

SIG

SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

Financial Report

For The Second Quarter Ended

30 June 2011



SIG Gases Berhad
(Company No:875083-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the period ended 30 June 2011**

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 30 June 2011 RM'000	Preceding Year Quarter 30 June 2010 RM'000	Current Year To Date 30 June 2011 RM'000	Preceding Year To Date 30 June 2010 RM'000
Revenue	13,855	14,957	26,088	28,238
Cost of sales	(9,793)	(9,491)	(18,231)	(18,504)
Gross profit	4,062	5,466	7,857	9,734
Other income	286	169	437	484
Selling and administrative expenses	(3,028)	(3,705)	(5,822)	(6,029)
Finance costs	(206)	(313)	(390)	(659)
Profit before tax	1,114	1,617	2,082	3,530
Income tax expense	(10)	(355)	(262)	(774)
Profit after tax	1,104	1,262	1,820	2,756
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,104</u>	<u>1,262</u>	<u>1,820</u>	<u>2,756</u>
Total comprehensive income attributable to :				
Equity holders of the company	1,104	1,262	1,820	2,756
Minority interest	-	-	-	-
	<u>1,104</u>	<u>1,262</u>	<u>1,820</u>	<u>2,756</u>
Earning per share (Sen)				
- Basic	0.74	1.25	1.21	2.73
- Diluted	0.74	1.25	1.21	2.73

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.



SIG Gases Berhad
(Company No:875083-W)

**Unaudited Condensed Consolidated Statements of Financial Position
As at 30 June 2011**

	Unaudited As at 30 June 2011 RM'000	Audited As at 31 December 2010 RM'000
Assets		
Non-current assets		
Property, plant and equipment	78,799	76,784
Intangible assets	179	195
	<u>78,978</u>	<u>76,979</u>
Current assets		
Inventories	3,746	2,487
Trade and other receivables	24,806	19,554
Cash and bank balances	13,197	15,885
	<u>41,749</u>	<u>37,926</u>
TOTAL ASSETS	<u><u>120,727</u></u>	<u><u>114,905</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	75,000
Merger deficit	(27,400)	(27,400)
Reserves	36,577	36,706
Total equity	<u>84,177</u>	<u>84,306</u>
Non-current liabilities		
Deferred tax liabilities	8,073	7,872
Loans and borrowings	5,624	5,795
	<u>13,697</u>	<u>13,667</u>
Current liabilities		
Trade and other payables	12,689	9,775
Loans and borrowings	10,164	7,157
	<u>22,853</u>	<u>16,932</u>
Total liabilities	<u>36,550</u>	<u>30,599</u>
TOTAL EQUITY AND LIABILITIES	<u><u>120,727</u></u>	<u><u>114,905</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.56	0.56

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.

**Unaudited Condensed Consolidated Statements of Changes in Equity
As at 30 June 2011**

	Non-distributable		Distributable	Total RM'000
	Share Capital RM'000	Share Premium RM'000	Revenue Reserve RM'000	
As at 1 January 2011	75,000	6,075	3,232	84,307
Total comprehensive income for the period	-	-	1,820	1,820
Dividend			(1,950)	(1,950)
As at 30 June 2011	<u>75,000</u>	<u>6,075</u>	<u>3,102</u>	<u>84,177</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.



SIG Gases Berhad
(Company No:875083-W)

**Unaudited Condensed Consolidated Statements of Cash Flows
For the period ended 30 June 2011**

	Year ended	
	30 June 2011 RM'000	30 June 2010 RM'000
Cash flows from operating activities		
Profit before taxation	2,082	3,530
Adjustments for:		
Depreciation	1,817	1,618
Gain on disposal of property, plant and equipment	(277)	-
Interest expenses	390	659
Allowance for doubtful debts	-	1,060
Reversal of doubtful debts which no longer required	(22)	-
Bad debts recovered	(10)	-
Unrealised foreign exchange gain	(12)	(272)
Others	4	(121)
Operation profit before working capital changes	<u>3,972</u>	<u>6,474</u>
Net changes in current assets	(6,544)	(2,386)
Net changes in current liabilities	3,129	1,413
Cash generated from operating activities	<u>557</u>	<u>5,501</u>
Interest paid	(390)	(659)
Tax paid	(200)	(176)
Net cash (used in)/ generated from operating activities	<u>(33)</u>	<u>4,666</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,234)	(4,226)
Proceed from disposal of property, plant and equipment	693	181
	<u>(3,541)</u>	<u>(4,045)</u>
Cash flow from financing activities		
Drawdown/(Repayment) of borrowings	2,836	(1,852)
Dividend	(1,950)	-
	<u>886</u>	<u>(1,852)</u>
Net decrease in cash and cash equivalents	<u>(2,688)</u>	<u>(1,231)</u>
Cash and cash equivalents at beginning of financial year	<u>15,885</u>	<u>1,377</u>
Cash and cash equivalents at final of financial year	<u>13,197</u>	<u>146</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	<u>13,197</u>	<u>15,885</u>

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.

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 statements are unaudited and have 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").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2010.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the year ended 31 December 2010. 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 30 June 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 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 period ended 30 June 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

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 on 19 May 2011 and paid on 15 June 2011.

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

Current Year to date

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	13,181	12,161	746	26,088
RESULTS				
Profit for reportable segment	4,000	3,727	130	7,857
Other income				437
Selling and administrative expenses				(5,822)
Finance costs				(390)
Profit before tax				2,082
Income tax expense				(262)
Total comprehensive income				<u>1,820</u>

Preceding Year to date

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	13,865	13,478	895	28,238
RESULTS				
Profit for reportable segment	5,291	4,353	90	9,734
Other income				484
Selling and administrative expenses				(6,029)
Finance costs				(659)
Profit before tax				3,530
Income tax expense				(774)
Total comprehensive income				<u>2,756</u>

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 30 June 2011 are as follows:-

	RM'000
Approved and contracted for	<u>7,088</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM4.2 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 9 August 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 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.

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	Transactions Year-to-date RM'000	Balance outstanding as at 30-Jun 2011 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	4,505	7,651	3,685
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	28	73	53
Purchase of valves and spare parts from a company in which a subsidiary company's director, Kong Khim Tuck has no substantial financial interest.	5	12	5

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 year Quarter ended 30 June 2011 vs. Preceding year Quarter ended 30 June 2010

The revenue of the Group for the current year Quarter was RM13.86M. The revenue has decreased by RM1.10M or 7.35% as compared to the preceding year Quarter ended 30 June 2010. The decrease is mainly due to decrease in revenue from manufacturing of industrial gases and refilling of industrial gases by RM0.55M or 7.40% and RM0.52M or 7.42% respectively.

The Gross profit of the Group for the current year Quarter was RM4.06M. The Gross profit has decreased by RM1.40M or 25.67% as compared to the preceding year Quarter ended 30 June 2010. The decrease in gross profit is mainly due to decrease in gross profit from manufacturing of industrial gases and refilling of industrial gases by RM1.03M or 33.17% and RM0.39M or 16.72%.

The Group's Profit After Tax was RM1.10M for the current Quarter. The Group's Profit After Tax has decreased by RM0.16M or 12.52% as compared to the corresponding quarter in year 2010. The decrease is mainly due to the decrease in Gross Profit of the Group.

Current year to date 30 June 2011 vs. Preceding year to date 30 June 2010

The revenue of the Group for the first 6 months in year 2011 was RM26.09M. The revenue has decreased by RM2.15M or 7.62% as compared to the same period in year 2010. The decrease in revenue mainly due to decrease in manufacturing of industrial gases, refilling and distribution of industrial gases, and other product & services by RM0.69M or 4.94%, RM1.32 or 9.77% and RM0.15M or 16.65% respectively.

The Gross Profit of the Group for the first 6 months in year 2011 has reported RM7.86M. The Gross Profit has decreased by RM1.88M or 19.26% as compared to the same period in year 2010. The decrease in Gross Profit is mainly due to decrease in Gross Profit of manufacturing of industrial gases and refilling and distribution of industrial gases by RM1.29M or 24.34% and RM0.63M or 14.40% respectively.

The Group's Profit After Tax was RM1.82M for the current year to date. The Group's Profit After Tax has decreased by RM0.94M or 34.06% as compared to the corresponding period in year 2010. The decrease is mainly due to the decrease in Gross Profit of the Group.

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

The revenue of the Group was RM13.86M for the current quarter. The revenue has increased from RM12.23M in the previous quarter to RM13.86M in the current quarter mainly due to increase in manufacturing of industrial gases, refilling and distribution of industrial gases and other products & services by RM0.61M or 9.71%, 0.91M or 16.23% and RM0.10M or 31.68% respectively.

The Gross Profit of the Group was RM4.06M for the current quarter. The Gross Profit has increased from RM3.80M in the previous quarter to RM4.06M in the current quarter due to increase in Gross Profit from manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.14M or 7.19% and RM0.16M or 8.86% respectively.

The Profit After Tax of the Group was RM1.10M for the current quarter. The increase in Profit After Tax from RM0.72M in the previous quarter to RM1.10M in the current quarter is due to the factors describe above.

NOTES TO THE REPORT

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

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.

B5. Income Tax Expense

	Current Quarter 3 months ended 30-Jun-11 RM'000	Current financial year to date 30-Jun-11 RM'000
In respect of the current period		
- Income tax	(10)	61
- Deferred tax	-	201
	<u>(10)</u>	<u>262</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 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 10 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 - Samalaju Industrial Park		9,736	-	(2,500)	667	7,903	100%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	(2,500)	2,500		-	0%
1.3	Kuantan		2,500	(965)			1,535	61%
1.4	Melaka		2,500	(843)			1,657	66%
			14,736	(4,308)	-	667	11,095	72%
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 (Note 1)	Immediately	3,200	(2,533)		(667)	-	0%
	Total		28,536	(17,441)	-	-	11,095	39%

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.

- 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

B9. Group Borrowing and Debts Securities

The Group's borrowings and debts securities as at 30 June 2011 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	1,085
Term loans	4,539
	<u>5,624</u>
Short term borrowings	
<u>Secured</u>	
Hire purchase creditors	1,321
Bankers acceptance	7,222
Term loans	1,580
Leasing creditors	41
	<u>10,164</u>
Total	<u>15,788</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 30-Jun-11 RM'000	At end of preceding quarter 31-Mar-11 RM'000
Realised Profits	11,163	11,998
Unrealised losses	(8,061)	(8,050)
Total retained profits	<u>3,102</u>	<u>3,948</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u>3,102</u>	<u>3,948</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

B13. Dividends

No interim dividend has been declared during the current quarter.

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 9 August 2011.