

SIG

SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

**Financial Report
For The Third Quarter Ended
30 September 2011**



SIG Gases Berhad
(Company No:875083-W)

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

	<u>Individual Quarter</u>		<u>Cumulative Period</u>	
	Current Year Quarter 30 Sep 2011 RM'000	Preceding Year Quarter 30 Sep 2010 RM'000	Current Year To Date 30 Sep 2011 RM'000	Preceding Year To Date 30 Sep 2010 RM'000
Revenue	13,734	13,274	39,822	41,512
Cost of sales	(10,163)	(8,725)	(28,394)	(27,229)
Gross profit	<u>3,571</u>	<u>4,549</u>	<u>11,428</u>	<u>14,283</u>
Other income	238	243	675	727
Selling and administrative expenses	(2,941)	(2,142)	(8,763)	(8,171)
Finance costs	(275)	(346)	(665)	(1,005)
Profit before tax	<u>593</u>	<u>2,304</u>	<u>2,675</u>	<u>5,834</u>
Income tax expense	(39)	(537)	(301)	(1,311)
Profit after tax and total comprehensive income for the period	<u><u>554</u></u>	<u><u>1,767</u></u>	<u><u>2,374</u></u>	<u><u>4,523</u></u>
Total comprehensive income attributable to :				
Equity holders of the company	554	1,767	2,374	4,523
Minority interest	-	-	-	-
	<u><u>554</u></u>	<u><u>1,767</u></u>	<u><u>2,374</u></u>	<u><u>4,523</u></u>
Earning per share (Sen)				
- Basic	0.37	1.75	1.58	4.19
- Diluted	0.37	1.75	1.58	4.19

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 September 2011**

	Unaudited As at 30 Sep 2011 RM'000	Audited As at 31 December 2010 RM'000
Assets		
Non-current assets		
Property, plant and equipment	85,539	76,784
Intangible assets	170	195
	<u>85,709</u>	<u>76,979</u>
Current assets		
Inventories	2,957	2,487
Trade and other receivables	21,808	19,554
Cash and bank balances	13,209	15,885
	<u>37,974</u>	<u>37,926</u>
TOTAL ASSETS	<u><u>123,683</u></u>	<u><u>114,905</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	75,000
Reserves	9,730	9,306
Total equity	<u>84,730</u>	<u>84,306</u>
Non-current liabilities		
Deferred tax liabilities	8,073	7,872
Loans and borrowings	7,674	5,795
	<u>15,747</u>	<u>13,667</u>
Current liabilities		
Trade and other payables	13,199	9,775
Loans and borrowings	10,007	7,157
	<u>23,206</u>	<u>16,932</u>
Total liabilities	<u>38,953</u>	<u>30,599</u>
TOTAL EQUITY AND LIABILITIES	<u><u>123,683</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.



SIG Gases Berhad
(Company No: 875083-W)

Unaudited Condensed Consolidated Statements of Changes in Equity
As at 30 September 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	3,231	84,306
Total comprehensive income for the period	-	-	2,374	2,374
Dividend			(1,950)	(1,950)
As at 30 September 2011	<u>75,000</u>	<u>6,075</u>	<u>3,655</u>	<u>84,730</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.

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

	Year ended	
	30 Sep 2011 RM'000 <A504>	30 Sep 2010 RM'000 PQ
Cash flows from operating activities		
Profit before taxation	2,675	5,834
Adjustments for:		
Depreciation	2,773	2,459
Gain on disposal of property, plant and equipment	(353)	(91)
Interest expenses	665	1,005
Allowance for doubtful debts	-	559
Reversal of doubtful debts provision no longer required	(118)	-
Bad debts recovered	(14)	(179)
Unrealised foreign exchange gain	(33)	(272)
Others	5	15
Operation profit before working capital changes	<u>5,600</u>	<u>9,330</u>
Net changes in current assets	(2,653)	(955)
Net changes in current liabilities	3,632	(358)
Cash generated from operating activities	<u>6,579</u>	<u>8,017</u>
Interest paid	(665)	(1,005)
Tax paid	(213)	(378)
Net cash generated from operating activities	<u>5,701</u>	<u>6,634</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(11,939)	(8,775)
Proceed from disposal of property, plant and equipment	784	289
Net cash used in investing activities	<u>(11,155)</u>	<u>(8,486)</u>
Cash flow from financing activities		
Drawdown/(Repayment) of borrowings	4,728	(6,147)
Proceed from issuance of shares	-	28,536
Payment of listing expenses	-	(2,387)
Dividend	(1,950)	-
Net cash generated from financing activities	<u>2,778</u>	<u>20,002</u>
Net (decrease)/increase in cash and cash equivalents	<u>(2,676)</u>	<u>18,150</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>13,209</u>	<u>19,527</u>
Cash and cash equivalents at the end of the financial year comprise the following:		
Cash and bank balances	<u>13,209</u>	<u>19,527</u>

Notes:

- 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") :

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (Revised)
Amendments FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 2: Share-based Payment
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 138 Intangible Assets
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 12: Service Concession Arrangements
IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
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 2: Group Cash-settled Share-based Payment Transactions
IC Interpretation 4: Determining whether an Arrangement contains a Lease
IC Interpretation 18: Transfers of Assets from Customers
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 July 2011 and 1 January 2012. They have yet to be adopted as they are not yet effective for the current quarter ended 30 September 2011 and current financial year ending 31 December 2011:

IC Interpretation 19 Amendments to IC Interpretation 14	Extinguishing Financial Liabilities with Equity Instruments Prepayment of a Minimum Funding Requirement
FRS 124 IC Interpretation 15	Related Party Disclosures (Revised) 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 September 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	20,251	18,448	1,123	39,822
RESULTS				
Profit for reportable segment	5,721	5,541	166	11,428
Other income				675
Selling and administrative expenses				(8,763)
Finance costs				(665)
Profit before tax				2,675
Income tax expense				(301)
Total comprehensive income				<u>2,374</u>

Preceding Year to date

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	20,797	19,477	1,238	41,512
RESULTS				
Profit for reportable segment	7,844	6,296	143	14,283
Other income				727
Selling and administrative expenses				(8,171)
Finance costs				(1,005)
Profit before tax				5,834
Income tax expense				(1,311)
Total comprehensive income				<u>4,523</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 September 2011 are as follows:-

	RM'000
Approved and contracted for	<u>7,214</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM12 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 11 November 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	Amount owing (to)/from related party 30 Sept 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	3,190	10,841	(5,063)
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	29	102	40
Purchase of valves and spare parts from a company in which a subsidiary company's director, Kong Khim Tuck has an interest but not substantial.	1	13	(1)

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 September 2011 vs. Preceding year Quarter ended 30 September 2010

The revenue of the Group for the current year Quarter was RM13.73M. The revenue has increased by RM0.46M or 3.47% as compared to the preceding year Quarter ended 30 September 2010. The increase is mainly due to increase in revenue from manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.14M or 2.02% and RM0.29M or 4.78% respectively.

The Gross profit of the Group for the current year Quarter was RM3.57M. The Gross profit has decreased by RM0.98M or 21.48% as compared to the preceding year Quarter ended 30 September 2010. The decrease in gross profit is mainly due to decrease in gross profit from manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.79M or 31.39% and RM0.19M or 9.43%.

The Group's Profit After Tax was RM0.55M for the current Quarter. The Group's Profit After Tax has decreased by RM1.22M or 68.93% 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 September 2011 vs. Preceding year to date 30 September 2010

The revenue of the Group for the period ended 30 September 2011 was RM39.82M. The revenue has decreased by RM1.69M or 4.07% 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 RM0.55M or 2.62%, RM1.03M or 5.28% and RM0.12M or 9.29% respectively.

The Gross Profit of the Group for the period ended 30 September 2011 has reported RM11.43M. The Gross Profit has decreased by RM2.85M or 19.97% 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 RM2.12M or 27.03% and RM0.76M or 11.99% respectively.

The Group's Profit After Tax was RM2.37M for the current year to date. The Group's Profit After Tax has decreased by RM2.15M or 47.51% 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 RM13.73M for the current quarter. The revenue has decreased from RM13.86M in the previous quarter to RM13.73M in the current quarter mainly due to decrease in refilling and distribution of industrial gases and other products & services by RM0.27M or 4.89% and RM0.05M or 11.32% respectively.

The Gross Profit of the Group was RM3.57M for the current quarter. The Gross Profit has decreased from RM4.06M in the previous quarter to RM3.57M in the current quarter due to decrease in Gross Profit from manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.35M or 17.04% and RM0.14M or 16.15% respectively.

The Profit After Tax of the Group was RM0.55M for the current quarter. The decrease in Profit After Tax from RM1.10M in the previous quarter to RM0.55M 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 Group continues to face price competition from the competitors and also increase in the manufacturing cost such as raw materials and electricity cost. Given the above reasons, profit for the year will be lower than last 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-Sep-11 RM'000	Current financial year to date 30-Sep-11 RM'000
In respect of the current period		
- Income tax	39	100
- Deferred tax	-	201
	<u>39</u>	<u>301</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 11 November 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	(994)			1,506	60%
1.4	Melaka		2,500	(882)			1,618	65%
			14,736	(4,376)	-	667	11,027	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	(17,509)	-	-	11,027	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 September 2011 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	1,119
Term loans	6,555
	<u>7,674</u>
Short term borrowings	
<u>Secured</u>	
Hire purchase creditors	1,146
Bankers acceptance	6,300
Term loans	2,522
Leasing creditors	39
	<u>10,007</u>
Total	<u>17,681</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-Sep-11 RM'000	At end of preceding quarter 30-Jun-11 RM'000
Realised Profits	11,695	11,163
Unrealised losses	(8,040)	(8,061)
Total retained profits	<u>3,655</u>	<u>3,102</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u>3,655</u>	<u>3,102</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 issued

The interim financial statements were authorised for issued by the Board of Directors in accordance with the resolution of Directors on 18 November 2011.