

SIG

SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

Financial Report

For The Three-Month Period Ended

31 March 2012



SIG Gases Berhad
(Company No:875083-W)

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the three-month period ended 31 March 2012**

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Revenue	14,774	12,233	14,774	12,233
Cost of sales	(10,621)	(8,438)	(10,621)	(8,438)
Gross profit	<u>4,153</u>	<u>3,795</u>	<u>4,153</u>	<u>3,795</u>
Other income	98	151	98	151
Selling and administrative expenses	(2,947)	(2,794)	(2,947)	(2,794)
Finance costs	(232)	(184)	(232)	(184)
Profit before tax	<u>1,072</u>	<u>968</u>	<u>1,072</u>	<u>968</u>
Income tax (expense)/reversal	87	(252)	87	(252)
Profit after tax and total comprehensive income for the period	<u><u>1,159</u></u>	<u><u>716</u></u>	<u><u>1,159</u></u>	<u><u>716</u></u>
Total comprehensive income attributable to :				
Equity holders of the company	1,159	716	1,159	716
Minority interest	-	-	-	-
	<u><u>1,159</u></u>	<u><u>716</u></u>	<u><u>1,159</u></u>	<u><u>716</u></u>
Earning per share (Sen)				
- Basic	0.77	0.48	0.77	0.48
- Diluted	0.77	0.48	0.77	0.48

Notes

1. The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction 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 31 March 2012**

	Unaudited As at 31 Mar 2012 RM'000	Audited As at 31 Dec 2011 RM'000
Assets		
Non-current assets		
Property, plant and equipment	95,843	95,167
Intangible assets	179	188
	<u>96,022</u>	<u>95,355</u>
Current assets		
Inventories	2,847	2,734
Trade and other receivables	21,856	18,759
Cash and bank balances	11,286	11,176
	<u>35,989</u>	<u>32,669</u>
TOTAL ASSETS	<u><u>132,011</u></u>	<u><u>128,024</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	75,000
Reserves	10,950	9,790
Total equity	<u>85,950</u>	<u>84,790</u>
Non-current liabilities		
Deferred tax liabilities	8,950	9,078
Loans and borrowings	9,522	10,488
	<u>18,472</u>	<u>19,566</u>
Current liabilities		
Trade and other payables	14,781	13,365
Loans and borrowings	12,808	10,303
	<u>27,589</u>	<u>23,668</u>
Total liabilities	<u>46,061</u>	<u>43,234</u>
TOTAL EQUITY AND LIABILITIES	<u><u>132,011</u></u>	<u><u>128,024</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.57	0.57

Notes

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

**Unaudited Condensed Consolidated Statements of Changes in Equity
As at 31 March 2012**

	Share Capital RM'000	Non- distributable Share Premium RM'000	Distributable Revenue Reserve RM'000	Total RM'000
As at 1 January 2012	75,000	6,075	3,716	84,791
Total comprehensive income for the period	-	-	1,159	1,159
As at 31 March 2012	75,000	6,075	4,875	85,950
As at 1 January 2011	75,000	6,075	3,231	84,306
Total comprehensive income for the year	-	-	2,435	2,435
Dividend	-	-	(1,950)	(1,950)
As at 31 December 2011	75,000	6,075	3,716	84,791

Notes

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

**Unaudited Condensed Consolidated Statements of Cash Flows
For the three-month period ended 31 March 2012**

	3 months ended	
	31 Mar 2012 RM'000	31 Mar 2011 RM'000
Cash flows from operating activities		
Profit before tax	1,072	968
Adjustments for:		
Depreciation	1,001	896
Gain on disposal of property, plant and equipment	(6)	(39)
Interest expenses	232	184
Interest income	(51)	(85)
Reversal of doubtful debts provision no longer required	-	(12)
Bad debts recovered	(1)	(4)
Unrealised foreign exchange loss/(gain)	6	(23)
Written off of property, plant and equipment	1	1
Operation profit before working capital changes	<u>2,254</u>	<u>1,886</u>
Decrease in inventories	(113)	(539)
(Decrease)/increase in receivables	(3,132)	208
Increase in payable	1,475	138
Cash generated from operating activities	<u>484</u>	<u>1,693</u>
Interest paid	(232)	(184)
Tax paid	(40)	(100)
Net cash generated from operating activities	<u>212</u>	<u>1,409</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,671)	(1,415)
Proceed from disposal of property, plant and equipment	8	54
Interest received	51	85
Net cash used in investing activities	<u>(1,612)</u>	<u>(1,276)</u>
Cash flow from financing activities		
Drawdown/(repayment) of borrowings	1,540	(307)
Net cash generated from/(used in) financing activities	<u>1,540</u>	<u>(307)</u>
Net increase/(decrease) in cash and cash equivalents	140	(174)
Cash and cash equivalents at beginning of financial period	11,146	15,885
Cash and cash equivalents at final of financial period	<u>11,286</u>	<u>15,711</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	<u>11,286</u>	<u>15,711</u>

Notes:

- 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 17 May 2012.

A2. First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These condensed consolidated interim financial statements, for the period ended 31 March 2012, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. For the periods up to and including the year ended 31 December 2011, the Group prepared its financial statements in accordance with Financial Reporting Standard ("FRS").

The consolidated financial statements of the Group for the year ended 31 December 2011 which were prepared under the FRS are available upon request from the Company register office at Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

These condensed consolidated interim financial statements are the Group's first MFRS condensed consolidated interim financial statements for part of the period covered by the Group's first MFRS annual financial statements for the year ending 31 December 2012. MFRS 1 First-Time Adoption of Malaysian Financial Reporting Standards ("MFRS 1") has been applied.

The date of transition to the MFRS framework is 1 January 2011. At the date of transition date, the Group is still in the process of reviewing its accounting policies and considering the transitional opportunities under MFRS 1.

The transition from FRS to MFRS does not have significant impact to the Group's current period's consolidated financial statements.

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NOTES TO THE REPORT

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

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 2011.

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 31 March 2012.

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 2011 of 1.20% on 150,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM900,000.00 (0.60 sen per ordinary share) was approved by the shareholders on 17 May 2012 and payable on 15 June 2012.

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

Quarter ended 31 March 2012

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	<u>7,706</u>	<u>6,573</u>	<u>495</u>	<u>14,774</u>
RESULTS				
Profit for reportable segment	2,026	2,064	63	4,153
Other income				98
Selling and administrative expenses				(2,947)
Finance costs				(232)
Profit before tax				<u>1,072</u>
Income tax reversal				87
Total comprehensive income				<u><u>1,159</u></u>

Quarter ended 31 March 2011

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	<u>6,287</u>	<u>5,624</u>	<u>322</u>	<u>12,233</u>
RESULTS				
Profit for reportable segment	1,932	1,783	80	3,795
Other income				151
Selling and administrative expenses				(2,794)
Finance costs				(184)
Profit before tax				<u>968</u>
Income tax expense				(252)
Total comprehensive income				<u><u>716</u></u>

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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 2012 are as follows:-

	RM'000
Approved and contracted for	<u>8,026</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM1.67 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 10 May 2012, 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. Cash and cash equivalents

	At end of current quarter 31-Mar-12 RM'000	At end of preceding quarter 31-Mar-11 RM'000
Cash on hand and at banks	<u>11,286</u>	<u>11,176</u>

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PART A -

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

A17. Profit before tax

Included in the profit before tax are the following items:

	<u>Current quarter</u> <u>3 months ended</u>		<u>Cumulative quarter</u> <u>3 months ended</u>	
	<u>31-Mar</u> <u>2012</u> <u>RM'000</u>	<u>31-Mar</u> <u>2011</u> <u>RM'000</u>	<u>31-Mar</u> <u>2012</u> <u>RM'000</u>	<u>31-Mar</u> <u>2011</u> <u>RM'000</u>
(a) Interest income	51	85	51	85
(b) Other income including investment income	47	66	47	66
(c) Interest expense	232	184	232	184
(d) Depreciation and amortisation	1,001	896	1,001	896
(e) Provision for and write off of receivables	-	-	-	-
(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	22	22	22	22
(j) (Gain)/loss on derivatives	-	-	-	-
(k) Exceptional items	-	-	-	-

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A18. Significant related party transactions

The Group had the following transactions during the current financial quarter 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-Mar-2012 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	3,173	(4,384)
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	10	22
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.	10	(8)

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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 31 March 2012 vs. Preceding year corresponding Quarter ended 31 March 2011

The revenue of the Group for the current quarter was RM14.77M. The revenue increased by RM2.54M or 20.79% as compared to preceding year's corresponding quarter. The increase was mainly due to increase in revenue from manufacturing of industrial gases and refilling and distribution of industrial gases by RM1.42M or 22.61% and RM0.98M or 21.65% respectively. The increased in revenue from manufacturing of industrial gases came from Liquid Nitrogen and Acetylene gas which increased by RM0.74M and RM0.70M respectively. The increase in revenue from refilling and distribution of industrial gases mainly due to increase in Carbon Dioxide, Special gases and Refrigerant Products by RM0.27M, RM0.26M and RM0.41M respectively.

The Gross profit of the Group for the current quarter was RM4.15M. The Gross profit has increased by RM0.36M or 9.43% as compared to that of the preceding year's corresponding quarter. The increase in the Gross profit is mainly due to increase in gross profit from Oxygen, Nitrogen, and Argon by RM0.35M, RM0.15M and RM0.12M respectively.

The Gross profit margin decreased from 31.04% to 28.12%, which is principally attributable to the increase in unit cost of calcium carbide by RM0.21M or 13.48%, direct labour cost by RM0.12M or 27.85% and depreciation expenses by RM0.09M or 11.60%.

The Group's Profit After Tax was RM1.16M for the current quarter which is RM0.44M higher as compared to that of preceding year. The increase in Profit After Tax is mainly due to the deferred tax liabilities provision of RM0.20M in the preceding year.

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

The revenue of the Group for the current quarter has increased by RM0.23M or 1.58% as compared to that of the preceding quarter. The increase is mainly due to increase in revenue from manufacturing of industrial gases and other products and services by RM0.18M or 2.38% and RM0.09M or 23.75% respectively.

The Gross profit decreased by RM0.01M or 0.24% and the Gross profit margin has decreased from 28.64% to 28.12% as compared to that of the preceding year's quarter. The decrease in Gross profit is mainly due to increase in transport and trucking expenses by RM0.03M.

The Group's Profit After Tax was RM1.16M for the current quarter which is RM1.10M higher as compared to the previous quarter. The increase in Profit After Tax is mainly due to the provision for deferred tax liabilities of RM1.00M in the preceding quarter. The current quarter recorded a deferred tax reversal of RM0.13M.

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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)

B3. Current Year Prospects

With the commencement of the operations of our new Hydrogen plant in Nilai, Bintulu's operations and increase in the order at our Ipoh Branch, the Directors are of the opinion that the current year's prospect will be positive.

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 31-Mar-12 RM'000	Current financial year to date 31-Mar-12 RM'000
In respect of the current period		
- Income tax	42	42
- Deferred tax	(129)	(129)
	<u>(87)</u>	<u>(87)</u>

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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)

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 10 May 2012 (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	30 months							
1.1	Sarawak - Similaju Industrial Park		9,736	(2,500)	(2,690)	(324)		4,222	43%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan*		2,500		1,250	(1,379)		2,371	63%
1.4	Melaka*		2,500		1,440	(1,406)	667	3,201	81%
			14,736	-	-	(5,609)	667	9,794	66%
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	-	-	(18,742)	-	9,794	34%

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.

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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 31 March 2012 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Hire purchase creditors	919
Term loans	8,603
	<u>9,522</u>
Short term borrowings	
<u>Secured</u>	
Hire purchase creditors	895
Bankers acceptance and revolving credit	8,672
Term loans	3,208
Leasing creditors	33
	<u>12,808</u>
Total	<u><u>22,330</u></u>

B8. Breakdown of realised and unrealised profits or losses of the Group

	At end of current quarter 31-Mar-12 RM'000	At end of preceding quarter 31-Dec-11 RM'000
Realised Profits	13,831	12,728
Unrealised losses	(8,956)	(9,012)
Total retained profits	<u>4,875</u>	<u>3,716</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>4,875</u></u>	<u><u>3,716</u></u>

B9. Material Litigation

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

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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)

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.