

SIG

SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

**Financial Report
For The First Quarter Ended
31 March 2011**

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the period ended 31 March 2011**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 31 March 2011 RM'000	Preceding Year Quarter ⁽²⁾ 31 March 2010 RM'000	Current Year To Date 31 March 2011 RM'000	Preceding Year To Date ⁽²⁾ 31 March 2010 RM'000
Revenue	12,233	N/A	12,233	N/A
Cost of sales	(8,438)	N/A	(8,438)	N/A
Gross profit	3,795	N/A	3,795	N/A
Other income	151	N/A	151	N/A
Selling and administrative expenses	(2,794)	N/A	(2,794)	N/A
Finance costs	(184)	N/A	(184)	N/A
Profit before tax	968	N/A	968	N/A
Income tax expense	(252)	N/A	(252)	N/A
Profit after tax	716	N/A	716	N/A
Other comprehensive income	-	N/A	-	N/A
Total comprehensive income for the period	<u>716</u>	<u>N/A</u>	<u>716</u>	<u>N/A</u>
Total comprehensive income attributable to :				
Equity holders of the company	716	N/A	716	N/A
Minority interest	-	N/A	-	N/A
	<u>716</u>	<u>N/A</u>	<u>716</u>	<u>N/A</u>
Earning per share (Sen)				
- Basic	0.48	N/A	0.48	N/A
- Diluted	0.48	N/A	0.48	N/A

Notes

1. The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.

The Condensed Consolidated Statement of Comprehensive Income is prepared based on the operating results of the Company and its subsidiaries using merger accounting principles.

2. Consolidated results of the Company and its subsidiaries were announced by the Company with effect from the quarter ended 30 June 2010 in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As such, there are no comparative figures for the preceding year's corresponding quarter and period.

**Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2011**

	Unaudited As at 31 March 2011 RM'000	Unaudited As at 31 March 2010 RM'000
Assets		
Non-current assets		
Property, plant and equipment	77,295	N/A
Intangible assets	187	N/A
	<u>77,482</u>	<u>N/A</u>
Current assets		
Inventories	3,027	N/A
Trade and other receivables	19,297	N/A
Cash and bank balances	15,711	N/A
	<u>38,035</u>	<u>N/A</u>
TOTAL ASSETS	<u>115,517</u>	<u>N/A</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	N/A
Reserves	10,023	N/A
Total equity	<u>85,023</u>	<u>N/A</u>
Non-current liabilities		
Deferred tax liabilities	8,073	N/A
Loans and borrowings	5,607	N/A
	<u>13,680</u>	<u>N/A</u>
Current liabilities		
Trade and other payables	9,776	N/A
Loans and borrowings	7,038	N/A
	<u>16,814</u>	<u>N/A</u>
Total liabilities	<u>30,494</u>	<u>N/A</u>
TOTAL EQUITY AND LIABILITIES	<u>115,517</u>	<u>N/A</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.57	N/A

Notes

1. The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.
2. Consolidated results of the Company and its subsidiaries were announced by the Company with effect from the quarter ended 30 June 2010 in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As such, there are no comparative figures for the preceding year's corresponding quarter and period.

**Unaudited Condensed Consolidated Statements of Changes in Equity
As at 31 March 2011**

	Non-distributable		Distributable	
	Share Capital RM'000	Share Premium RM'000	Revenue Reserve RM'000	Total RM'000
As at 1 January 2011	75,000	6,075	3,232	84,307
Total comprehensive income for the period	-	-	716	716
As at 31 March 2011	<u>75,000</u>	<u>6,075</u>	<u>3,948</u>	<u>85,023</u>

Notes

1. The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.
2. Consolidated results of the Company and its subsidiaries were announced by the Company with effect from the quarter ended 30 June 2010 in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As such, there are no comparative figures for the preceding year's corresponding quarter and period.

**Unaudited Condensed Consolidated Statements of Cash Flows
For the period ended 31 March 2011**

	Year ended	
	31 March 2011 RM'000	31 March 2010 RM'000
Cash flows from operating activities		
Profit before taxation	968	N/A
Adjustments for:		
Depreciation	896	N/A
Gain on disposal of property, plant and equipment	(39)	N/A
Interest expenses	184	N/A
Allowance for doubtful debts	(12)	N/A
Bad debts recovered	(4)	N/A
Unrealised foreign exchange gain	(23)	N/A
Others	1	N/A
Operation profit before working capital changes	1,971	N/A
Net changes in current assets	(331)	N/A
Net changes in current liabilities	138	N/A
Cash generated from operating activities	1,778	N/A
Interest paid	(184)	N/A
Tax paid	(100)	N/A
Net cash generated from operating activities	1,494	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,415)	N/A
Proceed from disposal of property, plant and equipment	54	N/A
	(1,361)	N/A
Cash flow from financing activities		
Drawdown/Repayment of borrowings	(307)	N/A
	(307)	N/A
Net decrease in cash and cash equivalents	(174)	N/A
Cash and cash equivalents at beginning of financial year	15,885	N/A
Cash and cash equivalents at final of financial year	15,711	N/A
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	15,711	N/A

Notes:

1. The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to the interim financial statements.
2. Consolidated results of the Company and its subsidiaries were announced by the Company with effect from the quarter ended 30 June 2010 in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As such, there are no comparative figures for the preceding year's corresponding quarter and period.

NOTES TO THE REPORT

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

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with FRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Consolidated results of the Company and its subsidiaries were announced by the Company with effect from the quarter ended 30 June 2010 in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As such, there are no comparative figures for the preceding year's corresponding quarter and period.

The interim financial report should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2010 and the accompanying explanatory notes attached to this interim financial report.

The interim financial report contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with FRSs.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group are consistent with those of the audited financial statements for the financial year ended 31 December 2010 of the Group, except for the adoption of the following new Financial Reporting Standards ("FRSs") and Amendments to FRSs ("Amendments") that came into effect from 1 July 2010:

FRS 3: Business Combinations (Revised)
FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 138 Intangible Assets
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 17 Distributions of Non-cash Assets to Owners
Amendments to FRS 1 Limited Exemption from Comparative FRS 7 Disclosures
First-time Adopters
Amendments to FRS 7 Improving Disclosures about Financial Instruments
Amendments to FRS contained in document entitled "Improvements to FRSs (2010)"

The adoption of the above revised FRSs and amendments to FRSs and interpretation does not have significant financial impact to the Group's consolidated financial statements.

NOTES TO THE REPORT

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

(ii) Standards and Interpretations issued and not yet effective

The following revised FRSs, new IC Interpretations and Amendments to FRSs have been issued by the MASB and are effective for annual periods commencing on or after 1 January 2012. They have yet to be adopted as they are not yet effective for the current quarter ended 31 March 2011 and current financial year ending 31 December 2011:

FRS 124	Related Party Disclosures (Revised)
IC Interpretation 15	Agreements for the Construction of Real Estate

The adoption of these new Standards in the next financial year is not expected to result in any significant impact in the accounting policies of the Group.

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 2010.

A4. Seasonal or cyclical factors

The business operations of the Group during the first quarter were slightly affected by lesser working days due to the festive season.

A5. Items of unusual nature

There were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial period ended 31 March 2011.

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

There was no dividend paid in the current financial period.

NOTES TO THE REPORT

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

A9. The Group is organized into the following operating segments:-

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

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	6,287	5,624	322	12,233
RESULTS				
Profit for reportable segment	1,931	1,784	80	3,795
Other income				151
Selling and administrative expenses				(2,794)
Finance costs				(184)
Profit before tax				968
Income tax expense				(252)
Total comprehensive income				716

NOTES TO THE REPORT

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

A10. Valuation of property, plant and equipment

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

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 March 2011 are as follows:-

	RM'000
Approved and contracted for	<u>5,945</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM1.42 million during the current financial period.

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the current financial quarter up to 12 May 2011, being the latest practicable date ("LPD") which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A14. Changes in composition of the group

There were no material events subsequent to the end of the current financial quarter that have not been reflected in this quarterly report as at the date of this report. The Group was listed on the Main Market of Bursa Malaysia Securities Berhad on 9 August 2010.

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. Significant related party transactions

The Group had the following transactions during the current financial quarter and year to date 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	Balance outstanding as at 31 March 2011 RM'000
Purchase of refrigerants, cylinders, valves, liquid oxygen, liquid nitrogen, liquid argon, liquid carbon dioxide, specialty gases and overdue interest from a company in which the Company's director, Peh Lam Hoh has substantial financial interest	3,146	2,326
Sales of industrial gases and equipments to a company in which the Company's director, Peh Lam Hoh has substantial financial interest	45	148
Purchase of welding product and equipment from a company, in which Loh Pei Yon, a substantial shareholder prior to the Initial Public Offering, has substantial financial interest.	29	15
Sales of industrial gases to a company, in which Loh Pei Yon, a substantial shareholder prior to the Initial Public Offering, has substantial financial interest	625	624
Purchase of valves and spare parts from a company in which a subsidiary company's director, Kong Khim Tuck	7	7

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

The Group has achieved a revenue of RM12.23 million during the current quarter, a decrease of RM1.52 million or 11.05% as compared to the previous quarter. The decrease in revenue is mainly due to decrease in manufacturing and refilling and distribution of industrial gases segment by RM0.49 million or 7.25% and RM0.87 million or 16.14% respectively, as compared to the previous quarter. The decrease in revenue was mainly due to lower demand especially from the shipbuilding industry.

The profit after tax has fallen from RM1.49 million in the previous quarter to RM0.72 million in the 1Qtr 2011 mainly due to higher fixed cost absorption rate per Ringgit Malaysia of sales resulting from lower sales revenue ,lower other operating income due to lower exchange gain and higher selling and administrative expenses.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

Please refer to B1 for explanation.

B3. Current Year Prospects

The Malaysian economy has been forecasted by the Malaysian Institute of Economic Research, to grow at a moderate rate of 5.2 % in the current year. The growth could come substantially from the more developed industrial states such as Federal Territories ,Selangor, Johor ,Penang ,Melaka and Pahang where the Group has strong presence .The Directors of the Group are confident that the Group will be able to ride on these growing economies to achieve a reasonably profitable year.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

NOTES TO THE REPORT

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

B5. Income Tax Expense

	Current Quarter 3 months ended 31-Mar-11 RM'000	Current financial year to date 31-Mar-11 RM'000
In respect of the current period		
- Income tax	51	51
- Deferred tax	201	201
	<u>252</u>	<u>252</u>

B6. Profit on Sale of Unquoted Investments and / or Properties

There were no sales of unquoted investments and/or properties during the current financial quarter and financial year.

B7. Purchase or Disposal of Quoted Securities

There was no purchase or disposal of quoted securities for the current financial quarter and financial year.

NOTES TO THE REPORT

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

B8. Status of Corporate Proposals

The Public Issue of 49.2 million and Offer For Sale 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 12 May 2011 (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)	Actual Utilisations (RM'000)	Amendment (RM'000)	Reclassification (RM'000)	Balances to be utilised	
							(RM'000)	%
1	Purchase of land and building its facilities	24 months						
1.1	Sarawak - Similaju Industrial Park		9,736	-	(2,500)	667	7,903	100%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	(325)	2,500		2,175	87%
1.3	Kuantan		2,500	(965)			1,535	61%
1.4	Melaka		2,500	(843)			1,657	66%
			14,736	(2,133)	-	667	13,270	86%
2	Purchase of property, plant & equipment	12 months						
2.1	Cylinders		5,400	(5,337)			63	1%
2.2	Hydrogen long tube		1,000	(752)			248	25%
			6,400	(6,089)	-	-	311	5%
3	Repayment of term loan	12 months	4,200	(4,200)			-	0%
4	Listing expenses (Note 1)	Immediately	3,200	(2,533)		(667)	-	0%
	Total		28,536	(14,955)	-	-	13,581	48%

The gross proceeds arising from the Offer for Sale of 3 Million ordinary shares mentioned above, net of the relevant fees, accrued entirely to the Offeror and no part of the proceeds was received by the Company.

1 The excess of provision for Listing expenses of RM0.67 Million will be utilized in the purchase of land and building its facilities as indicated in Section 2.8 (iv) of the Prospectus.

NOTES TO THE REPORT

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

B9. Group Borrowing and Debts Securities

The Group's borrowings and debts securities as at 31 March 2011 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Finance lease commitments	674
Term loans	4,933
	<u>5,607</u>
Short term borrowings	
<u>Secured</u>	
Finance lease commitments	1,369
Bankers acceptance	4,059
Term loans	1,576
Leasing creditors	34
	<u>7,038</u>
Total	<u><u>12,645</u></u>

B10. Off Balance Sheet Financial Instruments

There were no off balance sheet financial instruments as at the date of this quarterly report.

B11. Breakdown of realised and unrealised profits or losses of the Group

	At end of current quarter 31-Mar-11 RM'000	At end of preceding quarter 31-Dec-10 RM'000
Realised Profits	11,998	11,099
Unrealised losses	(8,050)	(7,868)
Total retained profits	<u>3,948</u>	<u>3,231</u>
Less: Consolidation adjustments	-	-
Retained profits as per statement of financial position	<u><u>3,948</u></u>	<u><u>3,231</u></u>

B12. Material Litigation

There were no material litigation as at the date of issuance of this quarterly report.

NOTES TO THE REPORT

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

B13. Dividends

At the Annual General Meeting, a final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2010, of 2.6% on 150,000,000 ordinary shares, amounting to a dividend payable of RM1,950,000 (1.30 sen per ordinary share) was approved by the shareholders.

B14. 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.

B15. Authorised for issue

The interim financial statements were authorized for issued by the Board of Directors in accordance with the resolution of Directors on 19 May 2011.