Unless otherwise stated, all abbreviations contained in this Abridged Prospectus are defined in the "Definitions" section of this Abridged Prospectus.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY. If you have sold or transferred all your Shares, you should at once hand this Abridged Prospectus together with the NPA and RSF (collectively the "**Documents**") to the agent / broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Two-Call Rights Issue should be addressed to our Share Registrar, Tricor Investor Services Sdn Bhd (118401-V), Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200, Kuala Lumpur, Malaysia.

A copy of this Abridged Prospectus has been registered with the Securities Commission Malaysia ("**SC**"). The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Two-Call Rights Issue or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. Copies of the Documents have also been lodged with the Registrar of Companies who takes no responsibility for the contents.

Approval for the Two-Call Rights Issue has been obtained from our shareholders at our Company's EGM held on 13 November 2014. Approval has also been obtained from Bursa Securities vide its letter dated 20 October 2014 for the listing of and quotation for the Rights Shares on the Official List of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Two-Call Rights Issue. The listing of and quotation for the Rights Shares will commence, amongst others, upon the receipt of confirmation from Bursa Depository that all the CDS Accounts of the Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them. Admission to the Official List of Bursa Securities and the listing of and quotation for the Rights Shares are in no way reflective of the merits of the Two-Call Rights Issue.

Our Board has seen and approved the Documents and they collectively and individually accept full responsibility for the accuracy of the information contained in the Documents and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make the statements in the Documents false or misleading.

The Documents are only despatched to the Entitled Shareholders who have a registered address in Malaysia in our Record of Depositors as at 5.00 p.m. on 2 December 2014 ("**Entitlement Date**") or who have provided our Share Registrar with a registered address in Malaysia in writing prior to the Entitlement Date. The Documents are not intended to be (and will not be) issued, circulated or distributed and the Two-Call Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia. No action has been or will be taken to ensure that the Two-Call Rights Issue and the Documents comply with the laws of any country or jurisdiction other than the laws of Malaysia. It shall be the sole responsibilities of the Entitled Shareholders and/or their renouncee(s) (if applicable) who are or may be subject to the laws of country or jurisdiction other than Malaysia to consult their legal and/or other professional adviser and to satisfy themselves as to whether the acceptance or renunciation (as the case may be) of all or part of their entitlements to the Two-Call Rights Issue would result in the contravention of the laws of such country or jurisdiction. Such shareholders should also refer to Section 9.6 of this Abridged Prospectus for further information. Neither SIG nor KIBB, being the Principal Adviser shall accept any responsibility or liability in the event that any acceptance or renunciation of the Rights Shares made by the Entitled Shareholders and/or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

KIBB, being the Principal Adviser, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Two-Call Rights Issue.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE INVESTORS, PLEASE REFER TO THE "RISK FACTORS" AS SET OUT IN SECTION 5 HEREIN.

SIG

SIG GASES BERHAD

(Company No. 875083-W)
(Incorporated in Malaysia under the Companies Act, 1965)

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 37,500,000 NEW ORDINARY SHARES OF RM0.50 EACH IN SIG ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD IN SIG AS AT 5.00 P.M. ON 2 DECEMBER 2014, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.36 PER RIGHTS SHARE IS PAYABLE IN CASH AND THE SECOND CALL OF RM0.14 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE RETAINED EARNINGS RESERVE OF SIG ("TWO-CALL RIGHTS ISSUE")

Principal Adviser and Underwriter

kenanga

KENANGA INVESTMENT BANK BERHAD

(Company No. 15678-H)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:

Entitlement Date	:	Tuesday, 2 December 2014 at 5.00 p.m.
Last date and time for:		
(a) sale of provisional allotment of the Rights Shares	:	Tuesday, 9 December 2014 at 5.00 p.m.
(b) transfer of provisional allotment of the Rights Shares	:	Friday, 12 December 2014 at 4.00 p.m.
(c) acceptance and payment	:	Wednesday, 17 December 2014 at 5.00 p.m. *
(d) excess application and payment	:	Wednesday, 17 December 2014 at 5.00 p.m. *

* *or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.*

This Abridged Prospectus is dated 2 December 2014

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON OUR PART AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS DOCUMENT, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS AND EXPRESSLY DISCLAIM ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

SHAREHOLDERS/ INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/ INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

INVESTORS ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE AND MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS IS DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CAPITAL MARKETS & SERVICES ACT 2007.

SECURITIES LISTED ON BURSA MALAYSIA SECURITIES BERHAD ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE ISSUE FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CAPITAL MARKETS & SERVICES ACT 2007, E.G. DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE DELIVERY OF THIS ABRIDGED PROSPECTUS SHALL NOT, UNDER ANY CIRCUMSTANCES, CONSTITUTE A REPRESENTATION OR CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF OUR GROUP SINCE THE DATE HEREOF. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THIS ABRIDGED PROSPECTUS. THIS ABRIDGED PROSPECTUS HAS BEEN PREPARED AND PUBLISHED SOLELY FOR THE TWO-CALL RIGHTS ISSUE UNDER THE LAWS OF MALAYSIA.

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DEFINITIONS

In this Abridged Prospectus, the following terms have the following meanings:

Abridged Prospectus	:	This Abridged Prospectus dated 2 December 2014.
Act	:	Companies Act, 1965.
BNM	:	Bank Negara Malaysia.
Board	:	Board of Directors of SIG.
Bursa Depository	:	Bursa Malaysia Depository Sdn Bhd (165570-W).
Bursa Securities	:	Bursa Malaysia Securities Berhad (635998-W).
CDS	:	Central Depository System.
CDS Account	:	Account established by Bursa Depository for a depositor to record transactions of securities and dealings in securities by the depositor.
Closing Date	:	17 December 2014 at 5.00 p.m., being the last date and time for acceptance of and payment for the Rights Shares (or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time).
CMSA	:	Capital Markets and Services Act 2007.
Code	:	Malaysian Code on Take-overs and Mergers, 2010.
Documents	:	This Abridged Prospectus together with the NPA and RSF.
EBITDA	:	Earnings before interest, taxation, depreciation and amortisation.
EGM	:	Extraordinary General Meeting.
Entitled Shareholder(s)	:	Our shareholders whose names appear in our Record of Depositors on the Entitlement Date.
Entitlement Date	:	2 December 2014 at 5.00 p.m., being the date and time on which the Entitled Shareholders must be registered in our Record of Depositors in order to be entitled to participate in the Two-Call Rights Issue.
Entitlement Undertaking(s)	:	The irrevocable written undertakings by the Undertaking Shareholders to: (a) subscribe in full for their respective entitlements under the Two-Call Rights Issue; and (b) not apply for any Excess Rights Shares beyond their respective entitlements by way of Excess Application.
EPS	:	Earnings per Share.
Excess Application(s)	:	Has the meaning given to it in **Section 2.1(f)**.

DEFINITIONS *(CONT'D)*

Excess Rights Share(s)	:	Rights Shares which are not taken up or not validly taken up by our Entitled Shareholders and/or their renouncee(s) prior to the Excess Application.
First Call	:	Has the meaning given to it in **Section 2.2(a)**.
Foreign Shareholder(s)	:	Entitled Shareholders who do not have a registered address in Malaysia or an address for service in Malaysia.
FPE	:	Financial period ended/ending.
FYE	:	Financial year ended/ending.
GDP	:	Gross domestic product.
Issue Price	:	RM0.50 per Rights Share.
KIBB or Underwriter	:	Kenanga Investment Bank Berhad (15678-H).
Listing Requirements	:	Main Market Listing Requirements of Bursa Securities.
LPD	:	17 November 2014, being the latest practicable date prior to the issuance of this Abridged Prospectus. All information provided in this Abridged Prospectus shall be as at the LPD unless stated otherwise.
Main Market	:	Main Market of Bursa Securities.
Market Day(s)	:	A day on which Bursa Securities is open for trading in securities.
NA	:	Net assets.
NTA	:	Net tangible assets.
NPA	:	Notice of provisional allotment of the Rights Shares.
PAT	:	Profit after tax.
PBT	:	Profit before tax.
Provisional Rights Share(s)	:	Rights Shares provisionally allotted to the Entitled Shareholders
Record of Depositors	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository.
Rights Share(s)	:	New Shares to be issued pursuant to the Two-Call Rights Issue.
RM and sen	:	Ringgit Malaysia and sen, respectively.
RSF	:	Rights Subscription Form in relation to the Two-Call Rights Issue.
Rules of Bursa Depository	:	Shall have the meaning given in **Section 2** of the SICDA.
SC	:	Securities Commission Malaysia.
Second Call	:	Has the meaning given to it in **Section 2.2(b)**.
Share Registrar	:	Tricor Investor Services Sdn Bhd (118401-V).

Shares	:	Ordinary shares of RM0.50 each in SIG.
SICDA	:	The Securities Industry (Central Depositories) Act 1991.
SIG or Company	:	SIG Gases Berhad (875083-W).
SIG Group or Group	:	SIG and its subsidiaries.
Subsidiary	:	A subsidiary as defined in the Act.
TERP	:	Theoretical ex-rights price.
Two-Call Rights Issue	:	Renounceable two-call rights issue of 37,500,000 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Shares held in SIG on the Entitlement Date, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable in cash and the second call of RM0.14 per Rights Share is to be capitalised from the retained earnings reserve of SIG.
Undertaking Shareholders	:	Phoenix, SSB Cryogenic, Mr Peh, Dato Hajjah Hanifah and Mr Lau.
Underwriting Agreement	:	Underwriting Agreement dated 17 November 2014 entered into between our Company and the Underwriter.
VWAMP	:	Volume-weighted average market price.

Undertaking Shareholders

Dato Hajjah Hanifah	:	Dato Hajjah Hanifah Hajar Taib.
Mr Lau	:	Lau Cheng Ming.
Mr Peh	:	Peh Lam Hoh.
Phoenix	:	Phoenix SIG Holdings Sdn Bhd (882151-U).
SSB Cryogenic	:	SSB Cryogenic Equipment Pte Ltd (Singapore Company Registration No. 199609144C).

"We", "us", "our" and "ourselves" refers to SIG, and where relevant, includes other companies in the Group.

"You" refers to the Entitled Shareholders.

Unless specifically stated otherwise, all references to Sections and Appendices shall refer to sections and appendices of this Abridged Prospectus.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa.

References to persons shall include corporations, unless otherwise specified.

Any rules, guidelines, act, enactment or listing requirements referred to in this Abridged Prospectus is a reference to those rules, guidelines, act, enactments or listing requirements for the time being in force and as amended or re-enacted from time to time and includes any subsidiary legislation made thereunder.

Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise stated.

Any discrepancies in the tables included in this Abridged Prospectus between the amounts listed, actual figures and the totals thereof are due to rounding.

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APPENDICES

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CORPORATE DIRECTORY

OUR BOARD

Name/Designation	Address	Nationality	Profession
Peh Lam Hoh *(Executive Chairman)*	26, Jalan Setia Tropika 9/15 Taman Setia Tropika 81200 Johor Bahru Johor, Malaysia	Singaporean	Company Director
Lau Cheng Ming *(Executive Director)*	Lot 8679, Section 64 Pending Commercial Centre 93450 Kuching Sarawak, Malaysia	Malaysian	Company Director
Datuk Syed Ahmad Bin Alwee Alsree *(Non-Independent Non-Executive Director)*	Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching Sarawak, Malaysia	Singaporean	Company Director
Diong Tai Pew *(Senior Independent Non-Executive Director)*	48, Yunnan Road Singapore 637911	Malaysian	Chartered Accountant
Lee Ting Kiat *(Independent Non-Executive Director)*	12A, Jalan Straits View 80100 Johor Bahru Johor, Malaysia	Malaysian	Lawyer
Lim Tin Teng @ Lim Jit Teng *(Independent Non-Executive Director)*	1, Jalan Desa Ria Satu Taman Desa 58100 Kuala Lumpur Wilayah Persekutuan Malaysia	Malaysian	Company Director

AUDIT COMMITTEE

Name	Designation	Directorship
Diong Tai Pew	Chairman	Senior Independent Non-Executive Director
Datuk Syed Ahmad Bin Alwee Alsree	Member	Non-Independent Non-Executive Director
Lee Ting Kiat	Member	Independent Non-Executive Director

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CORPORATE DIRECTORY *(CONT'D)*

COMPANY SECRETARIES	:	Yong May Li (LS 0000295) No. 25, Jalan Setia 5/2 Taman Setia Indah 81100 Johor Bahru, Johor Irene Juay Yee Luan (MAICSA 7057249) No. 17, Jalan Indah 18/2 Taman Bukit Indah 81200 Johor Bahru, Johor
REGISTERED OFFICE	:	Suite 1301, 13th Floor City Plaza, Jalan Tebrau 80300 Johor Bahru Johor, Malaysia Tel: 07-335 4988 Fax: 07-335 4977
HEAD OFFICE	:	PLO 137 Kawasan Perindustrian Senai III 81400 Senai, Johor Bahru Johor, Malaysia Tel: 07-598 3863 Fax: 07-598 3869 Website: www.siggases.com Email: sig@siggases.com
PRINCIPAL ADVISER AND UNDERWRITER	:	Kenanga Investment Bank Berhad 8th Floor Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel: 03-2164 9080 Fax: 03-2161 4990
AUDITORS AND REPORTING ACCOUNTANTS	:	Ernst & Young (AF:0039) Suite 11.2, Level 11 Menara Pelangi 2, Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor, Malaysia Tel: 07-334 1740 Fax: 07-334 1749
DUE DILIGENCE SOLICITORS	:	Lee Choon Wan & Co. No. 12, Lorong Dungun Damansara Heights 50490 Kuala Lumpur Wilayah Persekutuan, Malaysia Tel: 03-2093 0078 Fax: 03-2094 1750

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CORPORATE DIRECTORY *(CONT'D)*

PRINCIPAL BANKERS *(in alphabetical order)*	:	AmBank (M) Berhad Level 31, Metropolis Tower, Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor, Malaysia Tel: 07-333 2309 Fax: 07-334 3899 Hong Leong Bank Berhad Business Banking Centre – Johor Bahru 1 2nd Floor, No.12-16 Jalan Wong Ah Fook 80000 Johor Bahru Johor, Malaysia Tel: 07-224 1700 Fax: 07-226 9131 Malayan Banking Berhad Region Corporate Banking, Johor Level 13, Office Tower Johor Bahru City Square No.108, Jalan Wong Ah Fook 80000 Johor Bahru Johor, Malaysia Tel: 07-224 1282 Fax: 07-223 9282
SHARE REGISTRAR	:	Tricor Investor Services Sdn Bhd Level 17, The Gardens North Tower Mid Valley City, Lingkaran Syed Putra 59200 Kuala Lumpur Malaysia Tel: 03-2264 3883 Fax: 03-2282 1886
STOCK EXCHANGE LISTING	:	Main Market of Bursa Securities

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Company No.875083-W

SIG

SIG GASES BERHAD

(Company No. 875083-W)
(Incorporated in Malaysia)

Registered Office
Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor, Malaysia

2 December 2014

Board of Directors:

Peh Lam Hoh	*(Executive Chairman)*
Lau Cheng Ming	*(Executive Director)*
Datuk Syed Ahmad Bin Alwee Alsree	*(Non-Independent Non-Executive Director)*
Diong Tai Pew	*(Senior Independent Non-Executive Director)*
Lee Ting Kiat	*(Independent Non-Executive Director)*
Lim Tin Teng @ Lim Jit Teng	*(Independent Non-Executive Director)*

To: The Entitled Shareholders of SIG

Dear Sir/Madam,

RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 37,500,000 NEW ORDINARY SHARES OF RM0.50 EACH IN SIG ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD IN SIG AS AT 5.00 P.M. ON 2 DECEMBER 2014, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.36 PER RIGHTS SHARE IS PAYABLE IN CASH AND THE SECOND CALL OF RM0.14 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE RETAINED EARNINGS RESERVE OF SIG

1. INTRODUCTION

On 5 September 2014, KIBB had on behalf of the Board announced that SIG proposed to undertake the renounceable two-call rights issue of 37,500,000 Rights Shares on the basis of one (1) Rights Share for every four (4) existing Shares held on an entitlement date to be determined later and announced by the Board, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable in cash and the second call of RM0.14 per Rights Share is to be capitalised from the share premium reserve of SIG.

On 20 October 2014, KIBB had on behalf of the Board announced that the Board has resolved that the Second Call be capitalised instead from the retained earnings reserve of SIG in the manner set out in **Section 2.2**.

Bursa Securities had vide its letter dated 20 October 2014, approved the listing of and quotation for the Rights Shares on the Main Market, subject to the following conditions:

	Conditions imposed	Status of compliance
(a)	SIG and KIBB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Two-Call Rights Issue;	To be complied
(b)	SIG and KIBB to inform Bursa Securities upon the completion of the Two-Call Rights Issue;	To be complied
(c)	SIG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Two-Call Rights Issue is completed;	To be complied
(d)	SIG to furnish Bursa Securities with a certified true copy of the resolution passed by our shareholders at the EGM for the Two-Call Rights Issue.	Complied
(e)	In the event the new Shares to be issued pursuant to the Two-Call Rights Issue will be listed and quoted as the existing securities of the same class, quotation of the new ordinary shares will commence on the next Market Day after the following:	
	(i) submission of the share certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before 10 a.m. on the Market Day prior to the listing date;	To be complied
	(ii) receipt of confirmation from Bursa Depository that the additional new shares are ready for crediting into the respective account holders; and	To be complied
	(iii) an announcement in accordance to **Paragraph 13.2** of **Practice Note 28** ("**PN28**") is submitted via Bursa Link before 3 p.m. on the Market Day prior to the listing date	To be complied
(f)	In the event the new ordinary shares to be issued pursuant to the Two-Call Rights Issue will be separately quoted from the existing securities i.e. "A" shares, SIG is required to submit an application for quotation of the new securities to Bursa Securities as specified under **Part C** of **Annexure PN28-B**.	To be complied (if applicable)
(g)	SIG is required to ensure full compliance of all the requirements pertaining to the Two-Call Rights Issue as provided under the Listing Requirements at all times.	To be complied

Our shareholders had, at an EGM held on 13 November 2014, approved the Two-Call Rights Issue. A certified true extract of the resolution pertaining to the Two-Call Rights Issue which was passed at the said EGM is set out in **Appendix I**.

On 17 November 2014, KIBB, had on behalf of our Board, announced that the Entitlement Date has been fixed at 5.00 p.m. on 2 December 2014.

The listing of and quotation for the Rights Shares will commence after, amongst others, receipt of confirmation from Bursa Depository that the CDS Accounts of the Entitled Shareholders and/or their renouncee(s) have been duly credited and the notices of allotment have been despatched to the them.

No person is authorised to give any information or make any representation not contained in this Abridged Prospectus in connection with the Two-Call Rights Issue and, if given or made, such information or representation must not be relied upon as having been authorised by us or KIBB.

YOU ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS WHICH SETS OUT THE DETAILS OF THE TWO-CALL RIGHTS ISSUE AND RISK FACTORS ASSOCIATED WITH THE TWO-CALL RIGHTS ISSUE SET OUT IN SECTION 5. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

2. DETAILS OF TWO-CALL RIGHTS ISSUE

2.1 Salient terms

(a)	**Number of Rights Shares for allotment and issuance**	37,500,000 for subscription by the Entitled Shareholders. The allotment and issuance of such number of Rights Shares was based on the existing issued and paid-up share capital of SIG of RM75,000,000 comprising 150,000,000 Shares.
(b)	**Basis of allocation**	One (1) Rights Share for every four (4) existing Shares held in SIG on the Entitlement Date by the Entitled Shareholders.
(c)	**Issue Price**	RM0.50 for each Rights Share.
(d)	**Manner of Payment**	Payable in two (2) calls comprising the First Call and Second Call as detailed in **Section 2.2**.
(e)	**Renounceability**	Renounceable in full or in part. Accordingly, the Entitled Shareholders may subscribe for their respective entitlements of the Rights Shares in full or in part.
(f)	**Excess Application**	Any unsubscribed Rights Shares will be made available to the other Entitled Shareholders and/or their renouncee(s) save for the Undertaking Shareholders pursuant to the Entitlement Undertakings under the Excess Rights Shares application. It is the intention of the Board to allocate the Excess Rights Shares on a fair and equitable manner, as set out in **Section 9.4**.
(g)	**Fractional Entitlements**	Any fractional entitlement arising from the Two-Call Rights Issue shall be disregarded and shall be dealt with in such manner as the Board shall in its absolute discretion deems fit and in the best interest of SIG.

As you are an Entitled Shareholder and the Rights Shares are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares, as well as to apply for the Excess Rights Shares, if you decide to do so.

Dealings in SIG securities are subject to SICDA and the Rules of Bursa Depository. As the Rights Shares are all prescribed securities, they will be credited directly to the CDS Accounts of successful applicants. No physical share certificates will be issued.

Within eight (8) Market Days from the Closing Date, we shall:

(a) allot and issue the Rights Shares;

(b) despatch notices of allotment to you and/or your renouncee(s); and

(c) apply for the listing and quotation for the Rights Shares.

The Rights Shares will be listed and quoted on the Main Market two (2) Market Days after an application for quotation has been submitted to Bursa Securities.

2.2 Cash Call and Capitalisation of Reserves

The Issue Price will be payable in two (2) calls, comprising:

(a) **First Call** : RM0.36 per Rights Share is to be paid in cash; and

(b) **Second Call** : RM0.14 per Rights Share is to be capitalised from the retained earnings reserve of SIG.

As the Second Call involves the capitalisation of SIG's retained earnings reserve, you will only need to make cash payment for the First Call of RM0.36 per Rights Share.

For illustrative purposes, the effect of the capitalisation of SIG's retained earnings reserve for the Second Call is set out below:

Company Level		Audited as at 31 December 2013 RM'000	Unaudited as at 30 September 2014 RM'000
Retained earnings reserve		242	5,995
Add :	Dividends paid to SIG by Southern Industrial Gas Sdn Bhd [(a)]	7,130	-
Less :	Dividend paid to shareholders of SIG [(b)]	(900)	-
Balance before capitalisation		**6,472**	**5,995**
Less :	Capitalised for the Second Call	(5,250)	(5,250)
Less :	Estimated expenses for the Two-Call Rights Issue [(c)]	(224)	(224)
After the Two-Call Rights Issue		**998**	**521**

Notes:

(a) *Being the net interim dividends received from the subsidiary company, Southern Industrial Gas Sdn Bhd, comprising:*

(i) *Interim single-tier dividend of RM0.05 per share totalling RM1,150,000 in respect of the FYE 31 December 2014, declared on 24 April 2014 and paid on 9 June 2014; and*

(ii) *Interim single-tier dividend of RM0.26 per share totalling RM5,980,000 in respect of the FYE 31 December 2014, declared and paid on 28 June 2014.*

(b) *Final tax exempt single-tier dividend in respect of FYE 31 December 2013, approved by shareholders of SIG on 23 May 2014 and paid on 18 June 2014.*

(c) *Of the total estimated expenses of RM800,000, expenses relating to the Second Call of RM224,000 will be charged to the profit and loss and the balance of RM576,000 relating to the First Call will be set off against our share premium reserve in the manner detailed below:*

Company Level	***Audited as at 31 December 2013 RM'000***	***Unaudited as at 30 September 2014 RM'000***
Share premium reserve	*1,549*	*1,549*
Less : Estimated expenses for the Two-Call Rights Issue	*(576)*	*(576)*
After the Two-Call Rights Issue	***973***	***973***

2.3 Basis for the Issue Price

The Issue Price represents a discount of approximately 20.45% to the TERP of RM0.6285, based on the 5-day VWAMP of the Shares immediately preceding the price fixing date up to and including 4 September 2014 of RM0.6956. As such, the First Call represents a discount of approximately 42.72% to the TERP of RM0.6285.

For a more recent illustration, based on the closing price of the Shares on LPD of RM0.69, the Issue Price represents a discount of approximately 19.87% to the TERP of RM0.6240. As such, the First Call represents a discount of approximately 42.31% to the TERP of RM0.6240.

In determining the Issue Price and the appropriate discount rate, the Board has taken into consideration the following:

(a) the prevailing market price and the TERP of the Shares;

(b) the gross proceeds to be raised for our operational funding requirement; and

(c) the Second Call to be capitalised from the retained earnings reserve of our Company.

2.4 Ranking of the Rights Shares

The Rights Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/or other forms of distribution that may be declared, made or paid to the shareholders, the entitlement of which is prior to the date of allotment and issuance of the Rights Shares.

2.5 Entitlement Undertakings and Underwriting Agreement

The Two-Call Rights Issue will be undertaken on a full subscription basis.

(a) Entitlement Undertakings

We have obtained an Entitlement Undertaking from each of the Undertaking Shareholders to subscribe in full for their respective entitlements of the Rights Shares.

The number of Rights Shares to be subscribed by the Undertaking Shareholders pursuant to the Entitlement Undertakings is set out below:

	Shareholdings as at LPD		Entitlements to Rights Shares	
Undertaking Shareholders	**No. of Shares**	**%**	**No. of Rights Shares**	**%**
Phoenix	52,500,000	35.0	13,125,000	35.0
SSB Cryogenic	10,365,458	6.9	2,591,365	6.9
Mr Peh	6,209,744	4.1	1,552,436	4.1
Dato Hajjah Hanifah	5,027,393	3.4	1,256,848	3.4
Mr Lau	2,067,664	1.4	516,916	1.4
Total	**76,170,259**	**50.8**	**19,042,565**	**50.8**

The Undertaking Shareholders have confirmed that they have sufficient financial resources to fulfil their obligations under the Entitlement Undertakings. The said confirmations were verified by KIBB, being our Principal Adviser for the Two-Call Rights Issue.

No take-over obligation pursuant to Part III of the Code will arise as a result of the Entitlement Undertakings as the Undertaking Shareholders have undertaken not to subscribe for any Excess Rights Shares via the Excess Applications.

(b) Underwriting Agreement

We have entered into an underwriting agreement with the Underwriter on 17 November 2014 to underwrite the remaining 18,457,435 Rights Shares (approximately 49.2% of the total Rights Shares) for which no other shareholders has provided unconditional and irrevocable written undertaking to subscribe for their entitlements ("**Underwritten Shares**").

The underwriting commission payable to the Underwriter is 2.25% of the value of the Underwritten Shares based on the First Call and all other costs in relation to the Underwriting Agreement will be fully borne by us.

2.6 Details of other corporate exercise/scheme

Save for the Two-Call Rights Issue (which is the subject matter of this Abridged Prospectus), our Board confirms that there are no other corporate exercise/scheme that has been approved by the regulatory authorities.

However, the Board wishes to inform that we have on 22 September 2014, signed a Memorandum of Understanding relating to the possible acquisition of Piasau Gas Sdn Bhd, further information as detailed in **Section 3(g)** of **Appendix VII** which may be subject to regulatory authorities and/or shareholders approval upon the signing of the share purchase agreement, if materialised.

3. RATIONALE FOR THE TWO-CALL RIGHTS ISSUE

Having given due consideration of various methods of fund raising options available, the Board is of the opinion that the Two-Call Rights Issue is the most appropriate avenue as it enables us:

(a) to raise the required funds in a cost effective manner for better overall cashflow management;

(b) to strengthen our capital base via fund raising using equity capital;

(c) to raise funds without incurring interest costs, as compared to borrowings and minimise any potential cash outlay in terms of interest servicing;

(d) to reduce the borrowings and interest expenses of our Group; and

(e) to provide an opportunity for the existing shareholders of SIG to further participate in the equity of SIG without any dilution to their equity interest and ultimately, participate in the prospects and future growth of our Group at an attractive pricing based on the First Call.

The Two-Call Rights Issue is expected to improve liquidity and financial flexibility as well as optimises our capital structure by strengthening our financial position and reducing our gearing level. Our Company intends to utilise the proceeds from the Two-Call Rights Issue for capital expenditure, working capital and repayment of borrowings, which are expected to contribute positively to the earnings potential of our Group in the future and defray estimated expenses for the Two-Call Rights Issue

4. UTILISATION OF PROCEEDS

The gross proceeds from the Two-Call Rights Issue based on the First Call is expected to raise RM13.50 million. The proceeds are expected to be utilised in the following manner:

	Gross Proceeds		**Expected timeframe for utilisation of proceeds from the date of listing of the Rights Shares**
Proposed utilisation	**RM'000**	**%**	
Repayment of our bank borrowings[(a)]	6,500	48.2	Within 6 months
Capital expenditure [(b)]	4,200	31.1	Within 18 months
Working capital [(c)]	2,000	14.8	Within 6 months
Estimated expenses in relation to the Two-Call Rights Issue [(d)]	800	5.9	Within 3 months
Total	**13,500**	**100.0**	

Notes:

(a) *Our Group's total bank borrowings as at the LPD amounted to RM38.10 million. For illustrative purposes, based on our Group's effective interest rate of approximately 4.71% per annum, the partial repayment of our Group's bank borrowings is expected to result in interest cost savings of approximately RM0.31 million per annum.*

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(b) *The capital expenditures are in respect of the following:*

Item	***Description***	***RM'000***
(i)	*Purchase of 1 unit of Hydrogen Diaphragm Compressor for compressing hydrogen gas from the plant to the desired pressure to fill the gas cylinders and long tubes.*	*370*
(ii)	*Upgrade of computer system to be Goods and Services Tax compliant.*	*150*
(iii)	*Purchase of 9,200 units of cylinder for purposes of refilling and distributing oxygen gas, nitrogen gas, argon gas, carbon dioxide gas and acetylene gas via cylinders.*	*3,680*
	Total	***4,200***

(c) *Funding for our Group's working capital for its day-to-day operations/projects such as:*

(i) *repayment to creditors for purchase of raw materials such as liquid oxygen, liquid nitrogen, liquid argon, liquid carbon dioxide and calcium carbide; and*

(ii) *operational expenses incurred not limited to payment of staff salaries, logistic expenses and other costs related to the facilitate the maintenance and operations of our business. The actual utilisation for working capital purposes may differ subject to the operational requirements and business dynamics at the time of utilisation.*

(d) *The breakdown of the estimated expenses are follows:*

Estimated expenses	***RM'000***
Professional fees and fees payable to the relevant authorities	*486*
Printing, dispatch and advertising expenses	*50*
Underwriting commission payable	*150*
Other miscellaneous expenses	*114*
Total	***800***

Any variation to the amount of repayment of borrowings, capital expenditure and estimated expenses will result in an adjustment from/to the portion earmarked for working capital requirements.

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5. RISK FACTORS

You and/or your renouncee(s) should carefully consider, in addition to all other information contained in this Abridged Prospectus, the following risk factors (which may not be exhaustive) which may have an impact on the future performance of our Group, before subscribing for or investing in the Two-Call Rights Issue.

5.1 Risks relating to our Group

(a) Business risk

We are subject to business risks inherent in the industrial gases industry in Malaysia which include, among others, the following:

(i) entry of new competitors and other actions by new and existing competitors;
(ii) general economic, political and social factors;
(iii) inflation;
(iv) unfavourable changes in legal regimes and government policies, such as licensing and approvals, taxation, duties and tariff in Malaysia; and
(v) international events such as war, riots, global economic downturn and political instability.

While our Group continues to take measures to mitigate these risks including monitoring of the Government's economic and development policies in order to capitalise on any regulatory changes in the industry in which our Group operates, embarking on various cost savings and productivity enhancement measures and proactively seeking and evaluating opportunities that will benefit our Group, there can be no assurance that any changes to the abovementioned factors will not have a material and adverse effect on our business and financial performance.

(b) Production/Operation risks

The production of industrial gases is subject to inherent risks and hazards such as, but not limited to fire and explosion at our manufacturing or refilling plants. Further, as most of our industrial gases are transported by land, there is a risk that accidents may occur during the transportation of the industrial gases which may result in spillage, discharge of gas, fire or explosion.

Each of the foregoing events could result in increased cost of operations, damage to our production facilities, or personnel injuries. Losses resulting from the occurrence of any of these incidents could have a materially adverse effect on our business and financial performance.

As a mitigating factor, we conduct safety training, ensure diligent supervision and monitor our maintenance operations. However, there is no assurance that we can completely eliminate any production/operation risk.

(c) Occurrence of power failure

Prolonged or frequent power failures at our plants will disrupt our operations as electricity is used to operate many of our critical production facilities. This in turn may affect our ability to fulfil our customers' orders. We have been maintaining stand-by generators at our plants to mitigate such risks. As the capacity of our stand-by generators is inadequate to operate some of our critical production facilities, there is no assurance that any prolonged or frequent power failures will not have a material and adverse effect on our business and financial performance.

(d) Increase in price of electricity

Increases in the price of electricity will increase our operating expenses as the cost of electricity represents a significant portion of our operating expenses. For FYE 31 December 2013, cost of electricity accounted for approximately 14.46% of our operating expenses. Currently, there are no alternatives to Tenaga Nasional Berhad as it has a monopoly on the distribution of electricity to users in Peninsular Malaysia. In addition, it is not practical for us to generate our own electricity on a long term basis, as the capital investment and operating cost required to generate the quantity of electricity that we need are prohibitive. As such, there is a risk that increases in the price of electricity may have a negative impact on our financial position.

Despite Tenaga Nasional Berhad's monopoly in the distribution of electricity, any price increase will require Government approval. In addition, we may be able to pass on some or all of the increases in the price of electricity to our customers.

Nevertheless, there is no assurance that price of electricity will not increase in future, or that we will be able to pass on any of the increases in the price of electricity to our customers.

(e) Reliance on short term purchase orders from customers

We have not entered into any long-term supply contracts with most of our customers which impose minimum purchase obligations on them. This is due to the fact that our customers are mainly distributors or manufacturers of various kinds of products and thus, they normally place purchase orders with us based on their estimated sales. In the absence of a long-term supply contracts, they are not obliged in any way to continue placing orders with us at all or at the same level or on similar terms which they historically had done so. Accordingly, the volume of purchase orders from our customers may vary significantly from period to period, and it is difficult for us to forecast future order quantities.

Should our customers reduce the size of their purchase orders or stop placing orders with us, our revenue and profit might be reduced notably and in such case, our business, operations and financial performance could be adversely affected.

While there can be no assurance that our customers will continue to place orders with us, or their future orders will be at a comparable level or on similar terms as in previous years, we believe that with our market insights and expertise make us a partner of choice for customers who want to grow their business.

(f) Financial risk

Our Group finances its operations through internally-generated funds and bank borrowings. All our bank borrowings bear interest and as a result, any increase in interest rates will increase our interest payments and finance costs. Our financial performance may therefore be affected if interest rates increase significantly.

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Under the credit facility agreements entered into by our Group with banks and financiers, we are bound by certain positive and negative covenants which may limit our Group's operating and financial flexibility. The aforesaid covenants comprise, among others, negative covenants such as changing the nature of our business, disposing our assets except in the ordinary course of business, and incurring or assuming further borrowings which are typically contained in the credit facility agreements of such nature. Any act by our Group falling within the ambit or scope of such covenants will require the consent of the relevant banks/financiers. Breach of such covenants may give rise to a right by the banks/financiers to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. Our Directors are aware of such covenants and shall take all precautions necessary to prevent any such breach.

We actively review our debt portfolio and assess the amount and nature of our borrowings. We continuously seek measures to reduce our gearing level, and partial repayment of our borrowings through the proceeds of the Two-Call Rights Issue is an example of such measures.

(g) Our Group is dependent on our Directors, senior management and key personnel

Our ability to effectively implement our business plans and maintain continuous growth is dependent on the persistent and committed services of our Directors and members of the senior management team as well as key management personnel. If any of aforementioned individuals ceases to work for us, we may not be able to recruit and retain personnel with equivalent or comparable credentials in a timely manner. This may negatively affect our day-to-day management and operations.

Whilst our Group has made efforts to nurture and maintain a good relationship with our Directors and members of the senior management team as well as key management personnel, there can be no assurance that the loss of any of the aforementioned individuals can be avoided. As such, our Group aims to offer competitive salary package, training and conducive working environment to attract new personnel as well as to retain existing personnel.

(h) Implementation of the Goods and Services Tax ("GST")

The implementation of the GST effective 1 April 2015 is not expected to materially affect the operations and financial performance of our Group. We have formed a project team to assess the impact of the GST to the operations of our Group and are also in the midst of upgrading our computer system to be GST-compliant. In addition, we have also engaged qualified trainers to provide in house training for all our sales, procurement and account department staff. The estimated costs for our preparation to be GST-compliant are estimated at RM0.18 million.

5.2 Risks relating to the Two-Call Rights Issue

(a) Investment Risk

The market price of the Shares, like all listed securities traded on Bursa Securities, is subject to fluctuations and will be influenced by, amongst others, prevailing market sentiments, volatility of the stock market, the operating results of our Group and the prospects of the industry in which our Group operates.

There can be no assurance that the market price of our Shares will remain at or trade above the Issue Price, or that the Rights Shares can be disposed of at or above the Issue Price.

(b) Delay in or failure of the Two-Call Rights Issue

The Two-Call Rights Issue is exposed to the risk that it may be aborted or delayed on the occurrence of any one or more of the following events:

(i) force majeure events or circumstances which are beyond the control of our Company, arising prior to the implementation of the Two-Call Rights Issue. Such events and circumstances may include acts of government, natural disasters, terrorism, strikes, states of emergency and health epidemics, most if not all of which are beyond our control; and

(ii) the Undertaking Shareholders fail to fulfil their obligations under the Entitlement Undertakings.

In the event of failure in the implementation of the Two-Call Rights Issue, all application monies received will be immediately returned to you and/or your renouncee(s) who have subscribed for the Rights Shares without interest, or with interest if the application monies are not refunded within fourteen (14) days after our Company becomes liable to repay, in accordance with Section 243(2) of the CMSA.

Our Company will endeavour to ensure the successful implementation of the Two-Call Rights Issue. However, there can be no assurance that the abovementioned events will not cause a delay in or failure of the Two-Call Rights Issue.

(c) Potential Dilution

Entitled Shareholders who do not fully accept their Provisional Rights Shares will have their proportionate ownerships and voting interests in our Company reduced and the percentage of the enlarged issued and paid-up share capital represented by their shareholdings in our Company will also be reduced accordingly.

5.3 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data which may not be reflective of the future results, and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements are based on estimates and assumptions made by our Board, and although believed to be reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements.

Such factors include, inter-alia, general economic and business conditions, competition, the impact of new laws and regulations affecting our Group and the industry, changes in interest rates. In light of these uncertainties, the inclusion of forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by us or our advisers that the plans and objectives of our Group will be achieved.

Given the risks and uncertainties that may cause our Group's actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Abridged Prospectus, we advise you not to place undue over-reliance on those statements. We are not warranting nor representing to you that our Group's actual future results, performance or achievements will approximate those as discussed in those statements.

6. INDUSTRY REVIEW AND FUTURE PROSPECTS

6.1 Overview and prospects of the Malaysian economy

Growth of the Malaysian economy accelerated to 6.4% in the second quarter of 2014 from 6.2% in the first quarter, marking the strongest growth since the fourth quarter of 2010, and bringing the first half growth to 6.3%. Growth was supported by resilient domestic demand and reinforced by higher exports. The faster pace of recovery, particularly in the United States, United Kingdom and selected euro area economies as well as moderate growth in the emerging economies provided strong support to the Malaysian export-oriented industries and trade-related services.

Meanwhile, the Malaysian economy has benefited from several initiatives and reforms taken over the years to enhance its resilience and competitiveness. Consequently, Malaysia is now well placed to gain further from the gradual global recovery with a more broad-based growth. The nation's strengths include: strong international reserves; growing role of the private sector as the driver of growth with its share of investment currently accounting for 68.9% of total investment during the first half of 2014; and a healthy financial system to support economic activity. Thus, the domestic economy will continue to expand in the second half of the year, albeit moderately, mainly due to the high-base effect of export performance from the previous year. For 2014, the economy is projected to grow 5.5% - 6% (2013: 4.7%), which is higher than the initial forecast of 4.5% - 5.5% in early 2014.

On the demand side, growth will be underpinned by resilient consumer spending, strong private investment activity and improving global demand. Consumer spending is envisaged to be sustained, albeit at a moderate pace, supported by favourable labour market conditions, continued wage growth and firm export earnings. Private investment is expected to sustain its strong growth momentum supported by the ongoing projects under the Economic Transformation Programme (ETP) and investment in the regional economic growth corridors. Meanwhile, public expenditure is envisaged to expand at a slower pace in line with the Government's commitment to fiscal consolidation. Public consumption is expected to moderate due to lower growth on emoluments, while public investment will continue to expand supported by higher capital spending of non-financial public enterprises.

On the supply side, all sectors are expected to record positive growth in 2014, with the services and manufacturing sectors spearheading growth. The services sector is expected to grow strongly benefiting from higher trade-related activities. Meanwhile, activates in retail trade, accommodation and restaurants as well as communication are expected to increase amid sustained household spending. The manufacturing sector is estimated to grow at a faster pace on higher exports of electronics and electrical ("**E&E**") products as external demand improves.

The economic growth momentum in 2014 is expected to continue in 2015 driven by improving external demand and resilient domestic economic activity. Growth will be private-led in line with the Government's efforts to strengthen the private sector's role in the economy. On the supply side, all economic sectors are expected to record positive growth in 2015, with the services and manufacturing sectors remaining the major contributors to growth. Sustained growth in domestic demand, albeit at a moderate pace, is expected to contribute to the expansion in domestic-related activities. Meanwhile, the export-oriented industries, particularly the E&E subsector will benefit from the improvement in external conditions in line with improving global growth.

(Source: Economic Report 2014/2015, Ministry of Finance)

6.2 Overview and prospects of the Industrial Gases industry

The gases industry is able to benefit from the current global economic situation, which continued to be generally good. The strong impetus for growth comes largely from newly industrialised countries in Asia, principally China.

The favourable economic climate not only has a positive impact on the emerging markets but also on more developed markets. The gases industry in particular benefited from this upturn, as it serves almost all sectors in industry, namely trade, commerce, research and development, as well as the health sector which has such an extensive product, process and service portfolio. More opportunities for growth present themselves all the time, with the continuing expansion of the range of gases applications and potential to make improvement in existing customer processes through the use of industrial gases.

(Source: Management of SIG)

The growth in the industrial gases industry is dependent on the performance of the overall manufacturing industry in 2015 (as set out in **Section 6.1**).

The industrial gases industry is also expected to benefit from the growth in the following sectors/industries:

(a) ship building / metal processing;
(b) construction/ fabrication;
(c) oil and gas/ mining; and
(d) welding and cutting applications engineering,

which are among the main user sectors/industries in Malaysia for products supplied by the industrial gases industry.

(Source: Management of SIG)

Production of transport equipment moderated to 11.6% (Q2 2014: 29.8%), but was still supported by building of ships and boats (41.4%) and repair and maintenance of transport equipment (45.9%) although weighed down by contraction of motor vehicles as well as parts and accessories of motor vehicles at 2% and 2.3% respectively (Q2 2014: 24.9%; 18.1%). The performance of the construction-related sector increased 5.7% (Q2 2014: 4.6%) in line with robust construction activities in the third quarter of 2014.

(Source: Quarterly Update of the Malaysian Economy - 3rd Quarter 2014, Ministry of Finance)

Global oil and gas production has grown by approximately 1.5% per year in the last decade, driven by robust demand in Organisation for Economic Cooperation and Development countries and rapidly rising demand from developing countries, notably China and India. According to the International Energy Agency, the global growth outlook for 2010 to 2020 for oil and gas demand will shift further to developing economies in this decade. While "green" policies and de-carbonisation are taking place, especially in developed economies, any impact on the oil and gas demand is not expected to be marked until the end of the decade. Demand for gas, especially, may actually benefit in the near term, as natural gas is both plentiful and green vis-à-vis other fossil fuels.

(Source: Economic Transformation Programme Handbook – Chapter 6, Performance Management Delivery Unit)

The mining sector is expected to grow 2.8% in 2015 (2014: 0.7%), reflecting higher production of crude oil and natural gas. Production of crude oil is expected to accelerate in 2015 with the commencement of several new oil fields in 2014 which includes Banang Field in offshore Peninsular Malaysia and Kebabangan Field in offshore Sabah. Meanwhile, natural gas output is projected to expand further on account of increased demand, particularly from petrochemical and other industries.

(Source: Economic Report 2014/2015, Ministry of Finance)

The demand for industrial gases is also expected to benefit indirectly through the infrastructural developments in Malaysia, including the following:

(a) the Refinery and Petrochemicals Integrated Development Project in Pengerang, Johor which will help to generate positive spillover effects on private investment;

(Source: Ministry of Finance Malaysia, Economic Report 2014/2015)

(b) industrial developments under the Sarawak Corridor of Renewable Energy ("**SCORE**") which focuses on developing the energy sector in Sarawak to facilitate its industrial developments with an estimated investments totalling RM334 billion by the year 2030; and

(Source: Regional Corridor Development Authority Annual Report 2013)

(c) the expansion of liquefied natural gas production facilities under the Malaysia LNG Sdn Bhd Train 9 Project ("**MLNG Train 9**") in Bintulu, Sarawak.

The industrial gas industry is expected to grow in tandem with the rising demand for industrial gases from the industries mentioned above and infrastructure developments in Malaysia as well as the overall growth in the manufacturing sector.

(Source: Management of SIG)

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6.3 Our prospects

The global economic environment and financial markets are expected to be challenging in the current year arising from the anticipated continuation of the tapering of the quantitative easing 3.0 by the government of the United States of America and the uncertainty caused by Ukraine political crisis and economic growth in the European Union common market.

In the domestic front, despite recording a satisfactory economic growth of slightly more than 5%, due to widening public debts, the Malaysian government has announced various austerity and revenue boosting measures, including cutting back of subsidies, introduction of Goods and Services Tax, and putting on hold of some large infrastructural projects.

BNM has also recently announced to maintain the Overnight Policy Rate at 3.25% and the current stance of monetary policy remains supportive of growth. *(Source: BNM Monetary Policy Press Statement dated 6 November 2014)*

In view of the above challenging economic environment, we have implemented some productivity improvement programmes such as close monitoring on our production processes to reduce raw material wastage (namely power, fuel and liquid gases). We have also adopted some cost savings measures where we increase our supplier base to source for equipment and supplies at more competitive prices and realign our distribution centers such as the centralization of our Puchong operations to Nilai production plant in order to cut operating cost. This is to improve our production efficiencies to remain competitive in the market place. In addition, the completion of various expansion programmes to establish refilling stations in various strategic locations in Peninsular Malaysia in the past years, are gradually contributing to our revenue and improve our economic of scale, and position us favourably to capture business opportunities within the industry.

In addition, we have expanded our operations in Bintulu to capture opportunities there. We believe the attractive aspect of our business lies in our diversified and balanced portfolio of industries and sectors served. The changes implemented recently are now delivering improved safety performance, and enhancing our operational protocols. We have invested in our people, procedures systems and equipment to improve our overall safety standards and assets utilisation. As is the case in most of the global industrial gases business, raw material costs (namely power, fuel and liquid gases) have increased and we are managing our pricing to reflect these variations and to remain competitive.

Premised on the outlook of the industrial gases industry as detailed in **Section 6.2**, we look forward to capitalise on the overall growth in the manufacturing sector as part of the gross proceeds from the Two-Call Rights Issue will be utilised for our Company to increase our refilling capacity and distribution capacity. Also, looking ahead, we will continue with our various initiatives to further improve on our performance and achievement which may be derived from the developments in SCORE and the MLNG Train 9 project.

In conclusion, despite the uncertainty posed by the macroeconomic environment set out above, we believe that with our various cost-savings exercises, re-alignment of assets duly in place, and gradual increase in revenue from our program, we are cautiously optimistic about our performance ahead.

(Source: Management of SIG)

7. FINANCIAL EFFECTS

For illustrative purposes, the proforma effects of the Two-Call Rights Issue on our share capital, NA per Share, gearing, earnings and EPS are as follows:

7.1 Share capital

The proforma effects on the issued and paid-up share capital of SIG are as follows:

	No. of Shares	Share Capital
	('000)	**(RM'000)**
As at LPD	150,000	75,000
To be issued pursuant to the Two-Call Rights Issue	37,500	18,750
Enlarged issued and paid-up share capital after the Two-Call Rights Issue	**187,500**	**93,750**

7.2 NA, NTA and gearing

The proforma effects of the Two-Call Rights Issue on the NA, NTA and gearing of our Group based on the audited consolidated financial statements of our Group as at 31 December 2013 are set out below:

Group Level	Audited as at 31.12.2013 (RM'000)	After the Two-Call Rights Issue (RM'000)
Share capital	75,000	93,750
Reserves	17,072	[(a)] 11,022
Shareholders' funds/ NA	**92,072**	**104,772**
Less: Intangible assets	(302)	(302)
NTA	**91,770**	**104,470**
No. of Shares	150,000	187,500
NA per Share (RM)	0.61	0.56
NTA per Share (RM)	0.61	0.56
Borrowings (RM)	36,959	[(b)] 30,459
Gearing (times)	0.40	0.29

Notes:

(a) *After netting off estimated expenses in relation to the Two-Call Rights Issue of approximately RM0.80 million.*

(b) *The reduction in total borrowings and gearings due to repayment of borrowings from the proceeds from the Two-Call Rights Issue, details of which are set out in* ***Section 4****.*

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7.3 Earnings and EPS

The Two-Call Rights Issue is expected to be completed in the fourth quarter of 2014 and will have a dilutive impact on the EPS of our Group for the FYE 31 December 2014 as a result of an increase in the number of Shares in issue upon completion of the Two-Call Rights Issue.

For illustration purpose only to show the dilutive impact on the EPS of our Group, assuming that the Two-Call Rights Issue had already been effected on 1 January 2013 (before taking into consideration the effects arising from the utilisation of proceeds from the Two-Call Rights Issue), the proforma effects of the Two-Call Rights Issue on the EPS are as follows:

	Audited 31 December 2013	After the Two-Call Rights Issue
PAT attributable to the owners of the parents (RM'000)	2,653	* 2,429
No. of Shares in issue ('000)	150,000	187,500
EPS (sen)	1.77	1.30

<u>*Note:*</u>

* *After deducting the estimated expenses in relation to the Second Call of the Two-Call Rights Issue of RM0.224 million.*

The Two-Call Rights Issue is expected to contribute positively to the earnings of our Group for the ensuing financial years, when the benefits of the utilisation of proceeds are realised.

8. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

8.1 Working capital

At as the LPD, our Board is of the opinion that, after taking into account the amount to be raised from the Two-Call Rights Issue, the banking facilities available to our Group and the funds generated from our operations, our Group will have sufficient working capital for a period of twelve (12) months from the date of issue of this Abridged Prospectus.

8.2 Borrowings

As at the LPD, details of our Group's total outstanding borrowings, all of which are interest bearing and secured, are as follows:

Secured Interest-bearing borrowings	RM'000
Short-term (due within 12 months)	26,129
Long-term (due after 12 months)	11,971
Total	**38,100**

As at LPD, our Group does not have any non-interest bearing borrowings or foreign currency denominated borrowings.

There has been no default on payments of either interest and/or principal sums by our Group in respect of any borrowings throughout the past one (1) financial year and the subsequent financial period up to the LPD.

8.3 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group, which upon becoming enforceable, may have a material adverse impact on the financial results or position of our Group.

8.4 Material commitments

Save as disclosed below, as at the LPD, there are no material commitments, incurred or known to be incurred by our Group:

	RM'000
Property, plant and equipment – approved and contracted for	4,908

Our anticipated sources of funds needed to fulfil the above material commitments will come from a combination of internally-generated funds and/or bank borrowings.

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9. INSTRUCTIONS FOR ACCEPTANCE, PAYMENT, SALE/TRANSFER AND EXCESS APPLICATION FOR THE TWO-CALL RIGHTS ISSUE

9.1 General

If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares, which you are entitled to subscribe for in full or in part under the terms and conditions of the Two-Call Rights Issue. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account and the RSF to enable you to subscribe for Provisional Rights Shares provisionally allotted to you, as well as apply for any Excess Rights Shares if you so choose to do so.

This Abridged Prospectus and RSF are also available on the website of Bursa Securities (http://www.bursamalaysia.com).

9.2 Procedures for Acceptance, Application and Payment

If you wish to accept the Provisional Rights Shares either in full or in part, please complete Part I(A) and Part II of the RSF in accordance with the notes and instructions contained in the RSF and submit it together with the appropriate remittance, to our Share Registrar at the following address:

For delivery by hand, ordinary post and/or courier:

Tricor Investor Services Sdn. Bhd. (118401-V)
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur

Tel	: +603 – 2264 3883
Fax	: +603 – 2282 1886

not later than 5.00 p.m. on **17 December 2014**, being the last date and time for the acceptance and payment for the Rights Shares or such later date and time as our Board may decide and announce not less than two (2) Market Days before the original closing date.

If you do not wish to accept the Provisional Rights Shares in full, you are entitled to accept part of your entitlements. The minimum number of Rights Shares that can be accepted is one (1) Rights Share. Applicants should take note that a trading board lot of the Shares comprise one hundred (100) Shares. You have to complete Part I(A) and Part II of the RSF by specifying the number of Provisional Rights Share(s) which you are accepting. The portion of the Provisional Rights Share(s) that has not been accepted will be allotted to applicants applying for Excess Rights Shares in the manner set out in **Section 9.4**.

Acceptance, application and payment for the Provisional Rights Shares must be made on the RSF and must be completed in accordance with the notes and instructions therein.

Acceptances which do not conform with the terms and conditions of this Abridged Prospectus or the RSF together with the notes and instructions therein or which are illegible may not be accepted at the absolute discretion of our Board.

All acceptance and payment for the Provisional Rights Shares shall be submitted to our Share Registrar by the mode of despatch of your choice and is entirely at your own risk.

Each completed RSF must be accompanied by the appropriate remittance in RM for the full amount payable for the Provisional Rights Shares accepted in the form of banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia and must be made payable to "**SIG RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. The payment must be made in the exact amount. Any acceptance with excess or insufficient payment may be rejected at the absolute discretion of our Board. Cheques or any other mode of payment not prescribed herein are not acceptable.

No acknowledgement of the receipt of the RSF for the Provisional Rights Shares or application monies will be issued by our Company or our Share Registrar in respect of the Provisional Rights Shares. However, a notice of allotment will be dispatched to you by ordinary post to the address stated in the RSF within eight (8) market days from the last date for acceptance and payment for the Rights Shares.

If acceptance and payment(s) for the Provisional Rights Shares offered to are not received by our Share Registrar by 5.00 p.m. on **17 December 2014**, or such later date and time as our Board may decide and announce not less than two (2) Market Days before the original closing date, the Provisional Rights Shares will be deemed to have been declined and will be cancelled. In the event that the Rights Shares are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares to the applicants who have applied for Excess Rights Shares in the manner as set out in **Section 9.4**. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

9.3 Procedures for sale or transfer of Provisional Rights Shares

The Provisional Rights Shares are renounceable and will be traded on Bursa Securities commencing **3 December 2014** up to and including **9 December 2014** at 5.00 p.m. As such, you and/or your renouncee(s) may sell/transfer all or part of your entitlements to the Provisional Rights Shares.

Under the CDS environment, the processes of splitting, nomination and renunciation are generated by electronic book-entries made in the CDS Accounts of the entitled person and the new purchaser. If you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such Provisional Rights Shares into your CDS Account. You may sell part or all of the Provisional Rights Shares.

As the Provisional Rights Shares are prescribed securities, should you and/or your renouncee(s) wish to sell all or part of your entitlement to the Provisional Rights Shares, you may do so immediately through your stockbrokers for the period up to the last day of trading of the Provisional Rights Shares on **9 December 2014** at 5.00 p.m., without first having to request for a split of the Provisional Rights Shares standing to the credit in your CDS Account.

To sell all or part of your Provisional Rights Shares, you and/or your renouncee(s) may sell such entitlements on Bursa Securities or transfer such entitlements to such persons as may be allowed pursuant to the Rules of Bursa Depository.

In selling all or part of your Provisional Rights Shares, you and/or your renouncee(s) need not deliver any document (including the RSF) to the stockbroker in respect of the portion of the Provisional Rights Shares sold. However, you and/or your renouncee(s) must ensure that you have sufficient Provisional Rights Shares standing to the credit of your CDS Account that are available for settlement of the sale.

If you have purchased any Provisional Rights Shares on Bursa Securities, to enable you to accept the Provisional Rights Shares, you should obtain the RSF from one (1) of the following:

(a) Any Malaysian stock broking company

(b) Our Registered Office at:

Suite 1301, 13th Floor
City Plaza, Jalan Tebrau
80300 Johor Bahru
Johor, Malaysia

(c) Our Share Registrar:

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

(d) Bursa Securities' website (http://www.bursamalaysia.com).

If you and/or your renouncee(s) have sold only part of your entitlements to the Provisional Rights Shares, you may still accept the balance of your entitlements to the Provisional Rights Shares by completing Part I(A) and Part II of the RSF and forwarding the RSF together with the full amount payable on the balance of the Provisional Rights Shares applied for to our Share Registrar in accordance with the instructions in **Section 9.2** above.

You are required to complete the RSF and submit the same with the requisite payment to our Share Registrar as described under **Section 9.2** above on Procedures for Acceptance, Application and Payment.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

9.4 Procedures for Excess Rights Shares application

If you and/or your renounce(s) wish to apply for Excess Rights Shares in excess of your entitlement, you may do so by completing Part I(B) of the RSF (in addition to Parts I(A) and II of the RSF) and forwarding it with a separate remittance for the full amount payable in respect of the Excess Rights Shares applied for to our Share Registrar, not later than 5.00 p.m. on **17 December 2014** or such later date and time as our Board may decide and announce not less than two (2) Market Days before the stipulated date and time.

Payment under the Excess Rights Shares Application(s) should be made in the same manner described in **Section 9.2** except that the banker's draft(s), cashier's order(s), money order(s) or postal order(s) drawn on a bank or post office in Malaysia should be made payable to "**SIG EXCESS RIGHTS ISSUE ACCOUNT**", crossed "**ACCOUNT PAYEE ONLY**" and endorsed on the reverse side with your name, contact number and address in block letters and your CDS Account number. Cheques or any other mode of payments not prescribed herein are not acceptable.

It is the intention of the Board to allot the Excess Rights Shares, if any, on a fair and equitable manner to the entitled shareholders and/or their renouncee(s) and/or transferee(s) who have applied for the Excess Rights Shares in the following priority:

(a) firstly, to minimise the incidence of odd lots;

(b) secondly, for allocation to the Entitled Shareholders (excluding the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lot, calculated based on their respective shareholdings on the Entitlement Date;

(c) thirdly, for allocation to the Entitled Shareholders (excluding the Undertaking Shareholders) who have applied for Excess Rights Shares on a pro-rata basis and in board lots calculated based on the quantum of their respective Excess Rights Shares application; and

(d) fourthly, for allocation to the renouncee(s) who have applied for the Excess Rights Shares on a pro-rata basis and in board lots calculated based on the quantum of their respective Excess Rights Shares application.

Nevertheless, the Board reserves the right to allot the Excess Rights Shares in such manner as they deem fit and expedient and in the best interest of the Company subject always to such allocation being made on a fair and equitable basis, and that the intention of the Board as set out in (a) to (d) above is achieved.

Our Board reserves the right not to accept any application or to accept in part only any application accompanied by payment other than in the manner prescribed herein or which is otherwise howsoever incomplete or not in order, without assigning any reasons thereof.

No acknowledgement of the receipt of the RSF for the Excess Rights Shares Application(s) or application monies will be issued by our Company or our Share Registrar in respect of the Excess Rights Shares Application(s). However, a notice of allotment will be dispatched to you by ordinary post to the address stated in the RSF within eight (8) market days from the last date for acceptance and payment for the Excess Rights Shares.

In respect of unsuccessful or partially successful Excess Rights Shares Application(s), the full amount or the balance of the application monies (as the case may be) will be refunded without interest within fifteen (15) Market Days from the last date of application and payment of the Excess Rights Shares by ordinary post to the address shown in Bursa Depository's records at your own risk.

If you lose, misplace or for any reason require another copy of the RSF, you may obtain additional copies from your stockbrokers, our Registered Office, Bursa Securities' website (http://www.bursamalaysia.com) or our Share Registrar.

9.5 CDS Accounts

Bursa Securities has already prescribed our Shares listed on the Main Market to be deposited with Bursa Depository. Accordingly, the Rights Shares shall be prescribed securities and as such, all dealings in the Rights Shares will be by book entry through CDS Accounts and will be governed by the Central Depositories Act, Securities Industry (Central Depositories) Amendment Act, 1998 and the Rules of Bursa Depository. You must have a CDS Account in order to subscribe for the Rights Shares. Failure to comply with these specific instructions or inaccuracy(ies) in the CDS Account number may result in the application being rejected.

The acceptance of the Rights Shares by you or any purchaser of the Rights Shares thereof shall mean consent to receiving such Rights Shares as prescribed securities which will be credited directly into your or the purchaser's CDS Account.

All Excess Rights Shares allotted shall be credited directly into the CDS Account of the successful applicants.

You are required to use one (1) RSF for each CDS Account. Separate RSFs must be used if you have more than one (1) CDS Account having been credited with the Rights Shares. If successful, the Rights Shares that you subscribed for will be credited into the CDS Account where the Provisional Right Shares are standing to the credit.

9.6 Foreign Shareholders

This Abridged Prospectus, NPA and the RSF are not intended to be (and will not be) issued, circulated or distributed and the Two-Call Rights Issue is not intended to be (and will not be) made or offered for purchase or subscription, in any country or jurisdiction other than Malaysia or to persons who are or may be subject to the laws of any country or jurisdiction other than, nor under or in accordance with any laws other than that of, nor lodged, registered or approved by any regulatory authority or relevant body other than those in Malaysia.

The Two-Call Rights Issue to which this Abridged Prospectus relates is only available to Entitled Shareholders receiving this Abridged Prospectus and the RSF electronically or otherwise within Malaysia. Accordingly, this Abridged Prospectus, NPA and RSF will not be sent to Foreign Shareholders who do not have a registered address in Malaysia as stated in our Record of Depositors. Foreign Shareholders may also collect or authorise any other person to collect on their behalf, the Abridged Prospectus including the accompanying documents from our Share Registrar, in which event, our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and/or authority of the person collecting the aforesaid documents.

If you accept the Two-Call Rights Issue, we will assume that such acceptance would not be in breach of the laws of any jurisdiction that you are subject to and that such Two-Call Rights Issue were accepted by you in, and subject to the laws of Malaysia.

Nevertheless, our Board reserves the right, in their absolute discretion, to treat any acceptance as invalid and/or ineffective, if they believe or have reason to believe that such acceptance may violate applicable legal or regulatory requirements.

It shall be your sole responsibility to consult your legal and/or other professional advisers and to satisfy yourself as to whether your acceptance or renunciation (as the case may be) of all or part of your entitlements to the Two-Call Rights Issue would result in the contravention of any law to which you are subject (including those of any country or jurisdiction other than Malaysia, if any). Neither SIG nor KIBB, being the Principal Adviser or any other advisers to the Two-Call Rights Issue, shall accept any responsibility or liability whatsoever to any party in the event that such acceptance or renunciation by you and/or your renouncee(s) is or shall become illegal, unenforceable, voidable or void in any country or jurisdiction.

Remittances by Foreign Shareholders and/or their renouncee(s) who wish to accept the Two-Call Rights Issue subject to the above conditions must be made in the manner prescribed in **Sections 9.2** and **9.4**.

If you are a Foreign Shareholder, by signing the RSF, you and/or your renouncee(s) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) our Company, our Board and officers, and other advisers to the Two-Call Rights Issue that:

(a) our Company would not, by acting on the acceptance or renunciation in connection with the Two-Call Rights Issue, be in breach of the laws of any jurisdiction to which you and/or your renouncee(s) is or might be subject to;

(b) you and/or your renouncee(s) have complied with the laws to which you and/or your renouncee(s) are or may be subject to in connection with the acceptance or renunciation;

(c) you and/or your renouncee(s) are not a nominee or agent of a person in respect of whom we would, by acting on the acceptance or renunciation of the Rights Shares, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

(d) you and/or your renouncee(s) are aware that the Rights Shares can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

(e) you and/or your renouncee(s) have respectively received a copy of this Abridged Prospectus and have read and understood the contents of this Abridged Prospectus; and

(f) you and/or your renouncee(s) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares.

9.7 Notice of Allotment

Upon the allotment of the Rights Shares in respect of your acceptance and Excess Rights Shares Application(s) (if any), the Rights Shares shall be credited into your CDS Account. No physical certificates will be issued to you in respect of the Rights Shares. However, a notice of allotment will be despatched to you by ORDINARY POST within eight (8) Market Days from the last date of acceptance and payment of the Rights Shares / Excess Rights Shares Application(s) at the address shown in Bursa Depository's records at your own risk.

Where any application for the Rights Shares is not accepted due to non-compliance with the terms of the Two-Call Rights Issue or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded without interest and shall be despatched by ORDINARY POST to you within fifteen (15) Market Days from the last date of acceptance and payment of the Rights Shares / Excess Rights Shares Application(s) to the address shown in Bursa Depository's records at your own risk.

The allotment of the Rights Shares, despatch of notices of allotment and application to Bursa Securities for the quotation of the Shares must be made within eight (8) Market Days from the last day for the acceptance and payment of the Rights Shares.

YOU SHOULD NOTE THAT ALL RSF AND REMITTANCES LODGED WITH OUR SHARE REGISTRAR WILL BE IRREVOCABLE AND CANNOT SUBSEQUENTLY BE WITHDRAWN.

THE LATEST TIME AND DATE FOR ACCEPTANCE AND PAYMENT FOR THE RIGHTS SHARES WILL BE AT 5.00 P.M. ON 17 DECEMBER 2014 OR SUCH LATER DATE AND TIME AS OUR BOARD MAY DECIDE AND ANNOUNCE NOT LESS THAN TWO (2) MARKET DAYS BEFORE THE STIPULATED DATE AND TIME.

AN APPLICATION SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

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10. TERMS AND CONDITIONS

The issue of the Rights Shares pursuant to the Two-Call Rights Issue is governed by the terms and conditions as set out in this Abridged Prospectus and the accompanying RSF and NPA.

11. FURTHER INFORMATION

Please refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of the Board of
SIG GASES BERHAD

PEH LAM HOH
Executive Chairman

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CERTIFIED TRUE EXTRACT OF THE RESOLUTION PERTAINING TO THE TWO-CALL RIGHTS ISSUE PASSED AT OUR EGM HELD ON 13 NOVEMBER 2014

SIG GASES BERHAD (875083-W)
(Incorporated in Malaysia)

EXTRACT OF THE MINUTES OF THE EXTRAORDINARY GENERAL MEETING HELD AT GRAND PARAGON HOTEL JOHOR BAHRU, LEVEL 3, EMERALD 2, 18 JALAN HARIMAU, TAMAN CENTURY, 80250 JOHOR BAHRU, JOHOR, MALAYSIA ON THURSDAY, 13 NOVEMBER 2014 AT 12.00 P.M.

The Meeting RESOLVED THAT the following resolution was passed by Shareholders:-

ORDINARY RESOLUTION:

PROPOSED RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 37,500,000 NEW ORDINARY SHARES OF RM0.50 EACH IN SIG ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD IN SIG ON AN ENTITLEMENT DATE TO BE DETERMINED LATER, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.36 PER RIGHTS SHARE IS PAYABLE IN CASH AND THE SECOND CALL OF RM0.14 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE RETAINED EARNINGS RESERVE OF SIG ("PROPOSED TWO-CALL RIGHTS ISSUE")

"**THAT**, subject to all approvals being obtained from the relevant authorities or parties (where required) approval be and is hereby given to the Board of Directors of SIG ("**Board**") to provisionally allot and issue by way of renounceable two-call rights issue of 37,500,000 Rights Shares at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable by cash on application and the second call of RM0.14 per Rights Share is to be capitalised from the Company's retained earnings upon allotment, to the shareholders of the Company whose names appear in the Record of Depositors of the Company at the close of business on the entitlement date to be determined by the Board, or their renouncees, on the basis of one (1) Rights Share for every four (4) existing SIG Shares held, and on such other terms and conditions as the Board was determine;

AND THAT, all such Rights Shares shall upon allotment and issuance, rank pari passu in all respects with the then existing Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotment and/or other forms of distributions that may be declared, made or paid to the shareholders, the entitlement date of which is prior to the date of allotment and issuance of the Rights Shares;

AND THAT, the Board be and is hereby authorised to capitalise from the Company's retained earnings towards paying in full the second call of the Rights Shares pursuant to the Proposed Two-Call Rights Issue;

AND THAT, any fractional entitlement arising from the Proposed Two-Call Rights Issue shall be disregarded and shall be dealt with in such manner as the Board shall in their absolute discretion deem expedient and in the best interest of SIG.

AND FURTHER THAT, the Board be and hereby authorised to take all steps and to enter into all such agreements, deeds, arrangements, indemnities and guarantees as the Board may deem fit or expedient to give full effect to the Proposed Two-Call Rights Issue with full power to assent to any conditions, modification, revaluation, variation and/or amendment (if any) as may be imposed or permitted by the relevant authorities or as may be deemed necessary by the Board and to deal with all matters relating thereto and to take all steps to do all such acts and things in any manner as they may deem necessary, in connection with the Proposed Two-Call Rights Issue and as they may deem fit and expedient, in the interest of the Company."

CERTIFIED TRUE COPY

DIRECTOR	**COMPANY SECRETARY**
PEH LAM HOH	**YONG MAY LI (F)**
	LS0000295

Dated: 13 November 2014

Page 1 of 1

INFORMATION ON SIG

1. HISTORY AND BUSINESS

We were incorporated under the Act on 14 October 2009 as a public company limited by shares under our present name. Our principal activity is investment holding.

We were listed on the Main Market on 9 August 2010.

The principal activities of our subsidiaries and associated company are set out in **Section 6** of this **Appendix II**.

2. SHARE CAPITAL

Our authorised and issued and paid-up share capital is as follows:

	No. of Shares	Par Value RM	RM
Authorised	400,000,000	0.50	200,000,000
Issued and fully paid-up	150,000,000	0.50	75,000,000

3. CHANGES IN AUTHORISED AND ISSUED AND PAID-UP SHARE CAPITAL

There were no changes in our authorised share capital and issued and paid-up share capital for the past three (3) years up to and including the LPD.

4. SUBSTANTIAL SHAREHOLDERS

The effects of the Two-Call Rights Issue on our substantial shareholders' shareholdings are set out below:

	Shareholdings as at LPD				After the Two-Call Rights Issue			
	Direct		Indirect		Direct		Indirect	
Substantial Shareholders	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Phoenix	52,500,000	35.00	-	-	65,625,000	35.00	-	-
SSB Cryogenic	10,365,458	6.91	-	-	12,956,823	6.91	-	-
Mr Peh	6,209,744	4.14	(a) 63,211,858	42.14	7,762,180	4.14	(a) 79,014,823	42.14
Datuk Syed Ahmad Bin Alwee Alsree	-	-	(b) 57,527,393	38.35	-	-	(b) 71,909,241	38.35
Dato Hajjah Hanifah	5,027,393	3.35	(c) 52,500,000	35.00	6,284,241	3.35	(c) 65,625,000	35.00

Notes:

(a) *Deemed interested by virtue of his interest in Phoenix and SSB Cryogenic pursuant to Section 6A of the Act and by virtue of his spouse's and daughter-in-law's interest pursuant to Section 134(12)(C) of the Act.*

(b) *Deemed interested by virtue of his spouse's interest and his spouse's interest in Phoenix pursuant to Section 134(12)(C) and Section 6A of the Act.*

(c) *Deemed interested by virtue of her interest in Phoenix pursuant to Section 6A of the Act*

5. DIRECTORS

5.1 Details of our Board

Directors	Address	Age	Nationality	Profession	Designation
Peh Lam Hoh	26, Jalan Setia Tropika 9/15 Taman Setia Tropika 81200 Johor Bahru Johor, Malaysia	64	Singaporean	Company Director	Executive Chairman
Lau Cheng Ming	Lot 8679, Section 64 Pending Commercial Centre 93450 Kuching Sarawak, Malaysia	60	Malaysian	Company Director	Executive Director
Datuk Syed Ahmad Bin Alwee Alsree	Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, Malaysia	48	Singaporean	Company Director	Non-Independent Non-Executive Director
Diong Tai Pew	48, Yunnan Road Singapore 637911	63	Malaysian	Chartered Accountant	Senior Independent Non-Executive Director
Lee Ting Kiat	12A, Jalan Straits View 80100 Johor Bahru Johor, Malaysia	46	Malaysian	Lawyer	Independent Non-Executive Director
Lim Tin Teng @ Lim Jit Teng	1, Jalan Desa Ria Satu Taman Desa 58100 Kuala Lumpur Wilayah Persekutuan Malaysia	71	Malaysian	Company Director	Independent Non-Executive Director

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INFORMATION ON SIG *(CONT'D)*

5.2 Directors' shareholdings

The proforma effects of the Two-Call Rights Issue on our Directors' direct and indirect shareholdings in our Company based on our Register of Directors' shareholdings as at the LPD are as follows:

	Shareholdings as at LPD				After the Two-Call Rights Issue			
	Direct		Indirect		Direct		Indirect	
Directors	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Peh Lam Hoh	6,209,744	4.14	(a) 63,211,858	42.14	7,762,180	4.14	(a) 79,014,823	42.14
Lau Cheng Ming	2,067,664	1.38	-	-	2,584,580	1.38	-	-
Datuk Syed Ahmad Bin Alwee Alsree	-	-	(b) 57,527,393	38.35	-	-	(b) 71,909,241	38.35
Diong Tai Pew	600,000	0.40	-	-	750,000	0.40	-	-
Lee Ting Kiat	-	-	-	-	-	-	-	-
Lim Tin Teng @ Lim Jit Teng	-	-	-	-	-	-	-	-

<u>Notes:</u>

(a) *Deemed interested by virtue of his interest in Phoenix and SSB Cryogenic pursuant to Section 6A of the Act and by virtue of his spouse's and daughter-in-law's interest pursuant to Section 134(12)(C) of the Act.*

(b) *Deemed interested by virtue of his spouse's interest and his spouse's interest in Phoenix pursuant to Section 134(12)(C) and Section 6A of the Act.*

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6. SUBSIDIARIES AND ASSOCIATED COMPANY

Details of our subsidiaries and associated companies are as follows:

(a) Subsidiaries

Name of company	Date and place of incorporation	Issued and paid-up capital RM	Effective equity interest %	Principal activities
Southern Industrial Gas Sdn Bhd	20.3.1996/ Malaysia	23,000,000	100	Manufacturing, refilling and distribution of industrial gases
Southern Oxygen Sdn Bhd	17.9.2007/ Malaysia	2.00	100	Manufacturing and distribution of liquid oxygen, liquid nitrogen and liquid argon - yet to commence operations
Southern Carbon Dioxide Sdn Bhd	26.9.2007/ Malaysia	2.00	100	Manufacturing and distribution of liquid carbon dioxide - yet to commence operations
SIG Properties Sdn Bhd	25.4.2013/ Malaysia	10.00	100	Properties development and building contractor - yet to commence operations

(b) Associated company

Name of company	Date and place of incorporation	Issued and paid-up capital RM	Effective equity interest %	Principal activities
Iwatani-SIG Industrial Gases Sdn Bhd	13.1.2012/ Malaysia	16,400,000	40	Manufacturing and distribution of liquid products and compressed gases.

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7. PROFIT AND DIVIDEND RECORD

The summary of the profit and dividend record based on our Group's audited consolidated financial statements from the FYE 31 December 2011 to 2013 and the latest unaudited consolidated financial statements for the FPE 30 September 2014 are set out below:

	<---Audited--->			Unaudited FPE 30 September 2014	Unaudited FPE 30 September 2013
	FYE 2011 RM'000	**FYE 2012 RM'000**	**FYE 2013 RM'000**	**RM'000**	**RM'000**
Revenue	54,361	62,131	63,109	49,272	47,078
Gross profit	15,593	16,994	18,609	15,878	13,795
Other income	1,029	518	1,151	997	1,002
EBITDA	8,128	8,313	9,558	9,343	7,423
Finance costs	(910)	(1,652)	(2,293)	(1,656)	(1,614)
Share of results of an associate	-	(26)	170	540	111
PBT	3,512	2,187	1,956	3,580	1,735
Taxation	(1,078)	1,100	697	4,241	335
PAT attributable to					
- Owners of the Company	2,434	3,287	2,653	7,821	2,070
- Non-controlling interests	-	-	-	-	-
	2,434	3,287	2,653	7,821	2,070
Gross profit margin (%)	28.68%	27.35%	29.49%	32.22%	29.30%
PAT margin (%)	4.48%	5.29%	4.20%	15.87%	4.40%
No. of Shares in issue ('000)	150,000	150,000	150,000	150,000	150,000
Weighted average number of Shares ('000)	150,000	150,000	150,000	150,000	150,000
Basic EPS (sen)	1.62	2.19	1.77	5.21	1.38
Diluted EPS[1] (sen)	1.62	2.19	1.77	5.21	1.38
Gross dividend per Share (sen)	1.30	0.60	0.80	0.60	0.80

Note:

[1] Dilutive EPS is equal to Basic EPS as there is no potential dilutive ordinary shares as at the FYE2013, FYE2012 and FYE2011 as well as for the FPE 30 September 2014 and 30 September 2013.

Commentary on the financial performance

FYE 31 December 2011

For the FYE 31 December 2011, our Group recorded PAT of RM2.43 million on the back of revenue of RM54.36 million as compared to a PAT of RM6.01 million on the back of revenue of RM55.26 million for the FYE 31 December 2010. The decrease in revenue is mainly due to decrease in refilling and distribution of industrial gases and cylinder, attributable to the general slowdown in industry activities due to the breakdown of the supply chain after the flooding disaster in Thailand. As a result, gross profit has also decreased from RM18.86 million for the FYE 31 December 2010 to RM15.59 for the FYE 31 December 2011, due to the increase in competition as well as increase in the cost of certain raw materials such as calcium carbide by 17% and general increase in electricity cost by 20% during the FYE 31 December 2011.

This has also subsequently affected the PAT of our Group, which recorded a decrease of 59.57%, which was also affected by the increase in selling and administrative expenses by RM1.55 million mainly due to increase in depreciation, diesel and payroll cost by RM0.13 million, RM0.17 million and RM0.44 million respectively.

FYE 31 December 2012

For the FYE 31 December 2012, we recorded higher revenue of RM62.13 million, representing an increase of RM7.77 million or 14.29% as compared to the FYE 31 December 2011. The increase in revenue was mainly due to the market picking up after the general slowdown in the previous year, and this has resulted in the increase in sales of industrial gases, namely oxygen, nitrogen and acetylene which has recorded increases in revenue ranging from 3.55% to 74.25%. Consequently, the gross profit has increased by RM1.40 million or 8.96% as compared to the FYE 31 December 2011, although the gross profit margin has decreased slightly by 1.33% which was mainly due to increase in workers' wages and depreciation expenses attributable to the production of these industrial gases. Other income has decreased mainly due to there were less gains from disposal of property, plant and equipment amounting to RM0.06 million for the FYE 31 December 2012 as compared to RM0.46 million for the FYE 31 December 2011.

Our Group's PAT has also increased to RM3.29 million, recording an increase of RM0.86 million or 35.33% as compared to the corresponding year. This increase is mainly contributed by the recognition of deferred tax assets of RM1.10 million.

FYE 31 December 2013

For the FYE 31 December 2013, we recorded an increase in revenue of RM0.98 million or 1.57%, totalling RM63.11 million as compared to RM62.13 million for the FYE 31 December 2012. This slight increase was mainly due to the increase in activities of refilling and distribution of industrial gases segment, which was partially offset by the decrease in our manufacturing segment. We have also managed to improve the gross profit of our Group for the FYE 31 December 2013 from RM16.99 million to RM18.61 million, an increase of RM1.62 million or 9.54% as compared to the FYE 31 December 2012. This has resulted in an increase in our gross profit margin from 27.35% to 29.49% which was mainly contributed by lower expenditure in transport cost, trucking cost and raw material cost.

However, our Group's PAT has decreased to RM2.65 million for the FYE 31 December 2013 as compared to RM3.29 million for the FYE 31 December 2012. The decrease in our Group's PAT is mainly attributable to higher salary related expenses due to the implementation of the minimum wage policy in Malaysia. There have also been increases in depreciation expenses, security expenses and selling related expenses for our Group for the FYE 31 December 2013.

Unaudited nine (9) months FPE 30 September 2014

For the nine (9) months FPE 30 September 2014, our Group recorded revenue of RM49.27 million and we saw revenue increase by RM2.20 million or 4.70% as compared to the same period for FPE 30 September 2013 which can be attributed to increase in industrial gases sales to the fabrication and engineering sectors. Our gross profit also recorded increase of RM2.08 million or 15.10% to RM15.88 million as compared to the same period for FPE 30 September 2013. Subsequently, the gross profit margin has also increased to 32.23% from 29.30%, due to lower operating costs in terms of lower transport costs and also reduction in purchase prices for raw materials such as liquids and calcium carbide.

Our Group's PAT was RM7.82 million for the current nine (9) months FPE 30 September 2014 which is RM5.75 million higher as compared to the same corresponding period for the FPE 30 September 2013. This is mainly due to recognition of deferred tax assets amounting to RM4.2 million as a result of an increase in the unabsorbed reinvestment allowances for certain plant and machineries. We also recorded increase in the average selling prices of our products as well as lower operating costs as detailed above. In addition, we recorded an increase in share of profit from our associated company, from RM0.11 million to RM0.54 million as compared with the corresponding period for the FPE 30 September 2013.

8. HISTORICAL SHARE PRICES

The monthly highest and lowest market prices of Shares traded on Bursa Securities for the past twelve (12) months from December 2013 to November 2014 are as follows:

		High (RM)	Low (RM)
Year 2013	December	0.60	0.58
	January	0.61	0.58
Year 2014	February	0.59	0.56
	March	0.59	0.56
	April	0.64	0.58
	May	0.63	0.61
	June	0.69	0.60
	July	0.77	0.66
	August	0.76	0.67
	September	0.75	0.70
	October	0.72	0.67
	November	0.73	0.55

The last transacted price of the Shares on Bursa Securities on:

(a) 4 September 2014, being the last trading day prior to the announcement of the Two-Call Rights Issue was RM0.70 per Share;

(b) 17 November 2014, being the LPD was RM0.69 per Share; and

(c) 27 November 2014, being the last trading day prior to the ex-rights date for the Two-Call Rights Issue was RM0.63 per Share.

(Source: Bloomberg L.P.)

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON

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REPORTING ACCOUNTANTS' REPORT ON THE COMPILATION OF PRO FORMA STATEMENT OF FINANCIAL POSITION INCLUDED IN AN ABRIDGED PROSPECTUS
(Prepared for inclusion in the Abridged Prospectus to be dated 2 December 2014 ("Abridged Prospectus"))

The Board of Directors
SIG Gases Berhad
PLO 137, Kawasan Perindustrian Senai III
81400 Senai
Johor

24 November 2014

Dear Sirs

SIG GASES BERHAD ("SIG" OR "THE COMPANY")

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 IN CONNECTION WITH THE RENOUNCEABLE TWO-CALL RIGHTS ISSUE OF 37,500,000 NEW ORDINARY SHARES OF RM0.50 EACH IN SIG ("SHARES") ("RIGHTS SHARES") ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) EXISTING SHARES HELD IN SIG ON THE ENTITLEMENT DATE, AT AN ISSUE PRICE OF RM0.50 PER RIGHTS SHARE, OF WHICH THE FIRST CALL OF RM0.36 PER RIGHTS SHARE IS PAYABLE IN CASH AND THE SECOND CALL OF RM0.14 PER RIGHTS SHARE IS TO BE CAPITALISED FROM THE RETAINED EARNINGS RESERVE OF SIG ("TWO-CALL RIGHTS ISSUE")

We have completed our assurance engagement to report on the compilation of Pro Forma Consolidated Statement of Financial Position of SIG and its subsidiaries (collectively referred to as "the Group") prepared by the Directors. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statement of Financial Position are described in Appendix I.

The Pro Forma Consolidated Statement of Financial Position has been compiled by the Directors to illustrate the impact of the events or transactions set out in Appendix I on the Group's financial position as at 31 December 2013 as if the event or transaction had taken place as at 31 December 2013. As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the year ended 31 December 2013, on which an audit report has been published.

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SIG Gases Berhad
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The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

Our responsibilities

Our responsibility is to express an opinion about whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus,* issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statement of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statement of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statement of Financial Position.

The purpose of the Pro Forma Consolidated Statement of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

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Our responsibilities (cont'd)

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statement of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The Pro Forma Consolidated Statement of Financial Position reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the Pro Forma Consolidated Statement of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statement of Financial Position.

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

Opinion

In our opinion, the Pro Forma Consolidated Statement of Financial Position has been compiled, in all material respects, on the basis of the applicable criteria.

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Other matters

This letter is issued for the sole purpose of complying with the Prospectus Guidelines - Abridged Prospectus issued by the Securities Commission in connection with the Two-Call Rights Issue. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Two-Call Rights Issue described above. We accept no duty or responsibility to, and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than the Two-Call Rights Issue.

Yours faithfully

Ernst & Young	Wun Mow Sang
AF: 0039	1821/12/14(J)
Chartered Accountants	Chartered Accountant

Appendix I

SIG Gases Berhad
(Incorporated in Malaysia)

Ernst & Young (AF: 0039)
Chartered Accountants Johor Bahru
For Identification Purposes only

Consolidated statement of financial position as at 31 December 2013

	Group Audited Statement of financial position As at 31.12.2013 RM	Two-Call Rights Issue RM	Pro Forma I after the Two-call Rights issue RM	Utilisation of Proceeds RM	Pro Forma II and after adjustment for utilisation of proceeds RM
Non-current assets					
Property, plant and equipment	109,636,202		109,636,202	4,200,000	113,836,202
Intangible assets	301,847		301,847		301,847
Investment in an associate	4,623,748		4,623,748		4,623,748
	114,561,797		114,561,797		118,761,797
Current assets					
Inventories	4,085,985		4,085,985		4,085,985
Inventory property	2,353,178		2,353,178		2,353,178
Trade and other receivables	19,350,642		19,350,642		- 19,350,642
Tax recoverable	32,616		32,616		32,616
Other current assets	1,405,094		1,405,094		1,405,094
Cash and bank balances	7,711,212	13,500,000	21,211,212	(800,000) (10,700,000)	9,711,212
	34,938,727		48,438,727		36,938,727
Non current assets held for sales	6,374,266		6,374,266		6,374,266
	41,312,993		54,812,993		43,312,993
Total assets	155,874,790		169,374,790		162,074,790
Equity and liabilities					
Current liabilities					
Short term borrowings	24,130,921		24,130,921	(6,500,000)	17,630,921
Trade and other payables	19,893,939		19,893,939		19,893,939
	44,024,860		44,024,860		37,524,860
Net current (liabilities)/ assets	(2,711,867)		10,788,133		5,788,133
Non-current liabilities					
Long term borrowings	12,828,521		12,828,521		12,828,521
Deferred tax liabilities	6,949,000		6,949,000		6,949,000
	19,777,521		19,777,521		19,777,521
Total liabilities	63,802,381		63,802,381		57,302,381
Net assets	92,072,409		105,572,409		104,772,409

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PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2013 TOGETHER WITH THE NOTES AND REPORTING ACCOUNTANTS' LETTER THEREON *(CONT'D)*

Appendix I

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Chartered Accountants Johor Bahru
For Identification Purposes only

SIG Gases Berhad
(Incorporated in Malaysia)

Consolidated statement of financial position as at 31 December 2013 (cont'd)

	Audited Statement of financial position As at 31.12.2013 RM	Two-Call Rights Issue RM	Pro Forma I after the Two-call Rights issue RM	Utilisation of Proceeds RM	Pro Forma II and after adjustment for utilisation of proceeds RM
Equity attributable to owners of the parent					
Share capital	75,000,000	13,500,000	93,750,000		93,750,000
		5,250,000			
Reserves	17,072,409	(5,250,000)	11,822,409	(800,000)	11,022,409
Total equity	92,072,409		105,572,409		104,772,409
Total equity and liabilities	155,874,790		169,374,790		162,074,790
Net assets ("NA")	92,072,409		105,572,409		104,772,409
Net tangible assets ("NTA")	91,770,562		105,270,562		104,470,562
Number of SIG shares	150,000,000	37,500,000	187,500,000		187,500,000
NA per share (RM)	0.61		0.56		0.56
NTA per share (RM)	0.61		0.56		0.56
Total borrowings	36,959,442		36,959,442		30,459,442
Gearing (times)	0.40		0.35		0.29

Appendix I

SIG Gases Berhad
(Incorporated in Malaysia)

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Notes to the pro forma consolidated statement of financial position
As at 31 December 2013

1. Basis of Preparation

1.1 The pro forma consolidated statement of financial position of SIG Gases Berhad ("SIG" or "the Company") and its subsidiaries ("SIG Group" or "the Group"), for which the directors of SIG are solely responsible, have been prepared for illustrative purposes only, to show the effect on the audited statement of financial position of SIG Group as at 31 December 2013 on the renounceable two-call rights issue of 37,500,000 new ordinary shares of RM0.50 each in SIG ("Shares") ("Rights Shares") on the basis of one (1) Rights Share for every four (4) existing shares held in SIG on the entitlement date, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable in cash and the second call of RM0.14 per Rights Share is to be capitalised from the retained earnings of SIG ("Two-Call Rights Issue"), had the Two-Call Rights Issue been implemented and completed as at 31 December 2013 and by application of the accounting policies as disclosed in the audited financial statements of the Group as at 31 December 2013.

The pro forma consolidated statement of financial position of the Group has been properly compiled using the audited consolidated financial statements of the Group as at 31 December 2013, which are prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia and in a manner consistent with both the format of the financial statements and current accounting policies adopted by the Group and reported on without modification by the auditors.

1.2 Transaction Costs for Equity Instruments

The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The estimated expenses in relation to the Two-Call Rights Issue amounting to RM800,000, of which RM576,000 are related to the first call which will be deducted from share premium reserve and the balance RM224,000 are related to the second call which will be recognised in profit or loss.

2. Pro Forma Adjustment

Pro Forma I
After the Two-call Rights Issue

The Pro Forma incorporates the effects of the full subscription and issuance of 37,500,000 Two-Call Rights Shares on the basis of one (1) Rights Share for every four (4) existing shares held in SIG.

The full subscription and issuance of 37,500,000 Rights Shares would give rise to an increase in the issued and paid-up share capital of SIG by RM18.75 million, and decrease in reserves of SIG by RM5.25 million respectively. The full subscription of 37,500,000 Rights Shares will generate total gross cash proceeds of RM13.50 million.

The proceeds arising from the Two-Call Rights Issue will be included in the cash and bank balances account.

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Chartered Accountants Johor Bahru
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2. Pro Forma Adjustment (cont'd)

Pro Forma II

Pro Forma II incorporates the cumulative effects of Pro Forma I and the utilisation of the proceeds from the Two-Call Rights Issue.

The proceeds from the Two-Call Rights issue by SIG will be utilised in the following manner:

	RM'000
• Repayment of bank borrowings of SIG Group	6,500,000
• Capital expenditures	4,200,000
• Working capital	2,000,000
• Estimated expenses in relation to the Two-Call Rights Issue	800,000
	13,500,000

3. Movements in the Cash and Bank Balances, Share Capital and Reserves

3.1 Cash and Bank Balances

The movement in the cash and bank balances are as follows :

	Group RM
As at 31 December 2013	7,711,212
Arising from the Two-Call Rights Issue	13,500,000
As per Pro Forma I	21,211,212
Less: Estimated expenses in relation to the Two-Call Rights Issue	(800,000)
Less: Repayment of bank borrowings of SIG Group	(6,500,000)
Less: Payment for capital expenditures	(4,200,000)
As per Pro Forma II	9,711,212

3.2 Share Capital

The movement in the issued and fully paid-up share capital are summarised as follows :

	No. of ordinary shares	Amount RM
As at 31 December 2013	150,000,000	75,000,000
Arising from the Two-Call Rights Issue	37,500,000	18,750,000
As per Pro Forma I and II	187,500,000	93,750,000

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SIG Gases Berhad
(Incorporated in Malaysia)

3. Movements in the Cash and Bank Balances, Share Capital and Reserves (cont'd)

3.3 Reserves

The movement in the reserves are as follows :

	Group RM
As at 31 December 2013	17,072,409
Less: Capitalisation for the Two-Call Rights Issue	(5,250,000)
As per Pro Forma I	11,822,409
Less: Estimated expenses in relation to the Two-Call Rights Issue	(800,000)
As per Pro Forma II	11,022,409

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Ernst & Young (AF: 0039)
Chartered Accountants

WUN MOW SANG
PARTNER

SIG GASES BERHAD
(875083 W)
(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements

31 December 2013

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SIG Gases Berhad
(Incorporated in Malaysia)

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SIG Gases Berhad
(Incorporated in Malaysia)

Directors' report

The directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed in Note 14 to the financial statements.

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

Results

	Group RM	Company RM
Profit net of tax	2,653,364	1,255,717
Profit attributable to:		
Owners of the parent	2,653,364	1,255,717

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

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

Dividend

The amounts of dividend paid by the Company since 31 December 2012 were as follows :

	RM
In respect of the financial year ended 31 December 2012 :	
Final tax exempt (single-tier) dividend of 0.8 sen on 150,000,000 ordinary shares declared on 17 May 2013 and paid on 18 June 2013	1,200,000

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 0.6 sen on 150,000,000 ordinary shares, amounting to a dividend payable of RM900,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

SIG Gases Berhad
(Incorporated in Malaysia)

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are :

Peh Lam Hoh
Lau Cheng Ming
Datuk Syed Ahmad Bin Alwee Alsree
Diong Tai Pew
Lee Ting Kiat

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 9 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 29 to the financial statements.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
The Company	**1 January 2013**	**Bought**	**Sold**	**31 December 2013**
Direct interest :				
Peh Lam Hoh	6,209,744	-	-	6,209,744
Lau Cheng Ming	2,067,664	-	-	2,067,664
Diong Tai Pew	200,000	200,000	-	400,000
Indirect interest :				
Peh Lam Hoh	63,211,858	-	-	63,211,858
Datuk Syed Ahmad Bin Alwee Alsree	57,527,393	-	-	57,527,393

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

SIG Gases Berhad
(Incorporated in Malaysia)

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position 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 provision for doubtful debts and satisfied themselves there were no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their value 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 which would render:

(i) It necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and

(ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) At the date of this report, the directors are not aware of any circumstances 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.

(e) As at the date of this report, there does not exist :

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

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

SIG Gases Berhad
(Incorporated in Malaysia)

Other statutory information (cont'd)

(f) 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 or of the Company to meet its obligations 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 or of the Company for the financial year in which this report is made.

Subsequent event

Details of subsequent event are disclosed in Note 35 to the financial statements.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 0 3 APR 2014

Peh Lam Hoh

Lau Cheng Ming

SIG Gases Berhad
(Incorporated in Malaysia)

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

We, Peh Lam Hoh and Lau Cheng Ming, being two of the directors of SIG Gases Berhad., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 9 to 65 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 as at 31 December 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 37 on page 66 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 03 APR 2014

Peh Lam Hoh

Lau Cheng Ming

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

I, Peh Lam Hoh, being the director primarily responsible for the financial management of SIG Gases Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 9 to 66 are in my opinion 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 Peh Lam Hoh)
at Johor Bahru in the State of Johor)
Darul Ta'zim on 03 APR 2014)

Peh Lam Hoh

Before me,

PESURUHJAYA SUMPAH
NO: J. 210
HARCHARAN SINGH
A/L CHANCHEL SINGH
MALAYSIA

No. 2, Jalan Kencana Mas 1/5,
Tebrau Business Park,
81100 Johor Bahru, Johor

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Ernst & Young (AF: 0039)
Chartered Accountants

WUN MOW SANG
PARTNER

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Ernst & Young
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Independent auditors' report to the members of SIG Gases Berhad (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of SIG Gases Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 9 to 65.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with 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 about 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 judgement, 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 entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the 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.

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Ernst & Young (AF: 0039)
Chartered Accountants

WUN MOW SANG
PARTNER

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Independent auditors' report to the members of SIG Gases Berhad (cont'd) (Incorporated in Malaysia)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report of other legal and regulatory requirement

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 financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(c) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other reporting responsibilities

The supplementary information set out in Note 37 on page 66 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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Ernst & Young (AF: 0039)
Chartered Accountants

WUN MOW SANG
PARTNER

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Independent auditors' report to the members of SIG Gases Berhad (cont'd)
(Incorporated in Malaysia)

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.

Ernst & Young	Lee Ming Li
AF 0039	2983/03/16(J)
Chartered Accountants	Chartered Accountant

Johor Bahru, Malaysia
Date: 03 APR 2014

SIG Gases Berhad
(Incorporated in Malaysia)

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Ernst & Young (AF: 0039)
Chartered Accountants
WUN MOW SANG
PARTNER

Statements of comprehensive income
For the financial year ended 31 December 2013

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Revenue	4	63,109,348	62,130,802	-	-
Cost of sales	5	(44,500,754)	(45,136,417)	-	-
Gross profit		18,608,594	16,994,385	-	-
Other items of income	6	1,151,248	518,326	1,853,887	328,558
Other items of expenses					
Administration expenses		(15,680,573)	(13,648,274)	(556,966)	(553,863)
Finance cost		(2,292,587)	(1,651,554)	(47)	(49)
Share of profit/(loss) of an associate	15	169,682	(25,934)	-	-
Profit/(loss) before tax	7	1,956,364	2,186,949	1,296,874	(225,354)
Income tax benefit/(expense)	10	697,000	1,099,954	(41,157)	-
Profit/(loss) net of tax and total comprehensive income for the year		2,653,364	3,286,903	1,255,717	(225,354)
Profit/(loss) attributable to:					
Owners of the parent		2,653,364	3,286,903	1,255,717	(225,354)
Total comprehensive income attributable to:					
Owners of the parent		2,653,364	3,286,903	1,255,717	(225,354)
Earnings per share attributable to owners of the parent (sen per share)					
Basic/Diluted	11	1.77	2.19		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SIG Gases Berhad
(Incorporated in Malaysia)

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Ernst & Young (AF: 0039)
Chartered Accountants
WUN MOW SANG
PARTNER

Statements of financial position as at 31 December 2013

		Group		Company	
	Note	**2013**	**2012**	**2013**	**2012**
		RM	**RM**	**RM**	**RM**
Non-current assets					
Property, plant and equipment	12	109,636,202	116,207,020	8,804	10,096
Intangible assets	13	301,847	381,416	-	-
Investment in subsidiaries	14	-	-	50,400,004	50,399,994
Investment in an associate	15	4,623,748	4,454,066	-	-
		114,561,797	121,042,502	50,408,808	50,410,090
Current assets					
Inventories	16	4,085,985	3,964,331	-	-
Inventory property	17	2,353,178	-	-	-
Amount due from subsidiaries	18	-	-	26,402,670	24,759,836
Trade and other receivables	18	19,350,642	18,701,675	-	-
Tax recoverable		32,616	331,992	10,026	51,701
Other current assets	19	1,405,094	1,597,237	31,434	4,683
Cash and bank balances	20	7,711,212	6,471,696	55,811	1,627,910
		34,938,727	31,066,931	26,499,941	26,444,130
Non current assets held for sale	21	6,374,266	-	-	-
		41,312,993	31,066,931	26,499,941	26,444,130
Total assets		155,874,790	152,109,433	76,908,749	76,854,220
Equity and liabilities					
Current liabilities					
Short term borrowings	22	24,130,921	16,570,976	-	-
Trade and other payables	23	19,893,939	19,722,501	117,752	118,940
		44,024,860	36,293,477	117,752	118,940
Net current (liabilities)/assets		(2,711,867)	(5,226,546)	26,382,189	26,325,190
Non-current liabilities					
Long term borrowings	22	12,828,521	17,276,591	-	-
Deferred tax liabilities	24	6,949,000	7,920,320	-	-
		19,777,521	25,196,911	-	-
Total liabilities		63,802,381	61,490,388	117,752	118,940
Net assets		92,072,409	90,619,045	76,790,997	76,735,280

SIG Gases Berhad
(Incorporated in Malaysia)

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Chartered Accountants
WUN MOW SANG
PARTNER

Statements of financial position as at 31 December 2013 (cont'd)

	Note	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Equity attributable to equity holders of the Company					
Share capital	25	75,000,000	75,000,000	75,000,000	75,000,000
Reserves	26	17,072,409	15,619,045	1,790,997	1,735,280
Total equity		92,072,409	90,619,045	76,790,997	76,735,280
Total equity and liabilities		155,874,790	152,109,433	76,908,749	76,854,220

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SIG Gases Berhad
(Incorporated in Malaysia)

Statements of changes in equity
For the financial year ended 31 December 2013

			Non-Distributable	Distributable
	Total equity RM	Share capital RM	Share premium RM	Retained profits RM
Group				
Opening balance at 1 January 2013	90,619,045	75,000,000	6,074,866	9,544,179
Total comprehensive income	2,653,364	-	-	2,653,364
Transactions with owners				
Dividend on ordinary shares (Note 34)	(1,200,000)	-	-	(1,200,000)
Total transactions with owners	(1,200,000)	-	-	(1,200,000)
Closing balance at 31 December 2013	92,072,409	75,000,000	6,074,866	10,997,543
Opening balance at 1 January 2012	88,232,142	75,000,000	6,074,866	7,157,276
Total comprehensive income	3,286,903	-	-	3,286,903
Transactions with owners				
Dividend on ordinary shares (Note 34)	(900,000)	-	-	(900,000)
Total transactions with owners	(900,000)	-	-	(900,000)
Closing balance at 31 December 2012	90,619,045	75,000,000	6,074,866	9,544,179

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SIG Gases Berhad
(Incorporated in Malaysia)

Statements of changes in equity (cont'd)
For the financial year ended 31 December 2013

	Total equity RM	Share capital RM	Non-Distributable Share premium RM	Distributable Retained profits RM
Company				
Opening balance at 1 January 2013	76,735,280	75,000,000	1,548,866	186,414
Total comprehensive income	1,255,717	-	-	1,255,717
Transactions with owners				
Dividend on ordinary shares (Note 34)	(1,200,000)	-	-	(1,200,000)
Total transactions with owners	(1,200,000)	-	-	(1,200,000)
Closing balance at 31 December 2013	76,790,997	75,000,000	1,548,866	242,131
Opening balance at 1 January 2012	77,860,634	75,000,000	1,548,866	1,311,768
Total comprehensive income	(225,354)	-	-	(225,354)
Transactions with owners				
Dividend on ordinary shares (Note 34)	(900,000)	-	-	(900,000)
Total transactions with owners	(900,000)	-	-	(900,000)
Closing balance at 31 December 2012	76,735,280	75,000,000	1,548,866	186,414

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SIG Gases Berhad
(Incorporated in Malaysia)

Statements of cash flow
For the financial year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Operating activities				
Profit/(loss) before tax	1,956,364	2,186,949	1,296,874	(225,354)
Adjustments for :				
Amortisation of intangible assets	80,549	48,774	-	-
Depreciation of property, plant and equipment	5,363,316	4,553,726	1,292	1,459
Gain on disposal of property, plant and equipment	(506,415)	(63,145)	-	-
Property, plant and equipment written off	36,708	16,164	-	4,292
Intangible assets written off	6,790	-	-	-
Interest expense	2,157,780	1,523,240	-	-
Reversal of impairment loss on trade receivables	(72,014)	(20,667)	-	-
Impairment loss on trade receivables	317,415	267,129	-	-
Unrealised foreign exchange loss	164,479	37,333	-	-
Shares of results of associate	(169,682)	25,934	-	-
Total adjustments	7,378,926	6,388,488	1,292	5,751
Operating cash flows before changes in working capital	9,335,290	8,575,437	1,298,166	(219,603)
Changes in working capital				
Inventories	(121,654)	(1,230,343)	-	-
Receivables	(866,704)	(2,227,051)	(1,669,585)	(3,974,121)
Payables	171,438	6,357,416	(1,188)	44,810
Total changes in working capital	(816,920)	2,900,022	(1,670,773)	(3,929,311)
Cash flows from/(used in) operating activities	8,518,370	11,475,459	(372,607)	(4,148,914)
Income taxes paid	(105,093)	(79,721)	(15,750)	(51,701)
Income taxes refunded	130,149	93,000	16,268	-
Interest paid	(2,157,780)	(1,523,240)	-	-
Net cash flows generated from/(used in) operating activities	6,385,646	9,965,498	(372,089)	(4,200,615)

SIG Gases Berhad
(Incorporated in Malaysia)

Statements of cash flow (cont'd)
For the financial year ended 31 December 2013

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Investing activities				
Purchase of property, plant and equipment	(5,996,480)	(20,372,974)	-	-
Purchase of intangible assets	(7,770)	(115,564)	-	-
Proceeds from disposal of property, plant and equipment	666,532	79,949	-	-
Investment in an associate	-	(4,480,000)	-	-
Investment in subsidiary	-	-	(10)	-
Net cash flows used in investing activities	(5,337,718)	(24,888,589)	(10)	-
Financing activities				
Repayment of obligations under finance leases	(1,724,060)	(1,231,589)	-	-
Repayment of borrowings	(20,608,161)	(5,074,877)	-	-
Proceeds from trade facilities/ term loans	23,723,809	17,424,786	-	-
Dividends paid	(1,200,000)	(900,000)	(1,200,000)	(900,000)
Net cash flows generated from/(used in) financing activities	191,588	10,218,320	(1,200,000)	(900,000)
Net increase/(decrease) in cash and cash equivalents	1,239,516	(4,704,771)	(1,572,099)	(5,100,615)
Cash and cash equivalents at beginning of the year	6,471,696	11,176,467	1,627,910	6,728,525
Cash and cash equivalents at end of the year (Note 20)	7,711,212	6,471,696	55,811	1,627,910

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

SIG Gases Berhad
(Incorporated in Malaysia)

Notes to the financial statements
For the financial year ended 31 December 2013

1. Corporate information

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are as disclosed in Note 14. There have been no significant changes in nature of the principal activities during the financial year.

The Company is a public listed company,incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office is located at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor Darul Ta'zim.

The principal place of business is located at PLO137, Kawasan Perindustrian Senai III, Senai, 81400 Johor Bahru, Johor Darul Ta'zim.

2. Summary of significant accounting policies

2.1 Basis of preparation

These financial statements of the Group and of the Company for the year ended 31 December 2013 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 1965 in Malaysia.

At the beginning of the financial year, the Group and the Company adopted New and Revised MFRS which are mandatory for financial year beginning on or after 1 January 2013 as described fully in Note 2.2.

The financial statements have also been prepared on the historical cost basis and are presented in Ringgit Malaysia (RM), which is also the functional currency of the Group and the Company.

SIG Gases Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2013, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)	1 January 2013
MFRS 127 Consolidated and Separate Financial Statements (IAS 27 revised by IASB in December 2003)	1 January 2013
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits (IAS 19 as amended by IASB in June 2011)	1 January 2013
MFRS 127 Separate Financial Statements (IAS 27 as amended by IASB in May 2011)	1 January 2013
MFRS 128 Investment in Associate and Joint Ventures (IAS 28 as amended by IASB in May 2011)	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Annual Improvements 2009-2011 Cycle	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except as discussed below:

MFRS 12 Disclosures of Interests in Other Entities

MFRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's and the Company's financial position or performance.

SIG Gases Berhad
(Incorporated in Malaysia)

2. Summary of significant accounting policies(cont'd)

2.2 Changes in accounting policies (cont'd)

MFRS 13 Fair Value Measurement
MFRS 13 establishes a single source of guidance under MFRS for all fair value measurements. MFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under MFRS when fair value is required or permitted.

MFRS 128 Investments in Associates and Joint Ventures
As a consequence of the new MFRS 11 and MFRS 12, MFRS 128 is renamed as MFRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010–2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011–2013 Cycle	1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)	To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)	To be announced
MFRS 9 Financial Instruments: Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139	To be announced

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

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2. Summary of significant accounting policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

2.5 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	60-99 years
Buildings	2%
Plant and machinery	4 - 10%
Cylinders	4%
Other assets	10 - 20%

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2. Summary of significant accounting policies (cont'd)

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.6 Intangible assets

All items of intangible assets 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.

Subsequent to recognition, intangible assets are stated at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation of intangible assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life of ten years.

2.7 Non-current asset classified as held for sale

The Group and the Company classify non-current assets as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of its carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

2.8 Inventories

Inventories are stated at lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.

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2. Summary of significant accounting policies (cont'd)

2.8 Inventories (cont'd)

- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.9 Inventory property

Property acquired or being constructed for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is held as inventory property and is measured at the lower of cost and net realisable value ("NRV").

Cost includes:

- Freehold and leasehold rights for land
- Amounts paid to contractors for construction
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

NRV is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less costs to completion and the estimated costs of sale.

The cost of inventory property recognised in profit or loss on disposal is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.10 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition and the categories include financial assets as follows :

2. Summary of significant accounting policies (cont'd)

2.10 Financial assets (cont'd)

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.11 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and other receivables and other financial assets carried at amortised cost
To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

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2. Summary of significant accounting policies (cont'd)

2.11 Impairment of financial assets (cont'd)

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.13 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

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

2.14 Associates

An associate is an entity in which the Group and the Company have significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2. Summary of significant accounting policies (cont'd)

2.14 Associates (cont'd)

On acquisition of an investment in associate, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

An associate is equity accounted for from the date on which the investee becomes an associate.

Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 139 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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2. Summary of significant accounting policies (cont'd)

2.15 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.16 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

2. Summary of significant accounting policies (cont'd)

2.16 Income tax (cont'd)

(ii) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

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2. Summary of significant accounting policies (cont'd)

2.18 Financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available, are used to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. Summary of significant accounting policies (cont'd)

2.19 Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.20 Employee benefits

(i) Defined contribution plan

The Group makes contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related services is performed.

2. Summary of significant accounting policies (cont'd)

2.20 Employee benefits (cont'd)

(ii) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

2.21 Foreign currencies

(i) Functional and presentation currency

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

(ii) Functional currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

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2. Summary of significant accounting policies (cont'd)

2.22 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consolidation received or receivable.

(i) Sale of goods
Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Cylinder rental income
Cylinder rental is recognised based on the accrual basis.

(iii) Cryogenic storage tank rental income
Cryogenic storage tank rental income is recognised based on the accrual basis.

(iv) Interest income
Interest income is recognised using the effective interest method.

(v) Dividend income
Dividend income is recognised when the Group's right to receive payment is established.

2.23 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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2. Summary of significant accounting policies (cont'd)

2.23 Impairment of non-financial assets (cont'd)

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.24 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

(b) As lessor

Leases where the Group retained substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2. Summary of significant accounting policies (cont'd)

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting 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.

3.1 Key sources of estimation uncertainty (cont'd)

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the reporting date is disclosed in Note 18.

(b) Useful lives of plant and equipment

The cost of plant and equipment for the manufacture of industry gases is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 10 to 25 years. These are common life expectancies applied in the industrial gases industry. 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. A 3% difference in the average useful lives of these assets from management's estimates would result in approximately 2.4% variance in profit for the year.

(c) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances, unabsorbed reinvestment allowances and unrealised foreign exchange loss to the extent that it is probable that taxable profit will be available against which the capital allowances and reinvestment allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets of the Group at 31 December 2013 was RM6,671,000 (2012 : RM5,245,680).

(d) Estimation of net realisable value for inventory property

Inventory property is stated at the lower of cost and net realisable value (NRV). NRV for completed inventory property is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Group, based on comparable transactions identified by the Group for properties in the same geographical market serving the same real estate segment.

NRV in respect of inventory property under construction is assessed with reference to market prices at the reporting date for similar completed property, less estimated costs to complete construction and an estimate of the time value of money to the date of completion.

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4. Revenue

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Sales of goods	59,665,678	59,010,478	-	-
Cylinder rental income	3,126,723	2,822,108	-	-
Rental income from cryogenic storage tank	316,947	298,216	-	-
	63,109,348	62,130,802	-	-

5. Cost of sales

Cost of sales represents cost of inventories sold.

6. Other items of income

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Interest income	13,870	98,558	13,870	98,558
Dividend income	-	-	1,840,000	230,000
Gain on disposal of property, plant and equipment	506,415	63,145	-	-
Reversal of impairment loss on trade receivables	72,014	20,667	-	-
Foreign exchange gain				
- realised	17	48,052	17	-
- unrealised	-	-	-	-
Rental income	135,619	-	-	-
Other income	423,313	287,904	-	-
	1,151,248	518,326	1,853,887	328,558

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7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Auditors' remuneration				
- statutory audits	76,000	67,000	28,000	25,000
- other services	44,815	35,995	16,000	15,000
Employee benefits expense (Note 8)	9,881,664	8,937,094	240,485	219,700
Non-executive directors' fee (Note 9)	145,595	145,900	140,595	133,900
Amortisation of intangible assets (Note 13)	80,549	48,774	-	-
Depreciation of property, plant and equipment (Note 12)	5,363,316	4,553,726	1,292	1,459
Gain on disposal of property, plant and equipment	(506,415)	(63,145)	-	-
Rental expenses	655,994	370,335	198	-
Property, plant and equipment written off	36,708	16,164	-	4,292
Intangible assets written off	6,790	-	-	-
Impairment loss on trade receivables	317,415	267,129	-	-
Reversal of impairment loss on trade receivables	(72,014)	(20,667)	-	-
Foreign exchange loss/(gain)				
- realised	44,615	(48,050)	(17)	2
- unrealised	164,479	37,333	-	-
Interest expense	2,157,780	1,523,240	-	-

8. Employee benefits expenses

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Wages and salaries	8,986,452	8,100,797	240,485	219,700
Contributions to defined contribution plan	811,252	758,332	-	-
Social security contributions	83,960	77,965	-	-
	9,881,664	8,937,094	240,485	219,700

Included in employee benefits expense of the Group and the Company are executive directors' remuneration amounting to RM2,098,699 (2012 : RM1,994,788) and RM78,890 (2012 : RM71,800) respectively.

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9. Directors' remuneration

The details of remuneration receivable by directors during the year are as follows:

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Directors of the Company				
Executive:				
Salaries and other emoluments	1,736,994	1,646,986	14,000	10,000
Fees	88,890	85,800	64,890	61,800
Defined contribution plan	161,794	153,882	-	-
	1,987,678	1,886,668	78,890	71,800
Non-Executive:				
Fees	140,595	133,900	140,595	133,900
Other emoluments	21,000	14,000	21,000	14,000
	161,595	147,900	161,595	147,900
Total	2,149,273	2,034,568	240,485	219,700
Other directors of subsidiaries				
Executive:				
Salaries and other emoluments	88,370	85,800		
Fees	12,000	12,000		
Defined contribution plan	10,651	10,320		
	111,021	108,120		
Non-Executive:				
Fees	5,000	12,000		
Total	116,021	120,120		
Total executive directors' remuneration	2,098,699	1,994,788	78,890	71,800
Total non-executive directors' remuneration	166,595	159,900	161,595	147,900
Grand total directors' remuneration	2,265,294	2,154,688	240,485	219,700

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9. Directors' remuneration (cont'd)

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

	Number of directors	
	2013	**2012**
Executive directors:		
RM200,001 - RM250,000	-	1
RM250,001 - RM300,000	1	-
RM1,600,001-RM1,650,000	-	1
RM1,700,001-RM1,750,000	1	-
Non-Executive directors:		
Below RM50,000	-	2
RM50,001-RM100,000	3	1

10. Income tax (benefit)/expense

The major components of income tax (benefit)/expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM	**2012 RM**	**2013 RM**	**2012 RM**
Statement of comprehensive income:				
Current income tax				
- Malaysian income tax	111,221	49,453	2,724	-
- Underprovision in respect of previous years	37,099	8,273	38,433	-
	148,320	57,726	41,157	-
Real property gain tax	126,000	-	-	-
Deferred income tax (Note 27)				
- Origination and reversal of temporary differences	(480,699)	(1,132,678)	-	-
- Overprovision in respect of previous years	(490,621)	(25,002)	-	-
	(971,320)	(1,157,680)	-	-
Income tax	(697,000)	(1,099,954)	41,157	-

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10. Income tax (benefit)/expense (cont'd)

Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Profit/(loss) before tax	1,956,364	2,186,949	1,296,874	(225,354)
Taxation at Malaysian statutory tax rate of 25% (2012 : 25%)	489,091	546,737	324,219	(56,339)
Expenses not deductible for tax purposes	322,750	260,913	138,505	113,839
Real property gain tax	126,000	-	-	-
Income not subject to tax	-	(820)	(460,000)	(57,500)
Deferred tax assets recognised on reinvestment allowances	(1,181,319)	(1,890,055)	-	-
Underprovision of income tax in respect of previous years	37,099	8,273	38,433	-
Overprovision of deferred tax in respect of previous years	(490,621)	(25,002)	-	-
Tax expense for the year	(697,000)	(1,099,954)	41,157	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

11. Earnings per share

Earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2013	**2012**
Profit net of tax attributable to owners of the parent (RM)	2,653,364	3,286,903
Weighted average number of ordinary shares in issue	150,000,000	150,000,000
Basic earnings per share (sen)	1.77	2.19

Diluted earnings per share is equal to basic earnings per share as there is no potential dilutive ordinary shares as at 31 December 2013.

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12. Property, plant and equipment

Group	Freehold land and buildings RM	Long term leasehold land RM	Plant and machinery RM	Cylinders RM	Construction in progress RM	Other assets RM	Total RM
Cost :							
At 1 January 2012	24,816,246	8,318,176	38,317,467	45,150,996	-	8,510,530	125,113,415
Additions	633,357	11,506	3,511,274	11,009,513	4,993,570	2,152,752	22,311,972
Written off	-	-	(8,742)	-	-	(34,042)	(42,784)
Disposals	-	-	-	(33,956)	-	(68,192)	(102,148)
Reclassification to intangible assets (Note 13)	-	-	-	-	-	(235,597)	(235,597)
At 31 December 2012	25,449,603	8,329,682	41,819,999	56,126,553	4,993,570	10,325,451	147,044,858
At 1 January 2013	25,449,603	8,329,682	41,819,999	56,126,553	4,993,570	10,325,451	147,044,858
Additions	1,835,817	3,600	2,020,566	653,754	1,272,935	1,930,095	7,716,767
Written off	-	-	(14,894)	(6,588)	-	(110,080)	(131,562)
Disposals	-	-	-	(320,414)	-	(186,984)	(507,398)
Reclassification	4,727,568	-	266,002	-	(4,993,570)	-	-
Reclassification to non-current assets held for sale (Note 21)	(6,783,627)	-	-	-	-	-	(6,783,627)
Reclassification to inventory property (Note 17)	-	(2,455,144)	-	-	-	-	(2,455,144)
At 31 December 2013	25,229,361	5,878,138	44,091,673	56,453,305	1,272,935	11,958,482	144,883,894

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12. Property, plant and equipment (cont'd)

	Freehold land and buildings RM	Long term leasehold land RM	Plant and machinery RM	Cylinders RM	Construction in progress RM	Other assets RM	Total RM
Accumulated depreciation :							
At 1 January 2012	1,737,787	714,278	8,386,860	11,968,660	-	3,697,490	26,505,075
Charge for the year (Note 7)	332,090	116,324	1,536,727	1,894,129	-	674,456	4,553,726
Written off	-	-	(3,292)	-	-	(23,328)	(26,620)
Disposals	-	-	-	(17,153)	-	(68,191)	(85,344)
Reclassification to intangible assets (Note 13)	-	-	-	-	-	(108,999)	(108,999)
At 31 December 2012	2,069,877	830,602	9,920,295	13,845,636	-	4,171,428	30,837,838
At 1 January 2013	2,069,877	830,602	9,920,295	13,845,636	-	4,171,428	30,837,838
Charge for the year (Note 7)	474,903	126,216	1,729,509	2,179,665	-	853,023	5,363,316
Written off	-	-	(4,360)	(4,803)	-	(85,691)	(94,854)
Disposals	-	-	-	(173,162)	-	(174,119)	(347,281)
Reclassification to non-current assets held for sale (Note 21)	(409,361)	-	-	-	-	-	(409,361)
Reclassification to inventory property (Note 17)	-	(101,966)	-	-	-	-	(101,966)
At 31 December 2013	2,135,419	854,852	11,645,444	15,847,336	-	4,764,641	35,247,692
Net carrying amount :							
At 31 December 2012	23,379,726	7,499,080	31,899,704	42,280,917	4,993,570	6,154,023	116,207,020
At 31 December 2013	23,093,942	5,023,286	32,446,229	40,605,969	1,272,935	7,193,841	109,636,202

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12. Property, plant and equipment (cont'd)

Computer, furniture and fitting

	2013 RM	2012 RM
Company		
Cost :		
At 1 January	12,925	17,925
Written off	-	(5,000)
At 31 December	12,925	12,925
Accumulated depreciation :		
At 1 January	2,829	2,078
Charge for the year (Note 7)	1,292	1,459
Written off	-	(708)
At 31 December	4,121	2,829
Net carrying amount :		
At 31 December	8,804	10,096

Assets held under finance leases
During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM1,720,287 (2012 : RM1,938,988) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM5,996,480 (2012 : RM20,372,974).

The carrying amount of property, plant and equipment held under finance leases at the reporting date were as follows:

	Group	
	2013 RM	2012 RM
Plant and machinery	4,351,649	4,255,207
Other assets - motor vehicles	4,438,290	3,269,933
	8,789,939	7,525,140

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12. Property, plant and equipment (cont'd)

Assets pledged as security

Certain property, plant and equipment of the Group with carrying amount of RM2,400,000 (2012: RM2,400,000) are pledged to secure bank facilities as stated in Note 22 to the financial statements.

Analysis of land and buildings
The net book value of land and buildings is analysed as follows :

	Group	
	2013	**2012**
	RM	**RM**
Freehold land	2,400,000	7,399,999
Long term leasehold land	5,022,958	7,499,080
Factory buildings	20,693,942	15,979,727
	28,116,900	30,878,806

13. Intangible assets

	Group	
	2013	**2012**
	RM	**RM**
Cost		
At 1 January	706,591	355,430
Additions	7,770	115,564
Written off	(51,626)	-
Reclassification from property, plant and equipment (Note 12)	-	235,597
At 31 December	662,735	706,591
Accumulated amortisation		
At 1 January	325,175	167,402
Amortisation (Note 7)	80,549	48,774
Written off	(44,836)	-
Reclassification from property, plant and equipment (Note 12)	-	108,999
At 31 December	360,888	325,175
Net carrying amount	301,847	381,416

Amortisation expense

The amortisation of intangible assets, comprising software, is included in the "Administrative expenses" line items in the statements of comprehensive income.

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14. Investment in subsidiaries

	Company 2013 RM	Company 2012 RM
Unquoted shares, at cost	50,400,004	50,399,994

The subsidiaries, all of which were incorporated in Malaysia, are as follows :

Name of Subsidiaries	Equity Interest Held 2013	Equity Interest Held 2012	Principal activities
Southern Industrial Gas Sdn Bhd	100%	100%	Manufacturing, refilling and distribution of industrial gases
Southern Oxygen Sdn Bhd	100%	100%	Manufacturing and distribution of liquid oxygen, liquid nitrogen and liquid argon. - yet to commence operations
Southern Carbon Dioxide Sdn Bhd	100%	100%	Manufacturing and distribution of liquid carbon dioxide. - yet to commence operations
SIG Properties Sdn Bhd	100% *	-	Properties development and building contractor. - yet to commence operations

SIG Properties Sdn. Bhd. is incorporated on 25 April 2013. On 25 April 2013, SIG Gases Berhad ("SIG") subscribed for 9 ordinary shares of RM1.00 each representing 90% of the paid-up capital of SIG Properties Sdn Bhd ("SPSB") for cash consideration of RM9.00. Subsequently on 5 June 2013, SIG acquired 1 ordinary shares of RM1 each representing 10% of the paid-up capital of SPSB for cash consideration of RM1.00. The principal activities of SPSB are properties development and building contractor.

The fair values of the identifiable assets and liabilities arising from the acquisitions are as follows:

	Fair value RM	Carrying amount RM
Cash and cash equivalents, net identifiable assets	10	10

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14. Investment in subsidiaries (cont'd)

Total cost of business combination

The total cost of the business combination is as follows:

	RM
Cash paid	10

The effect of the acquisition on cash flow is as follows:

Total cost of the business combination settled in cash	10
Less: Cash and cash equivalents of subsidiary acquired	(10)
Net cash inflow on acquisition	-

15. Investment in an associate

	Group	
	2013 RM	2012 RM
Unquoted shares, at cost	4,480,000	4,480,000
Share of post-acquisition reserves	143,748	(25,934)
	4,623,748	4,454,066

Details of the associate, which was incorporated in Malaysia, are as follows :

Held through Southern Industrial Gas Sdn Bhd:

Name of associate	Equity Interest Held 2013	Equity Interest Held 2012	Principal activities
Iwatani-SIG Industrial Gases Sdn. Bhd.*	40%	40%	Manufacturing and distribution of liquid products and compressed gases

* Audited by a firm other than Ernst & Young

The summarised financial information of the Group's investment in associate is as follows:

	2013 RM	2012 RM
Current assets	1,628,419	2,872,767
Non-current assets	24,734,869	8,730,139
Current liabilities	(1,363,415)	(467,742)
Non-current liabilities	(13,440,502)	-
Equity	11,559,371	11,135,164
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	4,623,748	4,454,066

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15. Investment in an associate (cont'd)

	2013 RM	2012 RM
Revenue	1,000,000	-
Other income	376,699	-
Administrative expenses	(749,749)	(64,835)
Profit before tax	626,950	(64,835)
Income tax expense	(202,744)	-
Profit/(loss) for the year	424,206	(64,835)
Group's share of profit for the year	169,682	(25,934)

The associate had no contingent liabilities or capital commitments as at 31 December 2012 or 2013.

16. Inventories

	Group	
	2013 RM	2012 RM
At cost:		
Raw materials	645,562	792,701
Consumables	2,605,220	2,411,258
Finished goods	749,043	760,372
	3,999,825	3,964,331
At net realisable value:		
Finished goods	86,160	-
	4,085,985	3,964,331

17. Inventory property

	2013 RM	2012 RM
Cost		
At 1 January	-	-
Reclassification from property, plant and equipment (Note 12)	2,353,178	-
At 31 December	2,353,178	-

During the year, the Group applied to the relevant authority to develop its industrial land at Bintulu into 8 units of Semi-detached industrial factories. The approval was given on 24 February 2014. The Group intends to retain 2 units for its own use. The rest shall be sold in stages. The carrying amount of the industrial land in respect of the 6 units of proposed industrial units of RM2,353,178 as at 31 December 2013 have been reclassified to inventory property.

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18. Trade and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Trade receivables				
Third parties	22,652,436	21,828,468	-	-
Amounts due from director-related companies	144,149	73,749	-	-
	22,796,585	21,902,217	-	-
Less: Allowance for impairment				
Third parties	(3,445,943)	(3,200,542)	-	-
Trade receivables, net	19,350,642	18,701,675	-	-
Other receivables				
Amount due from subsidiaries	-	-	26,402,670	24,759,836
Total trade and other receivables	19,350,642	18,701,675	26,402,670	24,759,836
Add: Cash and bank balances (Note 20)	7,711,212	6,471,696	55,811	1,627,910
Total loans and receivables	27,061,854	25,173,371	26,458,481	26,387,746

Trade receivables

The amounts due from director-related companies are unsecured, non-interest bearing and are repayable upon demand.

The Group's normal trade credit term ranges from 90 to 120 days. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	2013	**2012**
	RM	**RM**
Neither past due nor impaired	16,171,775	15,424,017
1 to 30 days past due not impaired	914,155	732,459
31 to 60 days past due not impaired	478,402	582,099
61 to 90 days past due not impaired	266,126	208,820
91 to 120 days past due not impaired	101,951	162,140
More than 121 days past due not impaired	779,293	1,189,491
	2,539,927	2,875,009
Impaired	4,084,883	3,603,191
	22,796,585	21,902,217

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18. Trade and other receivables (cont'd)

Receivables that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. More than 71% (2012 : 70%) of the Group's trade receivables arise from customers with more than 5 years of experience with the Group and losses have occurred infrequently.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired
The Group has trade receivables amounting to RM2,539,927 (2012 : RM2,875,009) that are past due at the reporting date but not impaired.

The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired
The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired	
	2013	**2012**
	RM	**RM**
Trade receivables - nominal amounts	4,084,883	3,603,191
Less: Allowance for impairment	(3,445,943)	(3,200,542)
	638,940	402,649

Movement in allowance accounts :

	2013	**2012**
	RM	**RM**
At 1 January	3,200,542	2,954,080
Charge for the year	317,415	267,129
Reversal of impairment losses	(72,014)	(20,667)
At 31 December	3,445,943	3,200,542

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other receivables
Amount due from subsidiaries are unsecured, interest free and repayable on demand.

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19. Other current assets

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Prepayment	543,630	380,598	4,084	4,683
Non refundable deposits paid for purchase of property, plant and equipment	861,464	1,216,639	27,350	-
	1,405,094	1,597,237	31,434	4,683

20. Cash and bank balances

	Group 2013 RM	Group 2012 RM	Company 2013 RM	Company 2012 RM
Cash on hand and at banks	7,664,826	6,417,668	55,811	1,627,910
Short term deposits with licensed bank	46,386	54,028	-	-
Cash and bank balances (Note 18)	7,711,212	6,471,696	55,811	1,627,910

The weighted average effective interest rates as at 31 December 2013 of the short term deposits for the Group was 2.95% (2012 : 3.03%).

21. Non current asset classified as held for sale

The non-current assets classified as held for sale on the statements of financial position as at reporting date is as follows:

	2013 RM	2012 RM
Freehold land and building	6,374,266	-

The assets held for sale as at the reporting date is presented as follows :

	Carrying amount immediately before classification RM	Re-measurement RM	Carrying amount as at reporting date RM
Freehold land and building (Note 12)	6,374,266	-	6,374,266

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21. Non current asset classified as held for sale (cont'd)

During the current financial year, the Group has consolidated its operations in Puchong and Nilai by ceasing its gas distribution and refilling station in Puchong. The Group has engaged a registered property agent for the disposal of its freehold land and property in Puchong. Thus the carrying amount of the property of RM6,374,266 as at 31 December 2013 has been reclassified as a non-current asset held for sale.

22. Borrowings

	Interest rates per annum	Maturity	Group 2013 RM	Group 2012 RM
Current				
Secured:				
Bankers' acceptances	(3.29% - 3.55%)	2014	5,286,000	5,332,000
Term loans	(4.75% - 4.92%)	2014	5,497,543	5,807,840
Obligations under finance leases (Note 28)	(4.93% - 7.24%)	2014	1,485,315	1,431,136
Revolving credit	(3.25% - 3.90%)	2014	11,000,000	4,000,000
Flexi financing	(3.54% - 3.61%)	2014	862,063	-
			24,130,921	16,570,976
Non-current				
Secured:				
Term loans	(4.75% - 4.93%)	2015 - 2017	11,529,192	15,919,310
Obligations under finance leases (Note 28)	(4.93% - 7.24%)	2015 - 2016	1,299,329	1,357,281
			12,828,521	17,276,591
Total borrowings				
Bankers' acceptances		2014	5,286,000	5,332,000
Term loans		2014 to 2017	17,026,735	21,727,150
Obligations under finance leases		2014 to 2016	2,784,644	2,788,417
Revolving credit		2014	11,000,000	4,000,000
Flexi financing		2014	862,063	-
			36,959,442	33,847,567
The remaining maturities of the loan and borrowings are as follows:				
On demand or within one year			24,130,921	16,570,976
More than 1 year and less than 2 years			6,615,689	6,393,861
More than 2 years and less than 5 years			6,212,832	10,882,730
			36,959,442	33,847,567

The above banking facilities are secured by way of corporate guarantee from the Company and specified debenture on certain property, plant and equipment of the Group, both present and future as disclosed in Note 12.

The term loans are repayable over a period of 4 years to 7 years.

The bankers' acceptances and revolving credit are repayable upon maturity.

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23. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Trade payables				
Third parties	3,860,992	4,589,883	-	-
Amounts due to director-related companies	9,291,934	7,743,315	-	-
	13,152,926	12,333,198	-	-
Other payables				
Cylinder deposits refundable	1,202,311	1,211,869	-	-
Accruals	2,834,865	2,054,470	87,051	81,785
Sundry payables	2,703,837	4,122,964	30,701	37,155
	6,741,013	7,389,303	117,752	118,940
Total trade and other payables	19,893,939	19,722,501	117,752	118,940
Add: Borrowings (Note 22)	36,959,442	33,847,567	-	-
Total financial liabilities carried at amortised cost	56,853,381	53,570,068	117,752	118,940

Trade payables
These amounts owing are unsecured and interest free except for balances of RM8,354,754 (2012: RM6,745,455) due to certain director-related companies which carried interest at 7.50% (2012 : 7.50%) per annum on late payment of overdue invoices.

The normal trade credit term granted to the Group ranges from 60 to 90 days.

Other payables
Sundry payables are non-interest bearing and have no fixed term of repayment. Sundry payables are normally settled on an average term of two months (2012: average term of two months).

24. Deferred taxation

	Group	
	2013	2012
	RM	RM
At 1 January	7,920,320	9,078,000
Recognised in the profit or loss (Note 10)	(971,320)	(1,157,680)
At 31 December	6,949,000	7,920,320
Presented after appropriate offsetting as follows :		
Deferred tax assets	(6,671,000)	(5,245,680)
Deferred tax liabilities	13,620,000	13,166,000
	6,949,000	7,920,320

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24. Deferred taxation (cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows :

Deferred tax liabilities of the Group :

	Accelerated capital allowances RM	Unrealised foreign exchange gain RM	Total RM
At 1 January 2013	13,166,000	-	13,166,000
Recognised in profit or loss	454,000	-	454,000
At 31 December 2013	13,620,000	-	13,620,000
At 1 January 2012	10,829,000	16,000	10,845,000
Recognised in profit or loss	2,337,000	(16,000)	2,321,000
At 31 December 2012	13,166,000	-	13,166,000

Deferred tax assets of the Group :

	Unabsorbed reinvestment allowances RM	Unrealised foreign exchange loss RM	Unabsorbed capital allowance RM	Total RM
At 1 January 2013	(3,772,800)	(29,400)	(1,443,480)	(5,245,680)
Recognised in profit or loss	(1,029,160)	(11,720)	(384,440)	(1,425,320)
At 31 December 2013	(4,801,960)	(41,120)	(1,827,920)	(6,671,000)
At 1 January 2012	(1,507,000)	-	(260,000)	(1,767,000)
Recognised in profit or loss	(2,265,800)	(29,400)	(1,183,480)	(3,478,680)
At 31 December 2012	(3,772,800)	(29,400)	(1,443,480)	(5,245,680)

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25. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised	400,000,000	400,000,000	200,000,000	200,000,000
Issued and fully paid	150,000,000	150,000,000	75,000,000	75,000,000

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

26. Reserves

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-distributable				
Share premium	6,074,866	6,074,866	1,548,866	1,548,866
Distributable				
Retained earnings	10,997,543	9,544,179	242,131	186,414
	17,072,409	15,619,045	1,790,997	1,735,280

The movements in the reserves are shown in the statements of changes in equity.

Share premium represents the premium arising from the issue of shares.

27. Retained profits

The Company may distribute dividends out of its entire retained earnings as at 31 December 2013 and 31 December 2012 under the single tier system.

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28. Commitments

(a) Capital commitments

	Group 2013 RM	Group 2012 RM
Capital expenditure :		
Approved and contracted for :		
Property, plant and equipment	4,523,966	2,049,554

(b) Finance lease commitments

The Group has finance leases for certain items of plant and equipment (Note 12). These leases do not have terms of renewal, but have purchase options at nominal value at the end of the lease terms.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2013 RM	2012 RM
Minimum lease payments:		
Not later than 1 year	1,620,361	1,571,379
Later than 1 year and not later than 2 years	1,073,417	986,245
Later than 2 years and not later than 5 years	280,958	439,301
Total minimum lease payments	2,974,736	2,996,925
Less: Amounts representing finance charges	(190,092)	(208,508)
Present value of minimum lease payments	2,784,644	2,788,417
Present value of payments:		
Not later than 1 year	1,485,315	1,431,136
Later than 1 year and not later than 2 years	1,023,607	929,158
Later than 2 years and not later than 5 years	275,722	428,123
Present value of minimum lease payments	2,784,644	2,788,417
Less: Amount due within 12 months (Note 22)	(1,485,315)	(1,431,136)
Amount due after 12 months (Note 22)	1,299,329	1,357,281

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29. Significant related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year :

	Group	
	2013	2012
To/from director-related companies :	RM	RM
Sales of finished goods	185,942	164,251
Transport income	70,264	6,488
Purchases	8,211,337	10,191,411
Purchase of property, plant and equipment	945,032	10,107,546
Purchase of spare parts	488,774	343,729
Rental paid	299,257	181,174
Interest paid	548,513	412,865
Travelling expenses paid on behalf	18,822	55,707
Transport charges paid	176,371	121,447

Director-related companies are those companies which are able to exercise significant influence over the Company or which are subject to significant influence from the same source as the Company.

A director of the Company, namely Mr. Peh Lam Hoh is a director of Sing Swee Bee Sdn. Bhd., Sing Swee Bee Enterprise Pte. Ltd. and SSB Cryogenic Equipment Pte. Ltd., being related parties which the Group has transacted with during the year.

(b) Compensation of key management personnel

	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Short-term employee benefits	3,041,904	2,765,166	240,485	219,700
Post-employment benefits:				
Defined contribution	246,931	257,164	-	-
	3,288,835	3,022,330	240,485	219,700
Included in the total key management personnel are:				
Directors' remuneration	2,018,809	1,910,988	240,485	219,700

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30. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade receivables, other receivables, amount due from subsidiaries, cash and bank balances, trade payables, other payables and accruals and bank borrowings.

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values due to their short term nature.

The carrying amounts of the current portion of floating rate loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounts.

The carrying amounts of non-current portion of floating rate loans and borrowings are reasonable approximation of fair values as the interest charged on these loan and borrowings are pegged to or close to market interest rates near or at reporting date.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair values of financial assets and liabilities by classes that are not carried at fair values and whose carrying amounts are not reasonable approximation of fair values are as follows:

Group	2013 Carrying value RM	2013 Fair value RM	2012 Carrying value RM	2012 Fair value RM
Financial liabilites				
Obligation under finance lease	2,784,644	2,778,175	2,788,417	2,781,842

Fair value hierarchy
The Group uses the following hierachy for determining and disclosing the fair value of assets and liabilities by valuation technique :

Level 1 : quoted (unadjusted) prices in active markets for identical assets and liabilities.

Level 2 : other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

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30. Fair value of financial instruments (cont'd)

As at 31 December 2013, the Group held the following liabilities disclosed at fair value :

	Total RM	Level 1 RM	Level 2 RM	Level 3 RM
At 31 December 2013				
Obligation under finance lease	2,784,644	-	2,784,644	-
At 31 December 2012				
Obligation under finance lease	2,788,417	-	2,788,417	-

There were no transfers between the various fair value measurement levels during the financial year.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Management. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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31. Financial risk management objectives and policies (cont'd)

(a) Credit risk

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	2013		2012	
	RM	**% of total**	**RM**	**% of total**
By country:				
Malaysia	18,481,588	95.51%	17,944,072	95.95%
Indonesia	-	0.00%	129,502	0.69%
Singapore	653,497	3.38%	520,172	2.78%
Thailand	-	0.00%	38,000	0.20%
Vietnam	165,480	0.86%	69,929	0.37%
China	42,569	0.22%	-	0.00%
Sri Lanka	7,508	0.04%	-	0.00%
	19,350,642	100.00%	18,701,675	100.00%
By industry sectors:				
Dealers	7,679,756	39.69%	6,421,796	34.34%
Construction and engineering	2,160,921	11.17%	2,204,459	11.79%
Fabrication work	1,747,504	9.03%	1,850,457	9.89%
Refrigerant	971,289	5.02%	1,461,571	7.82%
Shipbuilding	749,379	3.87%	2,065,662	11.05%
Others	6,041,793	31.22%	4,697,730	25.12%
	19,350,642	100.00%	18,701,675	100.00%

At the reporting date, approximately 39.69% (2012: 34.34%) of the Group's trade receivables were due from dealers who are located in Malaysia.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable banks with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 18.

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31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company actively manage 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 liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2013		
Group	**On demand or within one year RM**	**One to five years RM**	**Total RM**
Financial liabilities:			
Trade and other payables	19,893,939	-	19,893,939
Loans and borrowings	24,265,967	17,273,685	41,539,652
Total undiscounted financial liabilities	44,159,906	17,273,685	61,433,591
Company			
Financial liabilities:			
Trade and other payables	117,752	-	117,752
Total undiscounted financial liabilities	117,752	-	117,752

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31. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk (cont'd)

	2012		
Group	**On demand or within one year RM**	**One to five years RM**	**Total RM**
Financial liabilities:			
Trade and other payables	19,722,501	-	19,722,501
Loans and borrowings	17,638,723	17,510,543	35,149,266
Total undiscounted financial liabilities	37,361,224	17,510,543	54,871,767
Company			
Financial liabilities:			
Trade and other payables	118,940	-	118,940
Total undiscounted financial liabilities	118,940	-	118,940

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and Company's exposure to interest rate risk arises primarily from their loans and borrowings.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group. The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD").

The Group does not hedge currency risk.

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31. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk (cont'd)

<u>Sensitivity analysis of foreign exchange rate changes</u>

	As at 2013	**As at 2012**
MYR/SGD exchange rate	+/- 3.00%	+/- 3.00%
SGD denominated accounts receivable (RM)	568,167	637,858
Net income (RM)	-/+ 17,045	-/+ 19,136
MYR/SGD exchange rate	+/- 3.00%	+/- 3.00%
SGD denominated accounts payable (RM)	8,332,383	7,435,958
Net income (RM)	+/- 249,971	+/- 223,078
MYR/USD exchange rate	+/- 3.00%	+/- 3.00%
USD denominated accounts payable (RM)	764,583	235,743
Net income (RM)	+/- 22,937	+/- 7,072

32. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 31 December 2013 and 31 December 2012.

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32. Capital management (cont'd)

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio below 50%. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Equity includes share capital, share premium and reserve.

		Group		Company	
	Note	2013 RM	2012 RM	2013 RM	2012 RM
Borrowings	22	36,959,442	33,847,567	-	-
Trade and other payables	23	19,893,939	19,722,501	117,752	118,940
Less:					
Cash and bank balances	20	(7,711,212)	(6,471,696)	(55,811)	(1,627,910)
Net debt		49,142,169	47,098,372	61,941	(1,508,970)
Equity		92,072,409	90,619,045	76,790,997	76,735,280
Total capital		92,072,409	90,619,045	76,790,997	76,735,280
Capital and net debt		141,214,578	137,717,417	76,852,938	75,226,310
Gearing ratio		35%	34%	N/A	N/A

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33. Segment Information

The Group is organized into the following operating segments:

(1) Manufacturing
(2) Refilling and distribution
(3) Other products and services

	Group <-----2013-----> Manu-facturing RM	Refilling and Distribution RM	Other Products and Services RM	Total RM
Revenue	30,368,206	31,332,175	1,408,967	63,109,348
Results				
Profit for reportable segment	6,673,304	11,701,493	233,797	18,608,594
Other income				1,151,248
Administrative expenses				(15,680,573)
Finance costs				(2,292,587)
Share of results of associate				169,682
Profit before tax				1,956,364
Income tax expense				697,000
Total comprehensive income				2,653,364

	Group <-----2012-----> Manu-facturing RM	Refilling and distribution RM	Other Products and services RM	Total RM
Revenue	32,055,730	28,443,695	1,631,377	62,130,802
Results				
Profit for reportable segment	8,234,845	8,467,873	291,667	16,994,385
Other income				518,326
Selling and administrative expenses				(13,648,274)
Finance costs				(1,651,554)
Share of results of associate				(25,934)
Profit before tax				2,186,949
Income tax expense				1,099,954
Total comprehensive income				3,286,903

Segmental assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no disclosure is made on segment assets and liabilities.

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34. Dividends

	Dividends in respect of year			Dividends recognised in year	
	2013	**2012**	**2011**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**	**RM**
Recognised during the year:					
Final tax exempt (single-tier) dividend:					
0.6 sen on 150,000,000 on ordinary shares	-	-	900,000	-	900,000
0.8 sen on 150,000,000 on ordinary shares	-	1,200,000	-	1,200,000	-
	-	1,200,000	900,000	1,200,000	900,000

At the forthcoming Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2013, of 0.6 sen on 150,000,000 ordinary shares, amounting to a dividend payable of RM900,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2014.

35. Subsequent event

A subsidiary of the Company, Southern Industrial Gas Sdn Bhd ("SIGSB"), has filed a tax appeal before the Special Commissioners of Income Tax on 26th August 2011 for reinvestment allowance on certain plant and machinery. This case was settled by way of a Settlement Agreement dated 1 April 2014 between SIGSB and the Ketua Pengarah Hasil Dalam Negeri pursuant to Section 102(5)(a) of the Income Tax Act 1067 ("ITA") ("Settlement Agreement"). Under the terms of the Settlement Agreement, the parties have agreed that the plant and machinery incurred by SIGSB shall qualify for reinvestment allowance under Schedule 7A to the ITA for years of assessment 2010, 2011, 2012 and all subsequent years of assessment. As a result, the unabsorbed reinvestment allowances which has not been recognised as deferred tax asset is approximately RM29,187,000 as at the financial year end.

No deferred tax asset is recognized for the current financial year as the Settlement Agreement was only concluded subsequent to 31 December 2013.

36. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 3 April 2014.

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37. Supplementary Information - Breakdown of Retained profits into Realised and Unrealised

The breakdown of the retained profits of the Group and of the Company as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2013	**2012**	**2013**	**2012**
	RM	**RM**	**RM**	**RM**
Total retained profits				
- Realised	14,335,139	14,048,711	242,131	186,414
- Unrealised	(3,507,278)	(4,478,598)	-	-
	10,827,861	9,570,113	242,131	186,414
Associated company				
- Realised	169,682	(25,934)	-	-
	10,997,543	9,544,179	242,131	186,414
Less: Consolidation adjustments	-	-	-	-
Retained profits as per financial statements	10,997,543	9,544,179	242,131	186,414

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PEH LAM HOH
EXECUTIVE CHAIRMAN

SIG

SIG GASES BERHAD

(Company No.: 875083 - W)
(Incorporated in Malaysia)

Financial Report
For The Nine-Month Period Ended
30 September 2014

SIG

SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the nine-month period ended 30 September 2014

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
Revenue	16,455	15,956	49,272	47,078
Cost of sales	(11,103)	(10,988)	(33,394)	(33,283)
Gross profit	5,352	4,968	15,878	13,795
Other income	472	210	997	1,002
Selling and administrative expenses	(4,061)	(4,139)	(12,054)	(11,469)
Finance costs	(616)	(597)	(1,781)	(1,704)
Share of profit of an associate	147	135	540	111
Profit before tax	1,294	577	3,580	1,735
Income tax reversal	1,611	69	4,241	335
Profit after tax and total comprehensive income for the period/year	2,905	646	7,821	2,070
Total comprehensive income attributable to :				
Equity holders of the company	2,905	646	7,821	2,070
Non-controlling interests	-	-	-	-
	2,905	646	7,821	2,070
Earning per share (Sen)				
- Basic	1.94	0.43	5.21	1.38
- Diluted	1.94	0.43	5.21	1.38

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction the accompanying explanatory notes attached to the interim financial statements.

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SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statements of Financial Position as at 30 September 2014

	Unaudited As at 30 Sep 2014 RM'000	Audited As at 31 Dec 2013 RM'000
Assets		
Non-current assets		
Property, plant and equipment	108,429	109,636
Intangible assets	252	302
Investment in an associate	7,244	4,624
	115,925	114,562
Current assets		
Inventory property	2,394	2,353
Inventories	3,887	4,086
Trade and other receivables	21,387	20,789
Cash and bank balances	6,066	7,711
	33,734	34,939
Non current assets held for sale	6,374	6,374
	40,108	41,313
TOTAL ASSETS	156,033	155,875
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	75,000
Reserves	23,993	17,072
Total equity	98,993	92,072
Non-current liabilities		
Deferred tax liabilities	2,707	6,949
Loans and borrowings	12,576	12,829
	15,283	19,778
Current liabilities		
Trade and other payables	15,109	19,894
Loans and borrowings	26,648	24,131
	41,757	44,025
Total liabilities	57,040	63,803
TOTAL EQUITY AND LIABILITIES	156,033	155,875
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.66	0.61

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statements of Changes in Equity
for the nine-month period ended 30 September 2014

	Non-distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Retained Earnings RM'000	Total RM'000
As at 1 January 2014	75,000	1,549	15,523	92,072
Total comprehensive income for the period	-	-	7,821	7,821
Dividend			(900)	(900)
for the nine-month period ended 30 Septemb	75,000	1,549	22,444	98,993
As at 1 January 2013	75,000	1,549	14,070	90,619
Total comprehensive income for the period	-	-	2,070	2,070
Dividend			(1,200)	(1,200)
As at 30 Sep 2013	75,000	1,549	14,940	91,489

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statements of Cash Flows for the nine-month period ended 30 September 2014

	Period ended	
	30 Sep 2014 RM'000	**30 Sep 2013 RM'000**
Cash flows from operating activities		
Profit before tax	3,580	1,735
Adjustments for:		
Depreciation	4,107	4,074
Gain on disposal of property, plant and equipment	(242)	(474)
Interest expenses	1,656	1,614
Interest income	(6)	(18)
Reversal of impairment loss on trade receivables	(181)	(17)
Impairment loss on trade receivables	147	-
Share of profit of an associate	(540)	(111)
Unrealised foreign exchange (gain)/loss	(140)	212
Write off of property, plant and equipment	45	31
Operation profit before working capital changes	8,426	7,046
Increase in inventories	199	265
(Increase) in receivables	(518)	(1,061)
(Decrease)/increase in payable	(4,645)	(1,166)
Cash generated from operating activities	3,462	5,084
Interest paid	(1,656)	(1,614)
Tax paid	(98)	(57)
Tax refund	10	
Net cash generated from operating activities	1,718	3,413
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,956)	(6,833)
Proceed from disposal of property, plant and equipment	303	627
Interest received	6	18
Investment in an associate company	(2,080)	-
Net cash used in investing activities	(4,727)	(6,188)
Cash flows from financing activity		
(Repayment)/Drawdown of borrowings	2,264	2,703
Dividend	(900)	(1,200)
Net cash generated from financing activiy	1,364	1,503
Net decrease in cash and cash equivalents	(1,645)	(1,272)
Cash and cash equivalents at beginning of financial period	7,711	6,472
Cash and cash equivalents at end of financial period	6,066	5,200
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	6,066	5,200

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements.

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SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART A -
EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A1. Corporate information

SIG Gases Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on 13 November 2014.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2013. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

A2.1 Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2013 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

(i) Adoption of standards and interpretations:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
Amendments to MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21	Levies	1 January 2014

The adoption of the above standards and interpretations do not have significant financial impact to the Group's consolidated financial statements of the current quarter.

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SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART A -
EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A2.1 Significant accounting policies (cont'd)

(ii) Standards and interpretations issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards and interpretations were issued but not yet effective and have not been applied by the Group:

Description		Effective for annual periods beginning on or after
Amendments to MFRS 119	*Defined Benefit Plans: Employee Contributions*	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle		1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle		1 July 2014
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009)		To be announced
MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010)		To be announced
MFRS 9 Financial Instruments:	*Hedge Accounting and amendments to MFRS9, MFRS 7 and MFRS 139*	To be announced

The adoption of these standards above is expected to have no material impact on the financial statements in the year of initial adoption.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2013.

A4. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of unusual nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year ended 31 December 2013.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

A7. Changes in debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial period-to-date.

A8. Dividend paid

At the Annual General Meeting held on 23 May 2014 , a final tax exempt (single-tier) dividend of 1.20% in respect of the financial year ended 31 December 2013 on 150,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM900,000 (0.60 sen per ordinary share) was approved by the shareholders and paid on 18 June 2014.

SIG

SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART A -
EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING (CONT'D)

A9. Segment information

The Group is organized into business units based on their products and services, and it has three operating segments as follows

(1) Manufacturing
(2) Refilling and Distribution
(3) Other Products and Services

For the detailed analytical review of the segmental information, please refer to Part B1 and B2 for explanation.

Nine months ended 30 Sep 2014

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	24,097	24,363	812	49,272
RESULTS				
Profit for reportable segment	6,907	8,848	123	15,878
Other income				997
Selling and administrative expenses				(12,054)
Finance costs				(1,781)
Share of profit of an associate				540
Profit before tax				3,580
Income tax reversal				4,241
Total comprehensive income				7,821

Nine months ended 30 Sep 2013

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	22,546	23,413	1,119	47,078
RESULTS				
Profit for reportable segment	5,148	8,455	192	13,795
Other income				1,002
Selling and administrative expenses				(11,469)
Finance costs				(1,704)
Share of loss of an associate				111
Profit before tax				1,735
Income tax reversal				335
Total comprehensive income				2,070

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(Company No:875083-W)

NOTES TO THE REPORT

PART A -
EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial year.

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 September 2014 are as follows:-

	RM'000
Approved and contracted for	4,908

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM2.96 million during the current quarter .

A13. Material events subsequent to the end of period reported

Save as disclosed in Note B6, there were no material events subsequent to the end of period reported to be disclosed as at the date of this report.

A14. Changes in composition of the group

There were no changes in composition of the Group to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report.

SIG

SIG Gases Berhad
(Company No:875083-W)

PART A -
EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A15. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A16. Cash and cash equivalents

	As at 30 Sep 2014 RM'000	As at 31 Dec 2013 RM'000
Cash in hand and at banks	6,066	7,711

A17. Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sep 2014 RM'000	30 Sep 2013 RM'000	30 Sep 2014 RM'000	30 Sep 2013 RM'000
(a) Interest income	4	1	6	18
(b) Other income/(charges) including investment income	500	209	851	937
(c) Interest expense	570	566	1,656	1,614
(d) Depreciation and amortisation	1,380	1,379	4,107	4,074
(e) Provision for and write off of receivables	131	-	147	-
(f) Provision for and write off of inventories	-	-	-	-
(g) (Gain)/loss on disposal of quoted and unquoted investments or properties	-	-	-	-
(h) Impairment of assets	-	-	-	-
(i) Foreign exchange gain/(loss)				
- Realised	113	(45)	56	(28)
- Unrealised	(32)	(235)	140	(212)
(j) (Gain)/loss on derivatives	-	-	-	-
(k) Exceptional items	-	-	-	-

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SIG Gases Berhad
(Company No:875083-W)

A18. Significant related party transactions

The Group had the following transactions during the current financial period with related parties in which certain directors of the Company have substantial financial interest:-

Nature of transactions	Transactions during the current financial quarter RM'000	Transactions Period-to-date RM'000	Balance outstanding as at 30 September 2014 RM'000
Purchase of refrigerants, cylinders, valves, liquid oxygen, liquid nitrogen, liquid argon, liquid carbon dioxide, specialty gases and overdue interest from companies in which the Company's director, Peh Lam Hoh has substantial financial interest	2,408	7,052	6,080
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	102	149	102

SIG

SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART B –
ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. Review Of Performance Of The Group

Current Quarter 3 month ended 30 September 2014 vs. Preceding year corresponding Quarter 3 month ended 30 September 2013

The revenue of the Group for the current quarter was RM16.46M. This represents an increase of 3.13% as compared to preceding year's corresponding quarter. The increase was largely due to higher sales to fabrication and engineering sectors.

The gross profit of the Group for the current quarter was RM5.35M, an increase of RM0.38M or 7.73% over the corresponding quarter. The improvement was mainly due to cost saving arising from merger of distribution centres at Puchong and Nilai as well as productivity improvement.

The Group's profit before tax was RM1.29M for the current quarter, as compare with RM0.58M recorded in the corresponding quarter. while the sales margin contributed to RM0.40million of the improvement, other income increased by RM0.26 million mainly due to decrease in unrealised exchange loss.

The current quarter's Group's profit after tax was RM2.91M, RM2.26M higher than the corresponding quarter after a reversal of deferred tax liability of RM1.61 million arising from reinvestment allowance on capital expenditures.

Current year to date 30 September 2014 vs. Preceding year to date 30 September 2013

The revenue of the Group for the period ended 30 September 2014 was RM49.27M. The revenue increased by RM2.20M or 4.70% as compared to the same period in year 2013. The increase in revenue was due to increase in sales to fabrication and engineering sectors .

The Gross Profit of the Group for the period ended 30 September 2014 was RM15.88M, an increase of RM2.08M or 15.10% as compared to the same period in year 2013.

The gross profit margin has increased from 29.30% to 32.23%, which was mainly due to cost savings arising from merger of distribution centres at Puchong and Nilai as well as productivity improvement.

The Group's Profit After Tax was RM7.82M for the current year to date which is RM5.75M higher as compared to the corresponding period in year 2013. The Profit Before Tax has increased by RM1.85M largely due to higher gross profit together with increase in share of profit from associate company from RM0.11M to RM0.54M as compared to the corresponding period in year 2013 and a reversal of deferred tax liability of RM4.24M.

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SIG Gases Berhad
(Company No:875083-W)

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

The revenue of the Group for the current quarter decreased by RM0.52M or 3.09% as compared to that of the preceding quarter. The decrease in revenue mainly came from lower sales to shipbuilding industry and dealers.

The gross profit decreased by RM0.30M or 5.36% to RM5.35M. The gross profit margin decreased from 33.31% to 32.53% as compared to that of the preceding quarter. The gross profit margin decreased mainly due to lower sales.

The Group's profit before tax decreased from RM1.45M in preceding quarter to RM1.29M in the current quarter. The decrease in profit before tax is mainly due to lower gross profit of RM0.30M , and increase in finance cost by RM0.05M.

The Group's profit after tax decreased from RM3.18M in the preceding quarter to RM2.91M in the current quarter mainly due to the impact of the abovementioned factors.

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SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

B3. Current Year Prospects

The global economic environment and financial markets are expected to be challenging in the current year arising from termination of the quantitative easing 3.0 by the United States of America and the political uncertainty caused by Ukraine political crisis and economic growth in the European Union common market.

In the domestic front, despite recording a satisfactory economic growth of slightly more than 5%, due to widening public debts, the Malaysian government has announced various austerity and revenue boosting measures, including cutting back of subsidies, introduction of Goods and Services Tax, significant eduction in contribution from crude oil revenue on falling crude oil prices and putting on hold of some large infrastructural projects.

Bank Negara Malaysia ("BNM") has also recently announced to maintain the Overnight Policy Rate at 3.25% and the current stance of monetary policy remains supportive of growth. (Source: BNM Monetary Policy Press Statement dated 18 September 2014)

In view of the above challenging economic environment, we have implemented some productivity improvement programmes and closely monitoring our production processes to reduce raw material wastage (namely power, fuel and liquid gases). We have also adopted some cost saving measures by increasing our supplier base for equipment and supplies at more competitive prices and realign our distribution centres such as the centralization of our Puchong operations to Nilai production plant in order to cut operating cost. This is to improve our production efficiencies in order to remain competitive in the market place. In addition, the completion of various expansion programmes to establish refilling stations in various strategic locations in Peninsular Malaysia in the past years, are gradually contributing to our revenue and achieving lower cost through economy of scale.

In conclusion, despite the uncertainty posed by the macroeconomic environment set out above, we believe that with our various cost-savings exercises, re-alignment of assets duly in place, and gradual increase in revenue from our expansion program, we are cautiously optimistic about our performance ahead.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Income Tax Expense

	Current quarter 3 months ended 30 Sep 14 RM'000	Current financial period to date 30 Sep 14 RM'000
In respect of the current period		
- Income tax	(13)	1
- Deferred tax	(1,598)	(4,242)
	(1,611)	(4,241)

UNAUDITED CONSOLIDATED FINANCIAL RESULTS OF OUR GROUP FOR THE FPE 30 SEPTEMBER 2014 *(CONT'D)*

SIG

SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX

B6. Status of Corporate Proposals

The Public Issue of 49.2 million and Offer For Sales of 3 million ordinary shares of RM0.50 each in the Company at an issue price of RM0.58 had all been fully subscribed and the entire share capital of the Company of 150 million ordinary shares were listed on the Main Board of Bursa Malaysia Securities Berhad on 9 August 2010. The Company raised RM28.54 million from the public issue and the utilization of proceeds as at 06 November 2014 (the latest practicable date not earlier than seven (7) days from the date of issue of this report) is as follows:

No.	Description	Estimated timeframe for utilisations upon Listing	Proposed Utilisations (RM'000)	Amendment 1 (RM'000)	Amendment 2 (RM'000)	Actual Utilisations (RM'000)	Reclassification (RM'000)	Balances to be utilised (RM'000)	%
1	**Purchase of land and building its facilities**	80 months							
1.1	Sarawak - Samalaju Industrial Park		9,736	(2,500)	(2,690)	(1,590)	30	2,986	66%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(4,200)	587	137	4%
1.4	Melaka		2,500		1,440	(3,990)	50	-	0%
			14,736	-	-	(12,280)	667	3,123	21%
2	**Purchase of property, plant & equipment**	12 months							
2.1	Cylinders		5,400			(5,400)		-	0%
2.2	Hydrogen long tube		1,000			(1,000)		-	0%
			6,400	-	-	(6,400)	-	-	0%
3	**Repayment of term loan**	12 months	4,200			(4,200)		-	0%
4	**Listing expenses***	Immediately	3,200			(2,533)	(667)	-	0%
	Total		28,536	-	-	(25,413)	-	3,123	11%

The gross proceeds arising from the Offer for Sale, net of the relevant fees, accrued entirely to the Offeror and no part of the proceeds was received by the Company.

* The excess of provision for Listing expenses of RM0.67 Million will be utilized in the purchase of land and building and its facilities as indicated in Section 2.8 (iv) of the Prospectus.

1. Proposed Two-Call Rights Issue

On 5 September 2014, the Company announced that it proposes to undertake a renounceable two-call rights issue of 37,500,000 new ordinary shares of RM0.50 each ("**Shares**") ("**Rights Shares**") on the basis of one (1) Rights Share for every four (4) existing Shares held on an entitlement date to be determined later, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable in cash and the second call of RM0.14 per Rights Share ("**Second Call**") is to be capitalised from the share premium reserve of SIG. On 20 October 2014, the Company announced that the Board of directors resolved that the Second Call be capitalised instead from the retained earnings reserve of SIG ("**Proposed Two-Call Rights Issue**").

On 21 October 2014, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 20 October 2014, which was received on 21 October 2014, approved the listing of and quotation for the 37,500,000 Rights Shares on the Main Market of Bursa Securities, subject to the certain conditions as disclosed in the said announcement and in its circular to shareholders dated 28 October 2014.

On 13 November 2014, the shareholders of the Company approved the Proposed Two-Call Rights Issue.

The Proposed Two-Call Rights Issue is not conditional upon any other corporate exercise/scheme being or proposed to be undertaken by the Company and is expected to be completed in December 2014.

2. Proposed acquisition

On 22 September 2014, the Company entered into a Memorandum of Understanding relating to the proposed acquisition of the entire issued and paid-up share capital of Piasau Gas Sdn Bhd ("**PGSB**") with the vendors of PGSB ("**Proposed Acquisition**"). PGSB is involved in the manufacturing, distribution and marketing of industrial gases as well as provision of services and maintenance and trading in welding equipment and machinery.

The Company is currently conducting due diligence review on PGSB and, if the Proposed Acquisition is materialized, an announcement will be made upon the signing of an agreement to effect the Proposed Acquisition and a circular will be despatched to our shareholders to seek their approval for the Proposed Acquisition in due course.

SIG

SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

PART B –
ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B) (CONT'D)

B7. Group Borrowing and Debts Securities

The Group's borrowings and debts securities as at 30 September 2014 are as follows:

	RM'000
Long term borrowings	
Secured:	
Obligation under finance lease	474
Term loans	12,102
	12,576
Short term borrowings	
Secured	
Obligation under finance lease	1,158
Bankers acceptance and revolving credit	18,791
Term loans	6,694
Leasing creditors	5
	26,648
Total	39,224

B8. Breakdown of realised and unrealised profits or losses of the Group

	At end of current quarter 30-Sep-14 RM'000	At end of preceding quarter 31-Dec-13 RM'000
Realised profits	21,169	14,335
Unrealised gain/(losses)	735	(3,507)
Total retained profits	21,904	10,828
Associated company		
- Realised	540	170
	22,444	10,998
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	22,444	10,998

B9. Material Litigation

There were no material litigation as at the date of issuance of this quarterly report.

B10. Dividends

No interim dividend has been declared during the current quarter.

B11. Earnings Per Share

Basic earnings per share are calculated based on total number of 150,000,000 ordinary shares in issue and profit attributable to equity holders of the Group. There is no dilutive effect.

DIRECTORS' REPORT

SIG

南方氣體有限公司
SIG GASES BERHAD
(Company No. 875083-W)

MS ISO 9001 : 2008 REG. NO. AR 3092

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Tel: 07-598 3863 (5 Lines) Fax: 07-598 3869 Email: sig@siggases.com Website: www.siggases.com

2 4 NOV 2014

The Shareholders of SIG Gases Berhad

Dear Sir/Madam

On behalf of the Board of Directors of SIG Gases Berhad ("**Board**") ("**SIG**" or "**Company**"), I wish to report after making due enquiries that during the period from 31 December 2013 (being the date on which the last audited consolidated financial statements of the Company and its subsidiaries ("**Group**") have been made up) to the date hereof, being a date not earlier than fourteen (14) days before the date of issuance of this Abridged Prospectus, that:

(a) the business of the Group has, in the opinion of the Board, been satisfactorily maintained;

(b) in the opinion of the Board, no circumstances have arisen since the last audited consolidated financial statements of our Group which have adversely affected the trading or value of the assets of the Group;

(c) the current assets of the Group appear in the books at values which are believed to be realisable in the ordinary course of business;

(d) there are no contingent liabilities which have arisen by reason of any guarantees or indemnity given by the Group;

(e) since the last audited consolidated financial statements of the Group, there have been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowings of the Group; and

(f) there have been no material changes in the published reserves or any unusual factors affecting the profits of the Group since the last audited consolidated financial statements of the Group.

Yours faithfully,
~~For and~~ on behalf of the Board of
SIG GASES BERHAD

PEH LAM HOH
Executive Chairman

1. SHARE CAPITAL

Save for the Rights Shares, no securities will be allotted or issued on the basis of this Abridged Prospectus later than twelve (12) months after the date of the issuance of this Abridged Prospectus.

As at the LPD, save for the Provisional Rights Shares under the Two-Call Rights Issue and as disclosed below, no person has been or is entitled to be granted, an option to subscribe for any securities, shares or debentures in our Company or any of our subsidiaries.

2. DIRECTORS' REMUNERATION

The provisions in our Articles of Association in relation to the remuneration of our Directors are as follows:

Article 111

The fees of the directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the directors as they may agree, or, failing agreement, equally, except that any director who shall hold office for part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportions of the fees related to the period during which he has held office provided always that:

(a) fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover;

(b) salaries payable to executive directors may not include a commission on or percentage of turnover;

(c) fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting;

(d) any fee paid to an alternate director shall be agreed upon between himself and the director nominating him and shall be paid out of the remuneration of the latter.

Article 112

(1) The director shall be entitled to be reimbursed for all travelling or such reasonable expenses as may be incurred in attending and returning from meetings of the directors or of any committee of the directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as directors.

(2) If by arrangement with the directors, any director shall perform or render any special duties or services outside his ordinary duties as a director in particular without limiting to the generality of the foregoing if any director being willing shall be called upon to perform extra services or to make any special exertions in going or residing away from his usual place of business or resident for any of the purposes of the Company or in giving special attention to the business of the Company as a member of a committee of directors, the directors may pay him special remuneration, in addition to his director's fees, and such special remuneration may be by way of a fixed sum, or otherwise as may be arrangement provided always that extra remuneration payable to:

(a) a non executive director shall not be by a commission on or percentage of profits or turnover;

(b) an executive director shall not include a commission on or percentage of turnover.

3. MATERIAL CONTRACTS

Save as disclosed below, neither SIG nor our subsidiaries have entered into any material contracts (being contracts entered into out of the ordinary course of business) within the two (2) years immediately preceding the date of this Abridged Prospectus:

(a) Heads of Agreement between SIG and Peh Lam Hoh, Ng Swee Gek and Peh Tuan (collectively referred to as the "Vendors")

On 29 January 2013, SIG has entered into a Heads of Agreement ("**HOA-1**") with the Vendors for the proposed acquisition by SIG of the entire issued share capital of Sing Swee Bee Enterprise Pte Ltd ("**Sale Shares**"). The indicative purchase price for the Sale Shares is RM28,392,000 and will be satisfied via a combination of cash and issuance of shares in SIG. SIG and the Vendors have subsequently agreed to terminate this HOA-1 on 4 July 2013.

(b) Heads of Agreement between SIG and Peh Lam Hoh, Nelty Agustina Susanto, Yue Thye Chun, Lee Soon Thiam, Leong Chin Yew and Ler Zhi Kang (collectively referred to as the "Vendors")

On 29 January 2013, SIG has entered into a Heads of Agreement ("**HOA-2**") with the Vendors for the proposed acquisition of the entire issued share capital of SSB Cryogenic Equipment Pte Ltd ("**Sale Shares**"). The indicative purchase price for the Sale Shares is RM122,850,000 and will be satisfied via a combination of cash and issuance of shares in SIG. SIG and the Vendors have subsequently agreed to terminate this HOA-2 on 4 July 2013.

(c) Letter of Award between Southern Industrial Gas Sdn Bhd ("SIGSB") and Burnaby Construction Sdn Bhd ("Burnaby")

On 1 July 2013, SIGSB issued a Letter of Award to Burnaby for the repair works on the slope and concrete retaining wall at our existing factory situated at Lot 10688, Jalan Permata ¼, Kawasan Perindustrian Arab Malaysian, Mukim Setul Nilai, Daerah Seremban, Negeri Sembilan ("**Repair Works**"), for a contract sum of RM1,050,000 ("**Contract Sum**"). The Repair Works was completed on 2 January 2014 and the Contract Sum was fully paid in cash by SIGSB to Burnaby on 13 February 2014.

(d) Purchase order between SIGSB and Prochem Technology Engineering Sdn Bhd ("Prochem")

On 30 August 2013, SIGSB has issued a purchase order to Prochem for goods, work, labour, services and material relating to the renovation works at our existing office and factory situated at Lot 10688, Jalan Permata ¼, Kawasan Perindustrian Arab Malaysian, Mukim Setul Nilai, Daerah Seremban, Negeri Sembilan ("**Renovation Works**"), for a total consideration of RM560,000 ("**Consideration**"). The Renovation Works was completed on 7 March 2014 and the Consideration was fully paid in cash by SIGSB to Prochem on 2 July 2014.

(e) Settlement Agreement between SIGSB and the Director General of Inland Revenue Board of Malaysia ("DGIRBM")

On 1 April 2014, SIGSB has entered into a Settlement Agreement with DGIRBM ("**Settlement Agreement**") in relation to SIG's reinvestment allowance claims on the expenditure incurred by SIG on its cylinders for years of assessment 2010,2011 and 2012 ("**SIG's RA Claims**"). In consideration of and subject to the premises and mutual covenants and agreements contained in the Settlement Agreement, the parties have agreed, among others, that the SIG's RA Claims shall be allowed by the Inland Revenue Board of Malaysia.

(f) Letter of Award between SIGSB and Fook Ngee Seng Engineering Sdn Bhd ("FNS")

On 28 August 2014, SIGSB issued a Letter of Award to FNS for the proposed construction and completion of 8 units of semi-detached industrial building on our land situated at Lot 4033 Block 26, Kemana Land District, Bintulu, Sarawak ("**Construction Works**"), for a contract sum of RM3,438,000. The Construction Works is targeted to be completed by the 3rd quarter of 2015.

(g) Memorandum of Understanding between SIG and Shin Yang Corporation Sdn Bhd, Tan Sri Datuk Ling Chiong Ho, Ling Chiong Sing, Geo Sepadu Sdn Bhd, Pui Voon Poh and Hong Ken Choon (collectively referred to as the "Vendors")

On 22 September 2014, SIG has entered into a Memorandum of Understanding ("**MOU**") with the Vendors for the proposed acquisition by SIG of the entire issued share capital of Piasau Gas Sdn Bhd ("**Sale Shares**"). The indicative purchase price for the Sale Shares shall be based on the price earnings ratio of nine (9) times of the profit after tax of the audited accounts of Piasau Gas Sdn Bhd for the FYE 30 June 2014, which may be adjusted as a result of or in connection with any issues arising out of the financial/legal due diligence on Piasau Gas Sdn Bhd ("**Purchase Consideration**"). The Purchase Consideration will be wholly satisfied by the issuance of shares in SIG. The parties are still in the midst of negotiation and a legally binding share purchase agreement is expected to be entered into by the parties on or before 30 November 2014.

On 28 November 2014, KIBB had on behalf of SIG announced that SIG and the Vendors are in the midst of negotiating for a mutual extension of the MOU which will expire on 30 November 2014 to 31 January 2015 and that an announcement will be made in due course upon the signing of the mutual extension of the MOU, if materialized.

(h) Underwriting Agreement with KIBB

On 17 November 2014, SIG entered into the Underwriting Agreement with KIBB details of which are set out in **Section 2.5(b)**.

4. MATERIAL LITIGATION

Neither SIG nor its subsidiaries are engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware of any proceedings pending or threatened against our Group.

5. GENERAL

5.1 There is no existing or proposed service contracts entered or to be entered into by our Group with any Director or proposed Director, other than those which are expiring or determinable by the employing company without payment of compensation (other than statutory compensation) within one (1) year.

5.2 Save as disclosed in this Abridged Prospectus and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:

(a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group other than in the ordinary course of business;

(b) material commitments for capital expenditure;

(c) unusual, infrequent events or transactions or any significant economic changes which materially affected the amount of reported income from operations of our Group other than in the ordinary course of business;

(d) known trends or uncertainties which have had or will have, a material favourable or unfavourable impact on revenues or operating income; and

(e) substantial fluctuation in revenue.

6. CONSENTS

Our Principal Adviser and Underwriter, due diligence solicitors, Share Registrar, principal bankers and company secretaries, being named in this Abridged Prospectus, do consent to act in that capacity. They have further confirmed that they have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references in the form and context in which they appear in this Abridged Prospectus.

Our auditors and reporting accountants, being named in this Abridged Prospectus, do consent to act in that capacity and they have confirmed that they have given and have not subsequently withdrawn their written consents to the inclusion of their names and letters relating to their proforma consolidated statements of financial position as at 31 December 2013 and their Auditors' Report on the audited consolidated financial statements for the FYE 31 December 2013 and all references thereto in the form and context in which they appear in this Abridged Prospectus

Bloomberg Finance L.P. has given and has not subsequently withdrawn its written consents for the inclusion of its name and/or citation of the market data compiled by them, in the form and context in which they appear in this Abridged Prospectus.

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7. DECLARATIONS OF CONFLICT OF INTEREST

7.1 Principal Adviser

KIBB has given its written confirmation that Datuk Syed Ahmad Bin Alwee Alsree, Non-Independent Non-Executive Director and a controlling shareholder of SIG, is also a Deputy Chairman/Director of KIBB and of K&N Kenanga Holdings Bhd ("**K&N**"), the holding company of KIBB.

KIBB, in relation to its role as the Principal Adviser for the Two-Call Rights Issue, has considered the above and believes that its objectivity and independence in carrying out its role has been and will be maintained at all times for the following reasons:

(a) KIBB is a licensed investment bank and its appointment as Principal Adviser for the Two-Call Rights Issue is in the ordinary course of its business;

(b) the conducts of KIBB is regulated strictly by the *Capital Markets and Services Act 2007* and the *Financial Services Act 2013* and by its own internal policies, controls, checks and risk management;

(c) save for advisory fees/underwriting commission derived/to be derived in the ordinary course of business of KIBB, KIBB will not be deriving any other monetary benefits from its appointment or from the outcome of the Two-Call Rights Issue;

(d) the Two-Call Rights Issue is a fund raising exercise providing all shareholders with proportional entitlement to subscribe for the Rights Shares on equal terms; and

(e) the day-to-day operations of KIBB are managed by its Group Executive Committee led by KIBB's Managing Director. Datuk Syed Ahmad Bin Alwee Alsree is a non-executive director of KIBB and is not involved in the day-to-day operations and management of KIBB. At the Board of Directors of K&N and KIBB level, in the event any issues on SIG are discussed, Datuk Syed Ahmad Bin Alwee Alsree abstains himself from any discussion and decision-making/voting process in relation to SIG.

In view of the above, KIBB confirms that there is no conflict of interest in its capacity as the Principal Adviser to SIG for the Two-Call Rights Issue.

7.2 Due Diligence Solicitor

Lee Choon Wan & Co has given their written confirmation that they are not aware of any conflict of interest situation which exists or is likely to exist in its role as the Due Diligence Solicitors in relation to the Two-Call Rights Issue.

7.3 Reporting Accountant

Ernst & Young has given their written confirmation that they are not aware of any conflict of interest situation which exists or is likely to exist in its role as the Reporting Accountants in relation to the Two-Call Rights Issue.

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8. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of our Company at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia during business hours from Mondays to Fridays (except public holidays) for a period of twelve (12) months from the date of this Abridged Prospectus:

(a) the Memorandum and Articles of Association of SIG;

(b) the certified true extract of the resolution pertaining to the Two-Call Rights Issue passed at our EGM on 13 November 2014, as set out in **Appendix I**;

(c) the proforma consolidated statements of financial position as at 31 December 2013 together with the notes and Reporting Accountants' letter thereon as set out in **Appendix III**;

(d) our latest unaudited consolidated financial results for the FPE 30 September 2014 as set out in **Appendix V**;

(e) the Directors' Report as set out in **Appendix VI**;

(f) the material contracts referred to in **Section 3** of **Appendix VII**;

(g) the letters of consent referred to in **Section 6** of **Appendix VII** and the declaration of interest letter referred to in **Section 7** of **Appendix VII**;

(h) our audited consolidated financial statements for the past two (2) FYE 31 December 2012 and 2013; and

(i) The Undertaking Shareholders' Entitlement Undertakings letters referred to in **Section 2.5(b)**.

9. RESPONSIBILITY STATEMENTS

The Abridged Prospectus, together with its accompanying documents, have been seen and approved by our Board and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement herein false or misleading.

KIBB, being the Principal Adviser and Underwriter for the Two-Call Rights Issue, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Two-Call Rights Issue.