



SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

Financial Report

For The Nine-Month Period Ended

30 September 2012

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the nine-month period ended 30 Sep 2012**

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30 Sep	30 Sep	30 Sep	30 Sep
	2012	2011	2012	2011
	RM'000	RM'000	RM'000	RM'000
Revenue	15,805	13,734	46,768	39,822
Cost of sales	(11,564)	(10,163)	(33,877)	(28,394)
Gross profit	4,241	3,571	12,891	11,428
Other income	195	238	238	675
Selling and administrative expenses	(3,387)	(2,941)	(9,744)	(8,763)
Finance costs	(480)	(275)	(1,094)	(665)
Share of loss of an associate	(7)	-	(19)	-
Profit before tax	562	593	2,272	2,675
Income tax (expense)/reversal	59	(39)	194	(301)
Profit after tax and total comprehensive income for the period	621	554	2,466	2,374
Total comprehensive income attributable to :				
Equity holders of the company	621	554	2,466	2,374
Minority interest	-	-	-	-
	621	554	2,466	2,374
Earning per share (Sen)				
- Basic	0.41	0.37	1.64	1.58
- Diluted	0.41	0.37	1.64	1.58

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 30 Sep 2012**

	Unaudited As at 30 Sep 2012 RM'000	Unaudited As at 31 Dec 2011 RM'000 (restated)	Unaudited As at 01 Jan 2011 RM'000 (restated)
Assets			
Non-current assets			
Property, plant and equipment	107,278	98,609	80,226
Intangible assets	161	188	195
Investment in an associate	4,461	-	-
	<u>111,900</u>	<u>98,797</u>	<u>80,421</u>
Current assets			
Inventories	3,136	2,734	2,487
Trade and other receivables	27,062	18,759	19,554
Cash and bank balances	8,199	11,176	15,885
	<u>38,397</u>	<u>32,669</u>	<u>37,926</u>
TOTAL ASSETS	<u>150,297</u>	<u>131,466</u>	<u>118,347</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75,000	75,000	75,000
Reserves	14,799	13,232	12,748
Total equity	<u>89,799</u>	<u>88,232</u>	<u>87,748</u>
Non-current liabilities			
Deferred tax liabilities	8,762	9,078	7,872
Loans and borrowings	14,632	10,488	5,795
	<u>23,394</u>	<u>19,566</u>	<u>13,667</u>
Current liabilities			
Trade and other payables	19,909	13,365	9,775
Loans and borrowings	17,195	10,303	7,157
	<u>37,104</u>	<u>23,668</u>	<u>16,932</u>
Total liabilities	<u>60,498</u>	<u>43,234</u>	<u>30,599</u>
TOTAL EQUITY AND LIABILITIES	<u>150,297</u>	<u>131,466</u>	<u>118,347</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.60	0.59	0.58

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 30 Sep 2012**

	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
As at 1 January 2012	75,000	6,075	7,158	88,233
Total comprehensive income for the period	-	-	2,466	2,466
Dividend	-	-	(900)	(900)
As at 30 Sep 2012	<u>75,000</u>	<u>6,075</u>	<u>8,724</u>	<u>89,799</u>
As at 1 January 2011	75,000	6,075	6,673	87,748
Total comprehensive income for the period	-	-	2,374	2,374
Dividend	-	-	(1,950)	(1,950)
As at 30 Sep 2011	<u>75,000</u>	<u>6,075</u>	<u>7,097</u>	<u>88,172</u>

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 nine-month period ended 30 Sep 2012**

	9 months ended	
	30 Sep 2012	30 Sep 2011
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	2,272	2,675
Adjustments for:		
Depreciation	3,352	2,773
Gain on disposal of property, plant and equipment	(30)	(354)
Interest expenses	1,094	665
Interest income	(100)	(214)
Impairment of doubtful debt no longer required	(4)	(117)
Bad debts recovered	(5)	(14)
Unrealised foreign exchange loss/(gain)	46	(33)
Written off of property, plant and equipment	13	5
Operation profit before working capital changes	<u>6,638</u>	<u>5,386</u>
Increase in inventories	(402)	(469)
Increase in receivables	(8,379)	(2,184)
Increase in payable	6,563	3,632
Cash generated from operating activities	<u>4,420</u>	<u>6,365</u>
Interest paid	(1,094)	(665)
Tax paid	(71)	(213)
Net cash generated from operating activities	<u>3,255</u>	<u>5,487</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(12,019)	(11,939)
Proceed from disposal of property, plant and equipment	41	784
Interest received	100	214
Investment in associate	(4,461)	-
Net cash used in investing activities	<u>(16,339)</u>	<u>(10,941)</u>
Cash flow from financing activities		
Drawdown of borrowings	11,037	4,728
Dividend	(900)	(1,950)
Net cash generated from financing activities	<u>10,137</u>	<u>2,778</u>
Net decrease in cash and cash equivalents	(2,947)	(2,676)
Cash and cash equivalents at beginning of financial period	<u>11,146</u>	<u>15,885</u>
Cash and cash equivalents at final of financial period	<u>8,199</u>	<u>13,209</u>
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	<u>8,199</u>	<u>13,209</u>

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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(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 21 November 2012.

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

These condensed consolidated interim financial statements, for the period ended 30 September 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 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 2011.

In preparing its opening MFRS Statement of Financial Position as at 1 January 2011 (which is also the date of transition), the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS. An explanation of how the transition from FRS to MFRS has affected the Group's financial position, financial performance and cash flows is set out in Note A2.1 below. These notes include reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS. The transition from FRS to MFRS has not had a material impact on the statement of cash flows.



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

A2.1 Significant accounting policies and application of MFRS 1

The audited financial statements of the Group for the year ended 31 December 2011 were prepared in accordance with FRS. Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies adopted in preparing these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2011 except as discussed below:

(a) Property, plant and equipment

The Group has previously recorded its land and buildings at cost less accumulated depreciation and accumulated impairment losses.

Upon transition to MFRS, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRS, the Group elected to regard fair value of certain freehold land at date of transition as its deemed cost at that date. As at that date, an increase of RM3,442,000 (30 September 2011:RM3,442,000; 31 December 2011: RM3,442,000) was recognised in property, plant and equipment and the resulting adjustment were recognised against retained earnings.

The reconciliations of equity and total comprehensive income for comparative periods and of equity at the date of transition reported under FRS to those reported for those periods and at the date of transition under MFRS are provided below:

NOTES TO THE REPORT

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

(i) Reconciliation of equity as at 1 January 2011

	FRS as at 1 January 2011 RM'000	Property, plant & equipment Note A2.1(a) RM'000	MFRS as at 1 January 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	76,784	3,442	80,226
Intangible assets	195		195
	<u>76,979</u>		<u>80,421</u>
Current assets			
Inventories	2,487		2,487
Trade and other receivables	19,554		19,554
Cash and bank balances	15,885		15,885
	<u>37,926</u>		<u>37,926</u>
TOTAL ASSETS	<u>114,905</u>		<u>118,347</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75,000		75,000
Reserves	9,306	3,442	12,748
Total equity	<u>84,306</u>		<u>87,748</u>
Non-current liabilities			
Deferred tax liabilities	7,872		7,872
Loans and borrowings	5,795		5,795
	<u>13,667</u>		<u>13,667</u>
Current liabilities			
Trade and other payables	9,775		9,775
Loans and borrowings	7,157		7,157
	<u>16,932</u>		<u>16,932</u>
Total liabilities	<u>30,599</u>		<u>30,599</u>
TOTAL EQUITY AND LIABILITIES	<u>114,905</u>		<u>118,347</u>

NOTES TO THE REPORT

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

(ii) Reconciliation of equity as at 30 September 2011

	FRS as at 30 September 2011 RM'000	Property, plant & equipment Note A2.1(a) RM'000	MFRS as at 30 September 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	85,539	3,442	88,981
Intangible assets	170		170
	<u>85,709</u>		<u>89,151</u>
Current assets			
Inventories	2,957		2,957
Trade and other receivables	21,808		21,808
Cash and bank balances	13,209		13,209
	<u>37,974</u>		<u>37,974</u>
TOTAL ASSETS	<u>123,683</u>		<u>127,125</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75,000		75,000
Reserves	9,730	3,442	13,172
Total equity	<u>84,730</u>		<u>88,172</u>
Non-current liabilities			
Deferred tax liabilities	8,073		8,073
Loans and borrowings	7,674		7,674
	<u>15,747</u>		<u>15,747</u>
Current liabilities			
Trade and other payables	13,199		13,199
Loans and borrowings	10,007		10,007
	<u>23,206</u>		<u>23,206</u>
Total liabilities	<u>38,953</u>		<u>38,953</u>
TOTAL EQUITY AND LIABILITIES	<u>123,683</u>		<u>127,125</u>

NOTES TO THE REPORT

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

(iii) Reconciliation of equity as at 31 December 2011

	FRS as at 31 December 2011 RM'000	Property, plant & equipment Note A2.1(a) RM'000	MFRS as at 31 December 2011 RM'000
Assets			
Non-current assets			
Property, plant and equipment	95,167	3,442	98,609
Intangible assets	188		188
	<u>95,355</u>		<u>98,797</u>
Current assets			
Inventories	2,734		2,734
Trade and other receivables	18,759		18,759
Cash and bank balances	11,176		11,176
	<u>32,669</u>		<u>32,669</u>
TOTAL ASSETS	<u>128,024</u>		<u>131,466</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	75,000		75,000
Reserves	9,790	3,442	13,232
Total equity	<u>84,790</u>		<u>88,232</u>
Non-current liabilities			
Deferred tax liabilities	9,078		9,078
Loans and borrowings	10,488		10,488
	<u>19,566</u>		<u>19,566</u>
Current liabilities			
Trade and other payables	13,365		13,365
Loans and borrowings	10,303		10,303
	<u>23,668</u>		<u>23,668</u>
Total liabilities	<u>43,234</u>		<u>43,234</u>
TOTAL EQUITY AND LIABILITIES	<u>128,024</u>		<u>131,466</u>

NOTES TO THE REPORT

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

(iv) Reconciliation of total comprehensive income for the period ended 30 September 2011 and for the year ended 31 December 2011.

The transition from FRS to MFRS has no impact on the total comprehensive income for the period ended 1 January 2011, 30 September 2011 and for the year ended 31 December 2011.

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 30 Sep 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

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 of RM900,000.00 (0.60 sen per ordinary share) was paid on 15 June 2012.

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.

Nine Months ended 30 Sep 2012

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	24,417	21,078	1,273	46,768
RESULTS				
Profit for reportable segment	6,350	6,326	215	12,891
Other income				238
Selling and administrative expenses				(9,744)
Finance costs				(1,094)
Share of loss of an associate				(19)
Profit before tax				2,272
Income tax reversal				194
Total comprehensive income				<u>2,466</u>

Nine Months ended 30 Sep 2011

	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>



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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 period except for valuation of certain freehold land as at the date of transition to MFRS as highlighted in Note A2.1 (a).

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 Sep 2012 are as follows:-

	RM'000
Approved and contracted for	<u>9,677</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM12.02 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 14 November 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

	30 September 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash on hand and at banks	8,199	11,176	15,885



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**PART A -
EXPLANATORY NOTES IN COMPLIANCE WITH FINANCIAL STANDARDS
("MFRS") 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>9 months ended</u>	
	<u>30-Sep</u> <u>2012</u> <u>RM'000</u>	<u>30-Sep</u> <u>2011</u> <u>RM'000</u>	<u>30-Sep</u> <u>2012</u> <u>RM'000</u>	<u>30-Sep</u> <u>2011</u> <u>RM'000</u>
(a) Interest income	22	64	100	214
(b) Other income including investment income	173	174	138	461
(c) Interest expense	480	275	1,094	665
(d) Depreciation and amortisation	1,195	956	3,352	2,773
(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/(loss)	73	37	(46)	33
(j) (Gain)/loss on derivatives	-	-	-	-
(k) Exceptional items	-	-	-	-



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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 30 September 2012 vs. Preceding year corresponding Quarter ended 30 September 2011

The revenue of the Group for the current quarter was RM15.81M. The revenue increased by RM2.07M or 15.08% as compared to preceding year's corresponding quarter. The increase was mainly due to increase in revenue from manufacturing of industrial gases , refilling and distribution of industrial gases and cylinder and delivery services by RM1.41M or 19.87%, RM0.50M or 9.67% and RM0.16M or 14.45% respectively. The increase in revenue from manufacturing of industrial gases came from Oxygen and Nitrogen which increased by RM0.33M and RM1.06M respectively. The increase in revenue from refilling and distribution of industrial gases mainly due to increase in Argon and Special gases by RM0.37M and RM0.35M respectively.

The Gross profit of the Group for the current quarter was RM4.24M. The Gross profit increased by RM0.67M or 18.76% 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 and Nitrogen by RM0.39M and RM0.29M respectively.

The Gross profit margin increased from 26.00% to 26.83%, which is principally attributable to the increase in average selling price of industrial gases from RM3.18 per unit to RM3.32 per unit.

The Group's Profit After Tax was RM0.62M for the current quarter which is RM0.07M higher as compared to that of preceding year. The increase in Profit After Tax is mainly due to the deferred tax reversal of RM0.10M.

Current year to date 30 September 2012 vs. Preceding year to date 30 September 2011

The revenue of the Group for the 9 months ended 30 September 2012 was RM46.77M. The revenue increased by RM6.95M or 17.44% as compared to the same period in year 2011. The increase in revenue was mainly due to increase in Manufacturing of industrial gases, refilling and distribution of industrial gases, cylinder and delivery services and other products and services by RM4.17M or 20.57%, RM2.35M or 15.54%, RM0.28M or 8.37% and RM0.15M or 13.28% respectively. The increase in manufacturing of industrial gases mainly came from Oxygen, Nitrogen and Acetylene by RM0.65M or 10.78%, RM2.64M or 88.87% and RM0.89M or 10.76%. The increase in refilling and distribution of industrial gases mainly due to increase in Argon, Carbon Dioxide and Special gases by RM0.80M or 20.26%, RM0.40M or 10.40% and RM1.15M or 49.21% respectively.

The Gross Profit of the Group for the year ended 30 September 2012 was RM12.89M. The Gross Profit increased by RM1.46M or 12.80% as compared to the same period in year 2011. The increase in Gross Profit is mainly due to increase in Gross Profit of manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.63M or 10.99% and RM0.59M or 25.28% respectively. The increase in Gross Profit was mainly due to increase in Gross profit from Oxygen and Nitrogen by RM1.17M and RM0.82M respectively.

The Gross profit margin decreased from 28.70% to 27.56%, is mainly due to increase in unit cost of calcium carbide by RM0.37M, depreciation expenses by RM0.47M and payroll cost by RM0.37M.

The Group's Profit After Tax was RM2.47M for the 9 months to date and is RM0.09M or 3.88% higher as compared to the corresponding period in year 2011. The increase is mainly due to the reversal of deferred tax liabilities by RM0.32M. However, the Profit Before Tax has decreased by RM0.40M mainly due to increase in finance costs by RM0.43M and decrease in other income by RM0.44M or 64.74% mainly due to decrease in gain on disposal of fixed assets from RM0.39M to RM0.03M.



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NOTES TO THE REPORT

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 decreased by RM0.38M or 2.37% as compared to that of the preceding quarter. The decrease is mainly due to decrease in revenue from refilling and distribution of industrial gases and other products and services by RM0.64M or 10.12%, RM0.02M or 4.53% respectively. The revenue from manufacturing of industrial gases has increased by RM0.24M or 2.93%.

The Gross profit decreased by RM0.26M or 5.69% to RM4.24M. The Gross profit margin has decreased from 27.78% to 26.83% as compared to that of the preceding year's quarter. The decrease in Gross profit mainly came from Acetylene gas by RM0.20M. The Gross Profit Margin decreased mainly due to increase in depreciation expenses and upkeep of plant and machinery by RM0.03M and RM0.03M respectively.

The Group's Profit After Tax was RM0.62M for the current quarter which is RM0.06M lower as compared to the previous quarter. The decrease in Profit After Tax is mainly due to increase in traveling expenses by RM0.09M and increase in finance cost by RM0.10M.

B3. Current Year Prospects

With the commencement of the operations and better utilisation of our new Hydrogen plant in Nilai and Bintulu's operations and the expansion of our Ipoh Branch, the Directors are of the opinion that the current year's sales will improved.

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-12 RM'000	Current financial year to date 30-Sep-12 RM'000
In respect of the current period		
- Income tax	39	122
- Deferred tax	(98)	(316)
	<u>(59)</u>	<u>(194)</u>

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	Transactions Year-to-date RM'000	Balance outstanding as at 30-Sep-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	7,148	15,424	8,206
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	24	105	37

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 14 November 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 - Samalaju Industrial Park		9,736	(2,500)	(2,690)	(1,208)		3,338	73%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(2,925)		825	22%
1.4	Melaka*		2,500		1,440	(3,375)	667	1,232	31%
			14,736	-	-	(10,008)	667	5,395	37%
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	-	-	(23,141)	-	5,395	19%

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 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) (CONT'D)

B7. Group Borrowing and Debts Securities

The Group's borrowings and debts securities as at 30 Sep 2012 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Obligation under finance lease	1,252
Term loans	13,380
	<u>14,632</u>
Short term borrowings	
<u>Secured</u>	
Obligation under finance lease	1,241
Bankers acceptance and revolving credit	12,139
Term loans	3,788
Leasing creditors	27
	<u>17,195</u>
Total	<u><u>31,827</u></u>

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

	At end of current quarter 30-Sep-12 RM'000	At end of preceding quarter 30-Jun-12 RM'000
Realised Profits	17,532	14,605
Unrealised losses	(8,808)	(8,061)
Total retained profits	<u>8,724</u>	<u>6,544</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>8,724</u></u>	<u><u>6,544</u></u>

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.