**1,485,922**	1,057,704
Adjustment due to change in tax rates	**(58,000)**	(38,000)
Deferred tax expense relating to the origination of temporary differences (Note 22(a))	**87,466**	540,218
Overprovision of deferred tax expense in previous financial year	**(89,000)**	(74,000)
At 31 December	**1,426,388**	1,485,922
(b) Component of deferred tax liabilities		
Excess of capital allowances over corresponding book depreciation	**1,426,388**	1,485,922

Subject to the agreement of the Inland Revenue Board, the Group has unutilised reinvestment allowance of approximately RM 1,807,000 (2007 : RM 3,560,000) to offset against future taxable profits.

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Trade Payables	**1,936,733**	1,366,169	**-**	-
Other Payables				
Accrued expenses	**2,461,681**	2,462,863	**143,790**	133,000
Sundry payables	**3,016,186**	7,027,585	**8,551**	69,890
	5,477,867	9,490,448	**152,341**	202,890
	7,414,600	10,856,617	**152,341**	202,890

15. TRADE AND OTHER PAYABLES (CONT'D)

(a) The normal trade credit terms granted to the Group range from 30 days to 60 days (2007 : 30 days to 60 days) from the date of invoices.

(b) Included in other payables of the Group are advance payments from customers amounting to RM 365,848 (2007 : RM 520,411) and an amount of RM 2,316,922 (2007 : RM 6,050,500) payable for the purchase of property, plant and equipment (Note 3).

(c) Trade payables denominated in currencies other than the functional currency are as follows :

	Group	
	2008	**2007**
	RM	**RM**
Japanese Yen	**5,531**	5,561
Singapore Dollar	**32,705**	16,430
United States Dollar	**1,289,465**	545,261

(d) Other payables denominated in currencies other than the functional currency are as follows :

	Group	
	2008	**2007**
	RM	**RM**
Euro	-	459,871
Japanese Yen	**432,680**	138,616
Singapore Dollar	**1,881**	198,396
United States Dollar	**14,594**	539

16. REVENUE

Revenue of the Group and of the Company comprises the following :

	Group		Company	
	2008	**2007**	**2008**	**2007**
	RM	**RM**	**RM**	**RM**
Dividend income	**-**	-	**1,350,000**	7,800,000
Management fee income	**-**	-	**301,086**	281,261
Invoiced sales value net of discounts and returns :				
High precision moulds, tools and dies	**18,831,959**	16,172,371	**-**	-
Plastic components	**13,796,401**	12,172,097	**-**	-
	32,628,360	28,344,468	**1,651,086**	8,081,261

17. INTEREST INCOME

This represents interest income derived from deposits placed with licensed banks.

18. FINANCE COSTS

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
Interest On :				
Hire purchase	**51,933**	29,306	**-**	-
Term loans	**88,434**	38,908	**-**	-
	140,367	68,214	**-**	-
Bank charges	**29,404**	32,339	**3,382**	1,568
	169,771	100,553	**3,382**	1,568

19. PROFIT BEFORE TAX

	Group		Company	
	2008 RM	**2007 RM**	**2008 RM**	**2007 RM**
This is arrived at after charging :				
Staff costs (Note 21)	**9,427,833**	9,081,298	**5,000**	5,000
Amortisation of prepaid lease payments (Note 4)	**105,117**	116,618	**-**	-
Auditors' remuneration :				
- statutory audit	**25,500**	25,500	**7,500**	7,500
- other services	**650**	1,250	**650**	650
Depreciation (Note 3)	**3,557,771**	2,634,224	**1,458**	-
Factory rental	**-**	28,000	**-**	-
Hostel rental	**41,760**	32,860	**-**	-
Loss on disposal of property, plant and equipment	**1,432**	-	**-**	-
Property, plant and equipment written off	**1,991**	71,252	**-**	-
Realised loss on foreign exchange	**-**	10,029	**-**	-
Unrealised loss on foreign exchange	**76,759**	21,291	**-**	-
And crediting :				
Bad debt recovered	**-**	(7,115)	**-**	-
Gain on disposal of leasehold land	**-**	(68,607)	**-**	-
Gain on disposal of property, plant and equipment	**-**	(81,126)	**-**	-
Realised gain on foreign exchange	**(25,813)**	-	**-**	-

20. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Directors of the Company				
Executive Directors :				
Allowances	**5,000**	5,000	**5,000**	5,000
Bonuses	**302,000**	235,000	**-**	-
EPF	**101,040**	96,000	**-**	-
Salaries	**540,000**	450,000	**-**	-
SOCSO	**1,240**	1,240	**-**	-
	949,280	787,240	**5,000**	5,000
Estimated monetary value of benefits-in-kind	**42,550**	42,550	**-**	-
	991,830	829,790	**5,000**	5,000
Non-executive Directors :				
Allowances	**10,250**	10,250	**10,250**	10,250
Fee	**135,300**	123,000	**135,300**	123,000
	145,550	133,250	**145,550**	133,250
Total Directors' Remuneration	**1,137,380**	963,040	**150,550**	138,250
Analysis excluding benefits-in-kind :				
Total executive directors' remuneration	**949,280**	787,240	**5,000**	5,000
Total non-executive directors' remuneration	**145,550**	133,250	**145,550**	133,250
Total directors' remuneration excluding benefits-in-kind	**1,094,830**	920,490	**150,550**	138,250

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below :

	Number Of Directors	
	2008	2007
Executive Directors :		
RM 400,001 - RM 450,000	**-**	2
RM 450,001 - RM 500,000	**2**	-
Non-executive Directors :		
RM 1 - RM 50,000	**1**	2
RM 50,001 - RM 100,000	**2**	1

20. DIRECTORS' REMUNERATION (CONT'D)

Executive Directors of the Company have been granted the following number of share options under the ESOS :

	Company	
	2008 Units	2007 Units
At 1 January	**10,175,600**	13,175,200
Offered and accepted	**-**	-
Exercised	**-**	(2,999,600)
Lapsed	**-**	-
At 31 December	**10,175,600**	10,175,600

The share options were granted on the same terms and conditions as those offered to other eligible employees of the Group.

21. EMPLOYEE INFORMATION (including executive directors)

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive Directors' Remuneration (excluding benefits-in-kind) (Note 20)	**949,280**	787,240	**5,000**	5,000
Other Staff Costs				
Salaries and other emoluments	**7,338,380**	7,159,970	**-**	-
EPF	**572,933**	499,094	**-**	-
SOCSO	**66,343**	63,674	**-**	-
Other staff related expenses	**500,897**	571,320	**-**	-
	8,478,553	8,294,058	**-**	-
Total Staff Costs	**9,427,833**	9,081,298	**5,000**	5,000

22. TAX EXPENSE

	Group 2008 RM	Group 2007 RM	Company 2008 RM	Company 2007 RM
(a) Components of tax expense				
Current tax expense	**551,208**	388,377	**121,200**	1,654,000
Adjustment due to change in tax rates	**(58,000)**	(38,000)	**-**	-
Deferred tax expense relating to the origination of temporary differences (Note 14)	**87,466**	540,218	**-**	-
Under/(Over)provision in previous financial years :				
- current tax expense	**23,954**	2,473	**(2,986)**	10,364
- deferred tax expense	**(89,000)**	(74,000)	**-**	-
	515,628	819,068	**118,214**	1,664,364
(b) Reconciliation of income tax expense				
Profit before tax	**5,756,098**	6,035,293	**1,503,191**	8,006,902
Tax at Malaysian statutory income tax rate of 26% (2007 : 27%)	**1,497,000**	1,630,000	**391,000**	2,162,000
Effect of lower tax rate of 20% on the first chargeable income of RM 500,000	**(64,300)**	(88,500)	**-**	-
Adjustment due to change in tax rates	**(58,000)**	(38,000)	**-**	-
Reversal of deferred tax recognised in prior years	**-**	(129,000)	**-**	-
Tax effect of non-taxable income	**-**	-	**(299,000)**	(540,000)
Tax effect of non-deductible expenses	**139,000**	124,000	**29,200**	32,000
Tax saving from reinvestment allowance	**(923,000)**	(602,000)	**-**	-
Under/(Over)provision in previous financial years :				
- current tax expense	**23,954**	2,473	**(2,986)**	10,364
- deferred tax expense	**(89,000)**	(74,000)	**-**	-
Others	**(10,026)**	(5,905)	**-**	-
	515,628	819,068	**118,214**	1,664,364

The statutory tax rates are 26% for year of assessment 2008 and 25% for the subsequent years of assessment. Consequently, deferred tax are measured using these rates.

Certain subsidiaries of the Company qualify for the lower statutory tax rate of 20% on the first chargeable income of RM 500,000 (2007 : RM 500,000) during the financial year.

23. EARNINGS PER ORDINARY SHARE

(a) BASIC EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	Group	
	2008	**2007**
	RM	**RM**
Profit for the financial year	**5,240,470**	5,216,225

	2008	**2007**
	Units	**Units**
Number of ordinary shares in issue at the beginning of financial year	**189,821,072**	176,299,472
Effect of ordinary shares issued during the financial year	**-**	8,611,431
Effect of shares bought back and held as treasury shares	**(2,345,360)**	(10,854)
Weighted average number of ordinary shares in issue	**187,475,712**	184,900,049
Basic earnings per ordinary share (sen)	**2.80**	2.82

(b) DILUTED EARNINGS PER ORDINARY SHARE

For the calculation of diluted earnings per ordinary share, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effect of all potential ordinary shares, i.e. share options granted to eligible executive directors and employees pursuant to the ESOS.

	Group	
	2008	**2007**
	RM	**RM**
Profit for the financial year	**5,240,470**	5,216,225

	2008	**2007**
	Units	**Units**
Weighted average number of ordinary shares in issue	**- ***	184,900,049
Effect of ESOS	**- ***	5,291,946
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	**- ***	190,191,995
Diluted earnings per ordinary share (sen)	**- ***	2.74

* There is no dilution in the earnings per share of the Company during the financial year as the market price of the Company's ordinary shares as at balance sheet date is lower than the exercise price.

24. DIVIDENDS

	Group And Company 2008 RM	2007 RM
In respect of financial year ended 31 December 2006		
Final tax-exempt dividend of 10% equivalent to 1 sen per share on 184,225,472 ordinary shares of RM 0.10 each	**-**	1,842,255
In respect of financial year ended 31 December 2007		
First interim tax-exempt dividend of 5% equivalent to 0.5 sen per share on 189,821,072 ordinary shares of RM 0.10 each	**-**	949,105
Final tax-exempt dividend of 10% equivalent to 1 sen per share on 187,371,772 ordinary shares of RM 0.10 each	**1,873,718**	-
	1,873,718	2,791,360

Pending the declaration of dividends by certain subsidiaries totalling RM 900,000, the Board of Directors proposes a final tax-exempt dividend of 5% equivalent to 0.5 sen per share in respect of the financial year ended 31 December 2008. This dividend is subject to the approval of shareholders at the forthcoming Annual General Meeting of the Company and has not been included as a liability in the financial statements. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2009.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statements comprise the following amounts :

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Bank and cash balances	**2,118,904**	4,367,025	**56,163**	1,460,856
Deposits placed with licensed banks	**9,774,425**	9,864,914	**4,123,849**	6,519,913
	11,893,329	14,231,939	**4,180,012**	7,980,769

26. SIGNIFICANT RELATED PARTY DISCLOSURES

(a) For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. The related parties of the Group and the Company are :

(i) Subsidiaries

Details of the subsidiaries are disclosed in Note 5.

(ii) Key Management Personnel

Key management personnel includes the Group's and the Company's Executive and Non-executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. Executive and Non-executive Directors' compensation are disclosed in Note 20.

(b) The significant related party transactions of the Company, other than key management personnel compensation, are as follows :

	Company	
	2008	**2007**
	RM	**RM**
Dividend income from subsidiaries	**(1,350,000)**	(7,800,000)
Management fee income from subsidiaries	**(301,086)**	(281,261)

(c) Information on outstanding balances arising from related party transactions at 31 December 2008 is disclosed in Note 7.

27. CAPITAL COMMITMENTS

At 31 December, the Group has the following capital commitments in respect of property, plant and equipment :

	Group	
	2008	**2007**
	RM	**RM**
Contracted but not provided for	**633,000**	2,355,000

28. CONTINGENT LIABILITY

At 31 December 2008, the banking facilities of certain subsidiaries amounting to RM 6,193,000 (2007 : RM 7,513,000) are guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the credit facilities utilised by the said subsidiaries amounting to approximately RM 2,267,000 (2007 : RM 2,648,000) at the end of financial year.

It is not practicable to estimate the fair value of contingent liability reliably due to the uncertainties of timing, costs and eventual outcome.

29. SEGMENTAL ANALYSIS

The Group adopts business segment analysis as its primary reporting format and no geographical segment is prepared as the Group operates principally in Malaysia.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate assets, liabilities and expenses.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Inter-segment sales are determined based on current market prices.

The main business segments of the Group comprise the following :

Precision engineering	-	Design and manufacture of high precision moulds, tools and dies.
Plastic injection	-	Precision engineering plastic injection moulding and sub-assembly.
Property investment holding	-	Property investment holding (ceased their business operations since August 2007).

The accounting policies of the segments are same as those disclosed in Note 2.2.

Carrying amount of segment assets and cost to acquire property, plant and equipment by location of assets are not disclosed as all the assets are located in Malaysia.

29. SEGMENTAL ANALYSIS (CONT'D)

(a) Business Segments

(i) At 31 December 2008

	Precision Engineering RM	Plastic Injection RM	Eliminations RM	Consolidated RM
Revenue				
- External customers	18,831,959	13,796,401	-	32,628,360
- Inter-segment	1,130,223	-	(1,130,223)	-
Total revenue	19,962,182	13,796,401	(1,130,223)	32,628,360
Segment results	5,105,047	627,098	221,593	5,953,738
Unallocated corporate expenses				(304,398)
Interest income				276,529
Finance costs				(169,771)
Profit before tax				5,756,098
Tax expense				(515,628)
Profit for the financial year				5,240,470
Segment assets	33,289,242	15,533,031	(2,663,236)	46,159,037
Unallocated corporate assets				6,659,618
Consolidated total assets				52,818,655
Segment liabilities	15,936,153	11,038,659	(15,861,980)	11,112,832
Unallocated corporate liabilities				154,444
Consolidated total liabilities				11,267,276
Other information				
Capital expenditure	2,960,142	2,426,423	25,000	5,411,565
Depreciation and amortisation	2,405,842	1,239,987	17,059	3,662,888
Non-cash expenses (other than amortisation and depreciation)	1,974	17	-	1,991

29. SEGMENTAL ANALYSIS (CONT'D)

(a) Business Segments (cont'd)

(ii) At 31 December 2007

	Precision Engineering RM	Plastic Injection RM	Property Investment Holding RM	Eliminations RM	Consolidated RM
Revenue					
- External customers	16,172,371	12,172,097	-	-	28,344,468
- Inter-segment	676,202	-	144,000	(820,202)	-
Total revenue	16,848,573	12,172,097	144,000	(820,202)	28,344,468
Segment results	3,785,162	1,814,687	(57,303)	487,344	6,029,890
Unallocated corporate expenses					(281,781)
Interest income					387,737
Finance costs					(100,553)
Profit before tax					6,035,293
Tax expense					(819,068)
Profit for the financial year					5,216,225
Segment assets	32,336,731	14,001,798	1,856,534	(4,062,859)	44,132,204
Unallocated corporate assets					9,637,118
Consolidated total assets					53,769,322
Segment liabilities	18,390,522	9,968,057	1,120,019	(14,572,475)	14,906,123
Unallocated corporate liabilities					206,684
Consolidated total liabilities					15,112,807
Other information					
Capital expenditure	8,134,281	5,955,384	-	(2,895,278)	11,194,387
Depreciation and amortisation	1,924,793	756,306	-	69,743	2,750,842
Non-cash expenses (other than amortisation and depreciation)	36,221	33,154	-	1,877	71,252

29. SEGMENTAL ANALYSIS (CONT'D)

(b) Geographical Segments

The Group operates principally in Malaysia, therefore information analysing geographical segment is not presented. However, the analysis of revenue based on geographical markets is shown as follows :

	Total Revenue From External Customers	
	2008	**2007**
	RM	**RM**
Germany	**378,824**	364,258
Malaysia	**22,945,467**	22,379,313
United States of America	**7,213,399**	4,600,406
Other countries	**2,090,670**	1,000,491
	32,628,360	28,344,468

30. SUBSEQUENT EVENT

Subsequent to the end of the financial year, the Company's wholly-owned subsidiary, Golden City Plastic Sdn. Bhd., has obtained a hire purchase facility amounting to RM 994,000 which was guaranteed by the Company. Accordingly, the Company is contingently liable to the extent of the facility utilised by its subsidiary.

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Policies

The Group's financial risk management policies seek to ensure that adequate financial resources are available for the development of the Group's business whilst managing its risks. The Group operates within clearly defined guidelines and the Group's policies are not to engage in speculative transactions.

The main areas of financial risks faced by the Group and the policies in respect of the major areas of treasury activities are set out as follows :

(i) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts obtained from the financial institutions in Malaysia. It has no substantial long term interest-bearing assets at 31 December 2008. The investment in financial assets i.e. deposits placed with licensed banks are short term in nature and are not held for speculative purposes. The Group does not hedge interest rate risk but ensures that it obtains borrowings at competitive interest rates under the most favourable terms and conditions.

(ii) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group's management reporting procedures.

As at balance sheet date, the Group has a significant concentration of credit risk in the form of trade debts due from two (2007 : four) customers representing approximately 73% (2007 : 81%) of the total trade receivables.

31. FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Risk Management Policies (cont'd)

(iii) Foreign Currency Risk

The Group's operations are exposed to fluctuations in foreign currencies, mainly Euro, Great Britain Pound, Japanese Yen, Singapore Dollar and United States Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable sales and purchases give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currency other than functional currency of the operating entities are kept to an acceptable level. Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts.

There was no outstanding forward foreign exchange contract at 31 December 2008 and 2007.

(iv) Liquidity Risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investment to meet its working capital requirements. As far as possible, the Group raises committed funding from licensed financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

(b) Fair Values

The methodologies used in arriving at the fair values of the principal financial assets and liabilities of the Group are as follows :

(i) The fair values of cash and cash equivalents, trade and other receivables, trade and other payables are considered to approximate their carrying amounts as they are either payable on demand or within the normal credit terms or they have short maturity.

(ii) The fair values of hire purchase payables and term loans approximate their carrying amounts as the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be required for settlement.

The fair values of financial assets and liabilities approximate their carrying amounts at 31 December 2008.

LIST OF PROPERTIES

As At 31 December 2008

Location	Description	Area (sq.m.)	Existing Use	Tenure / Age of Building	Carrying Amount at 31.12.2008 RM'000	Date of Acquisition
Lot PTK No. 4, HS(D) 4091 Mukim of Kesang, District of Ledang, State of Johor	Industrial land erected with factory cum office buildings and ancillary structures.	24,281	Factory / Office	Leasehold for 60 years expiring on 31.05.2035 / 15 years	11,543	11.10.2006
Bearing postal address: K27, Jalan Perindustrian, Kawasan Perindustrian Tanjung Agas, 84000 Muar, Johor Darul Takzim						

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2009

Authorised Share Capital	RM25,000,000.00
Issued and Fully Paid Up Share Capital	RM18,982,107.20
Class of Shares	Ordinary shares of RM0.10 each
Voting Right	One vote per ordinary share
Number of Shareholders	2,116

DISTRIBUTION OF SHAREHOLDINGS

	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100 shares	17	0.80	870	-
100 to 1,000 shares	56	2.65	34,460	0.02
1,001 to 10,000 shares	1,004	47.45	6,121,310	3.23
10,001 to 100,000 shares	855	40.41	30,219,620	15.92
100,001 to less than 5% of issued shares	181	8.55	115,912,436	61.06
5% and above of shares	3	0.14	37,532,376	19.77
TOTAL	**2,116**	**100.00**	**189,821,072**	**100.00**

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2009 (AS SHOWN IN THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	% *
1.	Low Chee Thean	13,416,825	7.16
2.	Low Chee Thean	12,115,551	6.47
3.	YBhg. Dato' (Dr) Pahamin Bin Ab Rajab	12,000,000	6.40
4.	Ng Boon Keong	8,962,022	4.78
5.	Ng En Kee	7,329,800	3.91
6.	Liew Swee Song	7,168,540	3.83
7.	Koh Soo Guan	6,901,920	3.68
8.	Tee Yong Ngo	6,404,640	3.42
9.	Ng Boon Keong	3,847,434	2.05
10.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Chia Kee Siong (CEB)	3,746,700	2.00
11.	Mayban Nominees (Tempatan) Sdn Bhd - Pledged securities account for Gan Tee Jin	2,300,900	1.23
12.	PRB Nominees (Tempatan) Sdn Bhd - Rubber Industry Smallholders Development Authority	2,257,900	1.21
13.	Kok Wee Lee	2,189,000	1.17
14.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tee Yong Ngo	2,020,000	1.08
15.	Goh Thong Beng	2,008,200	1.07
16.	AMSEC Nominees (Tempatan) Sdn Bhd - PT Amcapital Indonesia for Soh Kwee Chin	2,000,000	1.07
17.	Chua Chong Chey	1,745,000	0.93
18.	Chia Kuo Wui	1,540,680	0.82
19.	Kenanga Nominees (Tempatan) Sdn Bhd - Pledged securities account for Koh Soo Guan	1,500,000	0.80
20.	Gan Bee Lee	1,215,000	0.65

ANALYSIS OF SHAREHOLDINGS

As At 31 March 2009

LIST OF TOP THIRTY (30) LARGEST SHAREHOLDERS AS AT 31 MARCH 2009 (CONT'D)
(AS SHOWN IN THE RECORD OF DEPOSITORS)

No.	Name of Shareholders	No. of Shares Held	% *
21.	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Wong Kai Fatt (CEB)	1,200,000	0.64
22.	Ruben Kelvin Rajadurai	1,200,000	0.64
23.	Devan Linus Rajadurai	1,185,800	0.63
24.	Kok See Tong @ Kok Soo Tong	1,136,900	0.61
25.	Hii Yu Guan	1,000,000	0.53
26.	Chew Chen Hin	988,000	0.53
27.	Lee Choy	985,100	0.53
28.	Permodalan Sarawak Berhad	880,000	0.47
29.	Ng Siew Ling	859,100	0.46
30.	Chan Chee Hong	853,000	0.46

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2009
(AS SHOWN IN THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Shares Held			
Name	Direct	% *	Indirect	% *
YBhg. Dato' (Dr) Pahamin Bin Ab Rajab	12,000,000	6.40	-	-
Low Chee Thean	25,532,376	13.63	-	-
Ng Boon Keong	12,809,456	6.84	-	-

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2009
(AS SHOWN IN THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Shares Held			
Name	Direct	% *	Indirect	% *
YBhg. Dato' (Dr) Pahamin Bin Ab Rajab	12,000,000	6.40	-	-
Low Chee Thean	25,532,376	13.63	-	-
Ng Boon Keong	12,809,456	6.84	-	-
Kek Chin Wu	839,600	0.45	30,000 (1)	0.02
Lok Choon Hong	-	-	-	-
Dennis Tan Tze Wen	-	-	-	-

Notes:

* Excluding a total of 2,449,300 shares purchased and retained as treasury shares.
(1) Deemed interested by virtue of his wife, Chan Ping Ping's shareholding in the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh Annual General Meeting of the Company will be held at 9th Floor, Classic Ballroom, Classic Hotel, 69 Jalan Ali, 84000 Muar, Johor Darul Takzim on Thursday, 21 May 2009 at 11.00 a.m. for the transaction of the following businesses:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon.

   (Resolution 1)

2. To approve the payment of Directors' fees for the financial year ended 31 December 2008.

   (Resolution 2)

3. To declare a final tax exempt dividend of 5% in respect of the financial year ended 31 December 2008.

   (Resolution 3)

4. To re-elect the following Directors who retire pursuant to Article 81 of the Articles of Association and who being eligible offered themselves for re-election:

   Mr Ng Boon Keong **(Resolution 4)**

   Mr Lok Choon Hong **(Resolution 5)**

5. To re-elect Mr Dennis Tan Tze Wen who retires pursuant to Article 88 of the Articles of Association and who being eligible offered himself for re-election.

   (Resolution 6)

6. To appoint Auditors of the Company and to authorise the Directors to determine their remuneration.

   Notice of Nomination pursuant to Section 172(11) of the Companies Act, 1965 (a copy of which is annexed and marked "Appendix I" in the 2008 Annual Report) had been received by the Company for the nomination of Horwath, who have given their consent to act, for appointment as Auditors of the Company.

   (Resolution 7)

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions with or without modifications as ordinary resolutions:-

7. **Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

   "THAT subject always to the Companies Act, 1965, the Articles of Association of the Company and the approvals of Bursa Malaysia Securities Berhad and other relevant governmental and/or regulatory bodies, where such approvals are necessary, the Directors be and are hereby empowered, pursuant to Section 132D of the Companies Act, 1965, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per cent (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

   (Resolution 8)

8. **Proposed Renewal of Share Buy-back Authority**

"THAT, subject always to Section 67A of the Companies Act, 1965, the Memorandum and Articles of Association of the Company, the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the MESDAQ Market and all other applicable laws, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby given full authority, to seek shareholders' approval for the renewal of authority for the Company to allocate an amount not exceeding the total available retained profits and share premium of the Company for the purpose of and to purchase such amount of ordinary shares of RM0.10 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem fit and in the best interest of the Company provided that the aggregate number of shares to be purchased and/or held pursuant to this resolution does not exceed ten per cent (10%) of the issued and paid-up share capital of the Company at any point in time;

AND THAT, upon the purchase by the Company of its own shares, the Directors are authorised to retain such shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to distribute the treasury shares as dividends to the shareholders of the Company and/or resell the shares on Bursa Securities in accordance with the relevant rules of Bursa Securities or subsequently cancel the treasury shares or any combination thereof;

AND THAT such approval and authorisation shall only continue to be in force until:-

(i) the conclusion of the next Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
(ii) the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or
(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate."

(Resolution 9)

NOTICE OF ENTITLEMENT DATE AND DIVIDEND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the proposed final tax exempt dividend of 5% per share of RM0.10 each in respect of the financial year ended 31 December 2008, if approved, will be paid on 3 June 2009 to depositors registered in the Record of Depositors of the Company at the close of business on 22 May 2009.

A depositor shall qualify for entitlement only in respect of:

a) Shares transferred into the Depositor's Securities Account before 4:00 p.m. on 22 May 2009 in respect of ordinary transfers; or

b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Pang Kah Man
(MIA 18831)
Secretary

Muar, Johor Darul Takzim
Date : 28 April 2009

Notes:*-*

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies (Amendment) Act 2007 shall not apply to the Company.*

2. *A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*

4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time set for holding of the Meeting or at any adjournment thereof.*

   Explanation Notes to Ordinary Resolutions under Special Business:*-*

6. *The proposed Ordinary Resolution no. 8 under Special Business, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting to allot and issue shares up to an amount of not exceeding ten per cent (10%) of the issued share capital of the Company for the time being for such purposes as the Directors may deem fit and in the interest of the Company. This authority, unless revoked or varied at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company.*

7. *The proposed Ordinary Resolution no. 9 under Special Business, if passed, will give the Company the authority to purchase its own ordinary shares of up to ten per cent (10%) of the issued and paid-up share capital of the Company for the time being. This authority, unless renewed or revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or the expiration of the period within which the next Annual General Meeting after that date is required by the law to be held, whichever occurs first. For further information on the Proposed Renewal of Share Buy-back Authority, please refer to the Circular to Shareholders dated 28 April 2009 which was circulated together with the 2008 Annual Report.*

APPENDIX I

NOTICE OF NOMINATION PURSUANT TO SECTION 172(11) OF THE COMPANIES ACT, 1965

LOW CHEE THEAN
K27 Jalan Perindustrian
Kawasan Perindustrian Tanjung Agas
84000 Muar, Johor

Date: 16 April 2009

The Board of Directors
LNG RESOURCES BERHAD
K27 Jalan Perindustrian
Kawasan Perindustrian Tanjung Agas
84000 Muar, Johor

Dear Sirs,

RE: NOTICE OF NOMINATION OF MESSRS HORWATH

I, Low Chee Thean, a member of the Company, hereby give notice, pursuant to Section 172(11) of the Companies Act, 1965 of my nomination of Messrs Horwath as Auditors of the Company in place of the retiring Auditors, Messrs SC Lim, Ng & Co.

Yours truly,

LOW CHEE THEAN
Shareholder

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. Directors standing for re-election under Article 81

- Mr Ng Boon Keong
- Mr Lok Choon Hong

2. Director standing for re-election under Article 88

- Mr Dennis Tan Tze Wen

3. Details of attendance of Directors at board meetings

A total of five (5) board meetings were held during the financial year ended 31 December 2008. Details of the attendance of Directors at the board meetings are as follows:

Name of Director	Meeting Attendance
YBhg Dato (Dr) Pahamin bin Ab Rajab	5/5
Mr Low Chee Thean	5/5
Mr Ng Boon Keong	5/5
Mr Kek Chin Wu	5/5
Mr Lok Choon Hong	5/5
Mr Dennis Tan Tze Wen *(Appointed on 23 January 2009)*	-

4. The venue, date and time of the Annual General Meeting

The Seventh Annual General Meeting will be held at 9th Floor, Classic Ballroom, Classic Hotel, 69 Jalan Ali, 84000 Muar, Johor Darul Takzim on Thursday, 21 May 2009 at 11.00 a.m.

5. Details of Directors standing for re-election

Further details of the Directors who are standing for re-election are set out in the Profile of Directors Section on page 5 and 7 of this Annual Report.

FORM OF PROXY

LNG Resources Berhad
(582043-K)
(Incorporated in Malaysia under the Companies Act, 1965)

I/We ....
of ....
being a member of LNG Resources Berhad, hereby appoint ....
of ....
or failing him/her ....
of ....
as my/our proxy/proxies to attend and vote for me/us and on my/our behalf at the Seventh Annual General Meeting of the Company to be held at 9th Floor, Classic Ballroom, Classic Hotel, 69 Jalan Ali, 84000 Muar, Johor Darul Takzim, on Thursday, 21 May 2009 at 11.00 a.m., and at any adjournment thereof, as indicated below :-

	Resolution	**For**	**Against**
Resolution 1	Receipt of Audited Financial Statements for the financial year ended 31 December 2008 together with the Reports of the Directors and Auditors thereon		
Resolution 2	Payment of Directors' fees for the financial year ended 31 December 2008		
Resolution 3	Declaration of final tax exempt dividend of 5% in respect of the financial year ended 31 December 2008		
Resolution 4	Re-election of Mr Ng Boon Keong as Director		
Resolution 5	Re-election of Mr Lok Choon Hong as Director		
Resolution 6	Re-election of Mr Dennis Tan Tze Wen as Director		
Resolution 7	Appointment of Auditors and authorise the Directors to fix their remuneration		
Resolution 8	Authority to Directors to issue shares pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Renewal of Share Buy-back Authority		

(Please indicate with an "x" in the appropriate box against each Resolution how you wish your proxy to vote. If no instruction is given, this form will be taken as authorising the proxy to vote at his/her discretion).

Dated this ___________ day of _______________ 2009

No of shares held

____
Signature of shareholder or common seal

Notes:-

1. *A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote on a show of hands or on a poll in his stead. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.*
2. *A member of the Company who is an authorised nominee as defined under the Securities Industry (Central Depositories) (Amendment) Act 1996 may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim not less than forty-eight (48) hours before the time set for holding of the Meeting or at any adjournment thereof.*

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Affix
Stamp

The Company Secretary

LNG RESOURCES BERHAD
8 (1st Floor), Jalan Pesta 1/1
Taman Tun Dr. Ismail 1
Jalan Bakri
84000 Muar
Johor Darul Takzim

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LNG Resources Berhad (582043-K)

K27 Jalan Perindustrian
Kawasan Perindustrian Tanjung Agas
84000 Muar, Johor Darul Takzim
Tel No. : 06-9536 088
Fax No. : 06-9536 986/9532 691