



SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

Financial Report

For The Three-Month Period Ended

31 March 2013

**Unaudited Condensed Consolidated Statement of Comprehensive Income
For the three-month period ended 31 March 2013**

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31 Mar	31 Mar	31 Mar	31 Mar
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	14,699	14,774	14,699	14,774
Cost of sales	(10,852)	(10,621)	(10,852)	(10,621)
Gross profit	<u>3,847</u>	<u>4,153</u>	<u>3,847</u>	<u>4,153</u>
Other income	390	98	390	98
Selling and administrative expenses	(3,633)	(2,947)	(3,633)	(2,947)
Finance costs	(542)	(232)	(542)	(232)
Share of loss of an associate	(25)	-	(25)	-
Profit before tax	<u>37</u>	<u>1,072</u>	<u>37</u>	<u>1,072</u>
Income tax expense	-	87	-	87
Profit after tax and total comprehensive income for the period	<u><u>37</u></u>	<u><u>1,159</u></u>	<u><u>37</u></u>	<u><u>1,159</u></u>
Total comprehensive income attributable to :				
Equity holders of the company	37	1,159	37	1,159
Minority interest	-	-	-	-
	<u><u>37</u></u>	<u><u>1,159</u></u>	<u><u>37</u></u>	<u><u>1,159</u></u>
Earning per share (Sen)				
- Basic	0.02	0.77	0.02	0.77
- Diluted	0.02	0.77	0.02	0.77

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 2013**

	Unaudited As at 31 Mar 2013 RM'000	Audited As at 31 Dec 2012 RM'000
Assets		
Non-current assets		
Property, plant and equipment	119,078	116,207
Intangible assets	364	381
Investment in an associate	4,429	4,454
	<u>123,871</u>	<u>121,042</u>
Current assets		
Inventories	3,529	3,964
Trade and other receivables	20,915	20,631
Cash and bank balances	6,102	6,472
	<u>30,546</u>	<u>31,067</u>
TOTAL ASSETS	<u><u>154,417</u></u>	<u><u>152,109</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	75,000	75,000
Reserves	15,656	15,619
Total equity	<u>90,656</u>	<u>90,619</u>
Non-current liabilities		
Deferred tax liabilities	7,920	7,920
Loans and borrowings	16,411	17,277
	<u>24,331</u>	<u>25,197</u>
Current liabilities		
Trade and other payables	20,283	19,722
Loans and borrowings	19,147	16,571
	<u>39,430</u>	<u>36,293</u>
Total liabilities	<u>63,761</u>	<u>61,490</u>
TOTAL EQUITY AND LIABILITIES	<u><u>154,417</u></u>	<u><u>152,109</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.60	0.60

The Condensed Consolidated Statement of Financial Position 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 Changes in Equity
As at 31 March 2013**

	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
As at 1 January 2013	75,000	6,075	9,544	90,619
Total comprehensive income for the period	-	-	37	37
As at 31 March 2013	<u>75,000</u>	<u>6,075</u>	<u>9,581</u>	<u>90,656</u>
As at 1 January 2012	75,000	6,075	7,157	88,232
Total comprehensive income for the period	-	-	1,159	1,159
As at 31 March 2012	<u>75,000</u>	<u>6,075</u>	<u>8,316</u>	<u>89,391</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 three-month period ended 31 March 2013**

	Year ended	
	31 Mar 2013 RM'000	31 Mar 2012 RM'000
Cash flows from operating activities		
Profit before tax	37	1,072
Adjustments for:		
Depreciation	1,329	1,001
Gain on disposal of property, plant and equipment	(183)	(6)
Interest expenses	542	232
Interest income	(12)	(51)
Impairment of doubtful debt no longer required	(2)	-
Bad debts recovered	(5)	(1)
Unrealised foreign exchange (gain)/loss	(30)	6
Written off of property, plant and equipment	19	1
Operation profit before working capital changes	1,695	2,254
Decrease/(increase) in inventories	435	(113)
Increase in receivables	(283)	(3,132)
Increase in payable	628	1,475
Cash generated from operating activities	2,475	484
Interest paid	(542)	(232)
Tax paid	(31)	(40)
Net cash generated from operating activities	1,902	212
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,237)	(1,671)
Proceed from disposal of property, plant and equipment	218	8
Interest received	12	51
Investment in associate	25	-
Net cash used in investing activities	(3,982)	(1,612)
Cash flow from financing activities		
Drawdown of borrowings	1,710	1,541
Net cash generated from financing activities	1,710	1,541
Net (decrease)/increase in cash and cash equivalents	(370)	141
Cash and cash equivalents at beginning of financial period	6,472	11,145
Cash and cash equivalents at final of financial period	6,102	11,286
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	6,102	11,286

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

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 16 May 2013.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the year ended 31 March 2013, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2012. 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 2012.

A2.1 Significant accounting policies

The significant accounting policies and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2012 except for the adoption of the following standards which are applicable to its financial statements and effective for annual periods beginning on or after 1 January 2013:

- MFRS 101 Presentation of Items of Other Comprehensive Income (Amendments to MFRS 101)
- MFRS 3 Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
- MFRS 10 Consolidated Financial Statements
- MFRS 11 Joint Arrangements
- MFRS 12 Disclosure of interests in Other Entities
- MFRS 13 Fair Value Measurement
- MFRS 119 Employee Benefits
- MFRS 127 Separate Financial Statements
- MFRS 128 Investment in Associates and Joint Ventures
- MFRS 127 Consolidated and Separate Financial Statements (IAS 27 as revised by IASB in December 2003)
- Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 1: First time Adoption of Malaysia Financial Reporting Standards - Government Loan
- Amendments to MFRS 10: Consolidated Financial Statements: Transition Guidance
- Amendments to MFRS 11: Joint Arrangements: Transition Guidance
- Amendments to MFRS 12: Disclosure of Interests in Other Entities: Transition Guidance
- Amendment to MFRSs contained in the document entitled "Annual Improvements 2009-2011 Cycle"

The adoption of the above standards do not have significant financial impact to the Group's consolidated financial statements of the current quarter.

(ii) Standards issued but not yet effective

At the date of authorization of these interim financial statements, the followings standards were issued but not yet effective and have not been applied by the Group:

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

<u>Description</u>		<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 132	Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127	Investment Entities	1 January 2014
MFRS 9	Financial Instruments	1 January 2015

The adoption of these standards above will have no material impact on the financial statements in the year of initial adoption.

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 2012.

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 2013.

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 2012 of 1.60% on 150,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM1,200,000 (0.80 sen per ordinary share) was approved by the shareholders on 16 May 2013 and payable on 18 June 2013.



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 (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.

Three months ended 31 Mar 2013

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	<u>7,060</u>	<u>7,295</u>	<u>344</u>	<u>14,699</u>
RESULTS				
Profit for reportable segment	1,314	2,468	65	3,847
Other income				390
Selling and administrative expenses				(3,633)
Finance costs				(542)
Share of loss of an associate				(25)
Profit before tax				<u>37</u>
Income tax reversal				-
Total comprehensive income				<u><u>37</u></u>

Three months ended 31 Mar 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 expense				87
Total comprehensive income				<u><u>1,159</u></u>



SIG Gases Berhad
(Company No:875083-W)

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.

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 31 March 2013 are as follows:-

	RM'000
Approved and contracted for	<u>1,449</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM4.23 million during the current quarter.

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 Board of Directors wishes to announce that the proposed acquisition still in progress and the status of the proposal remains unchanged at this juncture.

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.

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

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 March 2013 RM'000	31 Dec 2012 RM'000
Cash on hand and at banks	6,102	6,472

A17. Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 3 months ended	
	31-Mar 2013 RM'000	31-Mar 2012 RM'000	31-Mar 2013 RM'000	31-Mar 2012 RM'000
(a) Interest income	12	51	12	51
(b) Other income including investment income	378	47	378	47
(c) Interest expense	542	232	542	232
(d) Depreciation and amortisation	1,329	1,001	1,329	1,001
(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)	33	22	33	22
(j) (Gain)/loss on derivatives	-	-	-	-
(k) Exceptional items	-	-	-	-



SIG Gases Berhad
(Company No:875083-W)

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	Balance outstanding as at 31-Mar-2013 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	2,770	7,719
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	87	135

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 2013 vs. Preceding year corresponding Quarter ended 31 March 2012**

The revenue of the Group for the current quarter was RM14.70M. The revenue decreased by RM0.08M or 0.51% as compared to preceding year's corresponding quarter. The decrease was mainly due to decrease in revenue from manufacturing of industrial gases by RM0.65M or 8.38%. The decrease in revenue from manufacturing of industrial gases came from oxygen, nitrogen and acetylene which decreased by RM0.18M, RM0.49M and RM0.43M respectively. The increase in revenue from refilling and distribution of industrial gases by RM0.72M or 10.98% mainly due to increase in sales of Argon by RM0.66M and increase in cylinder rental, maintenance and cylinder sales by RM0.55M or 67.78%. However, the sales of refrigerant products decreased by RM0.43M or 25.75%.

The Gross profit of the Group for the current quarter was RM3.85M. The Gross profit decreased by RM0.31M or 7.41% as compared to that of the preceding year's corresponding quarter.

The Gross profit margin decreased from 28.12% to 26.17%, which is principally attributable to the increase in depreciation and labour wages by RM0.24M and RM0.14M respectively.

The Group's Profit Before Tax was RM0.04M for the current quarter which is RM1.04M lower as compared to that of preceding year. The decrease in Profit Before Tax is mainly due to increase in selling expenses, salary, and finance cost by RM0.17M, RM0.21M and RM0.31M respectively.

The Group's Profit After Tax was RM0.04M for the current quarter which is RM1.12M lower as compared to that of 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 decreased by RM0.67M or 4.33% as compared to that of the preceding quarter. The decrease is mainly due to decrease in revenue from manufacturing of industrial gases and refilling and distribution of industrial gases by RM0.58M or 7.58% and RM0.28M or 4.76%. The revenue from cylinder and delivery services has increased by RM0.21M or 15.00%. The decrease in manufacturing of industrial gases mainly due to decrease in oxygen, nitrogen and acetylene by RM0.22M, RM0.33M and RM0.26M respectively. The decrease in refilling and distribution of industrial gases came from decrease in refrigerant products by RM0.42M or 25.48%.

The Gross profit decreased by RM0.26M or 6.22% to RM3.85M. The Gross profit margin has decreased from 26.71% to 26.17% as compared to that of the preceding year's quarter. The Gross Profit Margin decreased mainly due to increase in depreciation expenses, labour wages and repair & maintenance of the plants by RM0.04M, RM0.05M and 0.10M respectively.

The Group's Profit Before Tax has improved from Loss Before Taxation of RM0.09M in preceding quarter to Profit Before Tax of RM0.04M in the current quarter. The increase in Profit Before Tax is mainly due to increase in gain on disposal of property, plant & equipment by RM0.15M. However, the Group's Profit After Tax decreased from RM0.82M in the preceding quarter to RM0.04M in the current quarter which is mainly due to recognition of deferred tax assets by RM0.80M arising from Reinvestment Allowance and unabsorbed Capital Allowance in preceding quarter.



SIG Gases Berhad
(Company No:875083-W)

NOTES TO THE REPORT

B3. Current Year Prospects

The directors of the Group expect that the Group's revenue will increase due to the increase in anticipated sales from the commencement of the operations of new facilities at Bintulu ,Gebeng and Melaka during the 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 31-Mar-13 RM'000	Current financial year to date 31-Mar-13 RM'000
In respect of the current period		
- Income tax	-	-
- Deferred tax	-	-
	<hr/> <hr/>	<hr/> <hr/>

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 9 May 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)	%
1	Purchase of land and building its facilities	30 months							
1.1	Sarawak - Samalaju Industrial Park		9,736	(2,500)	(2,690)	(1,590)		2,956	65%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(3,667)		83	2%
1.4	Melaka*		2,500		1,440	(3,828)	667	779	20%
			14,736	-	-	(11,585)	667	3,818	26%
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	-	-	(24,718)	-	3,818	13%

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 March 2013 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Obligation under finance lease	1,131
Term loans	15,280
	<u>16,411</u>
Short term borrowings	
<u>Secured</u>	
Obligation under finance lease	1,431
Bankers acceptance and revolving credit	11,889
Term loans	5,806
Leasing creditors	21
	<u>19,147</u>
 Total	 <u><u>35,558</u></u>

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

	At end of current quarter 31-Mar-13 RM'000	At end of preceding quarter 31-Dec-12 RM'000
Realised Profits	20,964	20,932
Unrealised losses	(11,332)	(11,362)
Total retained profits	<u>9,632</u>	<u>9,570</u>
Associated company - Realised	<u>(51)</u>	<u>(26)</u>
	9,581	9,544
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>9,581</u></u>	<u><u>9,544</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.