



# **SIG GASES BERHAD**

**( Company No.: 875083 - W)**

**(Incorporated in Malaysia)**

**Financial Report  
For The Year Ended  
31 December 2012**

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
For the year ended 31 December 2012**

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 12 months ended</b>	
	<b>31 Dec 2012 RM'000</b>	<b>31 Dec 2011 RM'000</b>	<b>31 Dec 2012 RM'000</b>	<b>31 Dec 2011 RM'000</b>
<b>Revenue</b>	15,363	14,539	62,131	54,361
Cost of sales	(11,260)	(10,374)	(45,137)	(38,768)
<b>Gross profit</b>	4,103	4,165	16,994	15,593
Other income	239	235	477	910
Selling and administrative expenses	(3,768)	(3,318)	(13,512)	(12,081)
Finance costs	(558)	(245)	(1,652)	(910)
Share of loss of an associate	(7)	-	(26)	-
<b>Profit before tax</b>	9	837	2,281	3,512
Income tax (expense)/reversal	863	(777)	1,057	(1,078)
<b>Profit after tax and total comprehensive income for the period</b>	<b>872</b>	<b>60</b>	<b>3,338</b>	<b>2,434</b>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the company	872	60	3,338	2,434
Minority interest	-	-	-	-
	<b>872</b>	<b>60</b>	<b>3,338</b>	<b>2,434</b>
<b>Earning per share (Sen)</b>				
- Basic	0.58	0.04	2.23	1.62
- Diluted	0.58	0.04	2.23	1.62

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 December 2012**

	<b>Unaudited As at 31 Dec 2012 RM'000</b>	<b>Unaudited As at 31 Dec 2011 RM'000 (restated)</b>	<b>Unaudited As at 01 Jan 2011 RM'000 (restated)</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	116,436	98,609	80,226
Intangible assets	152	188	195
Investment in an associate	4,454	-	-
	<u>121,042</u>	<u>98,797</u>	<u>80,421</u>
<b>Current assets</b>			
Inventories	3,964	2,734	2,487
Trade and other receivables	20,623	18,759	19,554
Cash and bank balances	6,418	11,176	15,885
	<u>31,005</u>	<u>32,669</u>	<u>37,926</u>
<b>TOTAL ASSETS</b>	<u>152,047</u>	<u>131,466</u>	<u>118,347</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	75,000	75,000	75,000
Reserves	15,670	13,232	12,748
Total equity	<u>90,670</u>	<u>88,232</u>	<u>87,748</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	7,920	9,078	7,872
Loans and borrowings	17,546	10,488	5,795
	<u>25,466</u>	<u>19,566</u>	<u>13,667</u>
<b>Current liabilities</b>			
Trade and other payables	19,356	13,365	9,775
Loans and borrowings	16,555	10,303	7,157
	<u>35,911</u>	<u>23,668</u>	<u>16,932</u>
Total liabilities	<u>61,377</u>	<u>43,234</u>	<u>30,599</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>152,047</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 31 December 2012**

	<b>Non-distributable Share Capital RM'000</b>	<b>Share Premium RM'000</b>	<b>Distributable Retained Earnings RM'000</b>	<b>Total RM'000</b>
<b>As at 1 January 2012</b>	75,000	6,075	7,157	88,232
Total comprehensive income for the period	-	-	3,338	3,338
Dividend	-	-	(900)	(900)
<b>As at 31 December 2012</b>	<u>75,000</u>	<u>6,075</u>	<u>9,595</u>	<u>90,670</u>
<b>As at 1 January 2011</b>	75,000	6,075	6,673	87,748
Total comprehensive income for the period	-	-	2,434	2,434
Dividend	-	-	(1,950)	(1,950)
<b>As at 31 December 2011</b>	<u>75,000</u>	<u>6,075</u>	<u>7,157</u>	<u>88,232</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.



SIG Gases Berhad  
(Company No:875083-W)

**Unaudited Condensed Consolidated Statements of Cash Flows  
For the year ended 31 December 2012**

	Year ended	
	31 Dec 2012 RM'000	31 Dec 2011 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,281	3,512
Adjustments for:		
Depreciation	4,603	3,772
Gain on disposal of property, plant and equipment	(63)	(452)
Interest expenses	1,651	911
Interest income	(118)	(272)
Impairment of doubtful debt no longer required	(4)	(119)
Impairment of debts	248	235
Bad debts recovered	(17)	(21)
Unrealised foreign exchange loss/(gain)	54	(65)
Written off of property, plant and equipment	16	10
Operation profit before working capital changes	8,651	7,511
Increase in inventories	(1,230)	(247)
(Increase)/decrease in receivables	(2,269)	1,107
Increase in payable	6,518	3,611
Cash generated from operating activities	11,670	11,982
Interest paid	(1,651)	(911)
Tax paid	13	(233)
Net cash generated from operating activities	10,032	10,838
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(22,426)	(22,596)
Proceed from disposal of property, plant and equipment	77	889
Interest received	118	272
Investment in associate	(4,454)	-
Net cash used in investing activities	(26,685)	(21,435)
<b>Cash flow from financing activities</b>		
Drawdown of borrowings	12,795	7,838
Dividend	(900)	(1,950)
Net cash generated from financing activities	11,895	5,888
<b>Net decrease in cash and cash equivalents</b>	<b>(4,758)</b>	<b>(4,709)</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>11,176</b>	<b>15,885</b>
<b>Cash and cash equivalents at final of financial period</b>	<b>6,418</b>	<b>11,176</b>
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Cash and bank balances	6,418	11,176

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



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 19 February 2013

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

These condensed consolidated interim financial statements, for the year ended 31 December 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, 13<sup>th</sup> 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.



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

#### 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 (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 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
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	95,167	3,442	98,609
Intangible assets	188		188
	<u>95,355</u>		<u>98,797</u>
<b>Current assets</b>			
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>
<b>TOTAL ASSETS</b>	<u>128,024</u>		<u>131,466</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	75,000		75,000
Reserves	9,790	3,442	13,232
Total equity	<u>84,790</u>		<u>88,232</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	9,078		9,078
Loans and borrowings	10,488		10,488
	<u>19,566</u>		<u>19,566</u>
<b>Current liabilities</b>			
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>
<b>TOTAL EQUITY AND LIABILITIES</b>	<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 year ended 31 December 2011

The transition from FRS to MFRS has no impact on the total comprehensive income 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 year ended 31 Dec 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 detailed analytical review of the segmental information, please refer to Part B1 and B2 for explanation.

#### Year ended 31 Dec 2012

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	32,056	28,443	1,632	62,131
<b>RESULTS</b>				
Profit for reportable segment	8,233	8,468	293	16,994
Other income				477
Selling and administrative expenses				(13,512)
Finance costs				(1,652)
Share of loss of an associate				(26)
Profit before tax				2,281
Income tax reversal				1,057
<b>Total comprehensive income</b>				<b>3,338</b>

#### Year ended 31 Dec 2011

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	27,778	25,061	1,522	54,361
<b>RESULTS</b>				
Profit for reportable segment	8,350	7,059	184	15,593
Other income				910
Selling and administrative expenses				(12,081)
Finance costs				(910)
Profit before tax				3,512
Income tax expense				(1,078)
<b>Total comprehensive income</b>				<b>2,434</b>

**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 year 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 31 Dec 2012 are as follows:-

	<b>RM'000</b>
Approved and contracted for	<u>2,050</u>

**A12. Property, plant and equipment**

The Group acquired property, plant and equipment amounting to RM22.43 million during the current financial year.

**A13. Material events subsequent to the end of period reported**

The Board of Directors of SIG ("Board"), announced that the Company had, on 29 January 2013, entered into the following heads of agreements in relation to:-

- the proposed acquisition by SIG of the entire issued and paid-up share capital of Sing Swee Bee Enterprise Pte Ltd ("SSBE") comprising 4,600,000 ordinary shares of par value Singapore Dollars One ("SGD 1") each ("SSBE Sale Shares") from Peh Lam Hoh, Ng Swee Gek and Peh Tuan ("SSBE Vendors") for an indicative purchase consideration of RM28,392,000 ("SSBE HOA") ("Proposed SSBE Acquisition"); and

- the proposed acquisition by SIG of the entire issued and paid-up capital of SSB Cryogenic Equipment Pte Ltd ("SSBCE") comprising 3,600,000 ordinary shares of shares of par value SGD 1 each ("SSBCE Sale Shares") from Peh Lam Hoh, Nelty Agustina Susanto, Yue Thye Chun, Lee Soon Thiam, Leong Chin Yew and Ler Zhi Kang ("SSBCE Vendors") for an indicative purchase consideration of RM122,850,000 ("SSBCE HOA") ("Proposed SSBCE Acquisition").

The total purchase consideration of RM151,242,000 for the Proposed SSBE Acquisition and the Proposed SSBCE Acquisition shall be satisfied via a combination of cash and the issuance of new ordinary shares of RM0.50 each in SIG ("SIG Shares") ("Consideration Shares").

The Proposed SSBE Acquisition and the Proposed SSBCE Acquisition are collectively referred to as the "Proposed Acquisitions". SSBE Sale Shares and SSBCE Sale Shares are collectively referred to as "Sale Shares" and the indicative purchase consideration for these Sale Shares are referred to as "Purchase Consideration". The SSBE HOA and SSBCE HOA shall be collectively referred to as the "HOA".

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

**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**

	31 December 2012 RM'000	31 December 2011 RM'000	1 January 2011 RM'000
Cash on hand and at banks	6,418	11,176	15,885

**A17. Profit before tax**

Included in the profit before tax are the following items:

	<u>Current quarter 3 months ended</u>		<u>Cumulative quarter 12 months ended</u>	
	31-Dec 2012 RM'000	31-Dec 2011 RM'000	31-Dec 2012 RM'000	31-Dec 2011 RM'000
(a) Interest income	18	58	118	272
(b) Other income including investment income	221	177	359	638
(c) Interest expense	557	246	1,651	911
(d) Depreciation and amortisation	1,251	999	4,603	3,772
(e) Provision for and write off of receivables	248	235	248	235
(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)	37	48	11	81
(j) (Gain)/loss on derivatives	-	-	-	-
(k) Exceptional items	-	-	-	-

**A18. Significant related party transactions**

The Group had the following transactions during the current financial year 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 31-Dec-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	5,961	21,385	7,743
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	59	164	74

**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 December 2012 vs. Preceding year corresponding Quarter ended 31 December 2011**

The revenue of the Group for the current quarter was RM15.36M. The revenue increased by RM0.82M or 5.67% 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 RM0.11M or 1.49%, RM0.41M or 7.56% and RM0.33M or 30.78% respectively. The increase in revenue from manufacturing of industrial gases came from Nitrogen and Hydrogen which increased by RM0.39M and RM0.20M respectively. However, Acetylene gas has decreased by RM0.48M. The increase in revenue from refilling and distribution of industrial gases mainly due to increase in sales of Argon by RM0.51M.

The Gross profit of the Group for the current quarter was RM4.10M. The Gross profit decreased by RM0.06M or 1.49% as compared to that of the preceding year's corresponding quarter.

The Gross profit margin decreased from 28.65% to 26.71%, which is principally attributable to the increase in depreciation and labour wages by RM0.20M and RM0.45M respectively.

The Group's Profit Before Tax was RM0.01M for the current quarter which is RM0.83M lower as compared to that of preceding year. The decrease in Profit Before Tax is mainly due to increase in traveling expenses, salary, allowance of doubtful debt and finance cost by RM0.12M, RM0.12M, RM0.25M and RM0.31M respectively.

The Group's Profit After Tax was RM0.87M for the current quarter which is RM0.81M higher as compared to that of preceding year due to recognition of deferred tax assets by RM0.80M arising from Reinvestment Allowance and unabsorbed Capital Allowance.

**Current year to date 31 December 2012 vs. Preceding year to date 31 December 2011**

The revenue of the Group for the year ended 31 December 2012 was RM62.13M. The revenue increased by RM7.77M or 14.29% 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 RM4.28M or 15.40%, RM2.77M or 13.41%, RM0.61M or 13.90% and RM0.11M or 7.16% respectively. The increase in manufacturing of industrial gases mainly came from Oxygen, Nitrogen and Acetylene by RM0.59M or 7.394%, RM3.03M or 74.25% and RM0.41M or 3.55%. The increase in refilling and distribution of industrial gases mainly due to increase in Argon, Carbon Dioxide and Special gases by RM1.31M or 23.77%, RM0.32M or 6.13% and RM1.25M or 41.35% respectively.

The Gross Profit of the Group for the year ended 31 December 2012 was RM16.99M. The Gross Profit increased by RM1.40M or 8.96% as compared to the same period in year 2011. The increase in Gross Profit is mainly due to increase in Gross Profit of refilling and distribution of industrial gases by RM1.11M or 39.14%. The increase in Gross Profit was mainly due to increase in Gross profit from argon, special gases and refrigerants by RM0.61M, RM0.33M and RM0.42M respectively.

The Gross profit margin decreased from 28.69% to 27.35%, is mainly due to increase in depreciation expenses by RM0.66M and labour wages by RM0.82M.

The Group's Profit After Tax was RM3.34M and is RM0.90M or 37% higher as compared to the corresponding period in year 2011. The increase is mainly due to the recognition of deferred tax assets by RM1.16M arising from Reinvestment Allowance and unabsorbed Capital Allowance. However, the Profit Before Tax has decreased by RM1.23M mainly due to increase in finance costs by RM0.74M and decrease in other income by RM0.43M or 47.58% mainly due to decrease in gain on disposal of fixed assets from RM0.45M to RM0.06M.

**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 RM0.44M or 2.78% as compared to that of the preceding quarter. The decrease is mainly due to decrease in revenue from manufacturing of industrial gases by RM0.84M or 9.87%. The revenue from refilling and distribution of industrial gases has increased by RM0.27M or 4.79%.

The Gross profit decreased by RM0.14M or 3.26% to RM4.10M. The Gross profit margin has decreased from 26.82% to 26.69% as compared to that of the preceding year's quarter. The decrease in Gross profit mainly came from Oxygen gas by RM0.18M. The Gross Profit Margin decreased mainly due to increase in depreciation expenses, labour' wages and consumable stores by RM0.04M, RM0.07M and 0.11M respectively.

The Group's Profit After Tax was RM0.87M for the current quarter which is RM0.25M higher as compared to the previous quarter. The increase in Profit After Tax is mainly due to recognition of deferred tax assets by RM0.80M arising from Reinvestment Allowance and unabsorbed Capital Allowance and increase in salary by RM0.04M, finance cost by RM0.07M and increase in allowance of doubtful debt by RM0.25M.

**B3. Current Year Prospects**

RAM Ratings expects Malaysia's economy to expand by 5.3% in 2013, underpinned by robust demand and recovery of the external environment. The directors of the Group expect that the Group's revenue will increase due to the expected increase in demand from the recovery of the external environment and the continuous improvement of demands at our Ipoh depot and Hydrogen plant at Nilai together with expected commencement of the operations during the year ,of new facilities at Bintulu ,Gebeng and Melaka. The Group will also emphasise on management control on cost effectiveness in order to improve the Group's earnings.

**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**

	<b>Current Quarter 3 months ended 31-Dec-12 RM'000</b>	<b>Current financial year to date 31-Dec-12 RM'000</b>
In respect of the current period		
- Income tax	(20)	101
- Deferred tax	(843)	(1,158)
	<u>(863)</u>	<u>(1,057)</u>

## NOTES TO THE REPORT

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

#### 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 12 February 2013 (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)	%
<b>1</b>	<b>Purchase of land and building its facilities</b>	30 months							
1.1	Sarawak - Samalaju Industrial Park		9,736	(2,500)	(2,690)	(1,255)		3,291	72%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(3,632)		118	3%
1.4	Melaka*		2,500		1,440	(3,810)	667	797	20%
			14,736	-	-	(11,197)	667	4,206	29%
<b>2</b>	<b>Purchase of property, plant &amp; equipment</b>	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%
<b>3</b>	<b>Repayment of term loan</b>	12 months	4,200			(4,200)		-	0%
<b>4</b>	<b>Listing expenses*</b>	Immediately	3,200			(2,533)	(667)	-	0%
	<b>Total</b>		28,536	-	-	(24,330)	-	4,206	15%

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 and 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 31 Dec 2012 are as follows:

	RM'000
<b>Long term borrowings</b>	
<u>Secured:</u>	
Obligation under finance lease	1,357
Term loans	15,935
	<u>17,292</u>
<b>Short term borrowings</b>	
<u>Secured</u>	
Obligation under finance lease	1,431
Bankers acceptance and revolving credit	9,332
Term loans	5,768
Leasing creditors	24
	<u>16,555</u>
 Total	 <u><u>33,847</u></u>

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

	At end of current quarter 31-Dec-12 RM'000	At end of preceding quarter 30-Sep-12 RM'000
Realised Profits	17,569	17,532
Unrealised losses	(7,974)	(8,808)
 Total retained profits	 <u>9,595</u>	 <u>8,724</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u>9,595</u>	<u>8,724</u>

#### B9. Material Litigation

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

#### B10. Dividends

A final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2012 of 1.60% on 150,000,000 ordinary shares of RM0.50 each, amounting to a dividend of RM1,200,000.00 (0.80 sen per ordinary share) has been proposed by the Board of Directors for the shareholders' approval at the forthcoming Annual General Meeting. The date of payment shall be advised later.

#### 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.