



SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

**Financial Report
For The Six-Month Period Ended
30 June 2014**

**Unaudited Condensed Consolidated Statement of Comprehensive Income
for the six-month period ended 30 June 2014**

| | Current quarter | | Cumulative quarter | |
|--|------------------------|---------------------|---------------------------|---------------------|
| | 6 months ended | | 6 months ended | |
| | 30 Jun | 30 Jun | 30 Jun | 30 Jun |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 16,979 | 16,423 | 32,817 | 31,122 |
| Cost of sales | (11,324) | (11,443) | (22,291) | (22,295) |
| Gross profit | <u>5,655</u> | <u>4,980</u> | <u>10,526</u> | <u>8,827</u> |
| Other income | 340 | 402 | 525 | 792 |
| Selling and administrative expenses | (4,192) | (3,697) | (7,993) | (7,330) |
| Finance costs | (563) | (565) | (1,165) | (1,107) |
| Share of profit/(loss) of an associate | 208 | 1 | 393 | (24) |
| Profit before tax | <u>1,448</u> | <u>1,121</u> | <u>2,286</u> | <u>1,158</u> |
| Income tax reversal | 1,732 | 266 | 2,630 | 266 |
| Profit after tax and total comprehensive income for the period/year | <u><u>3,180</u></u> | <u><u>1,387</u></u> | <u><u>4,916</u></u> | <u><u>1,424</u></u> |
| Total comprehensive income attributable to : | | | | |
| Equity holders of the company | 3,180 | 1,387 | 4,916 | 1,424 |
| Non-controlling interests | - | - | - | - |
| | <u><u>3,180</u></u> | <u><u>1,387</u></u> | <u><u>4,916</u></u> | <u><u>1,424</u></u> |
| Earning per share (Sen) | | | | |
| - Basic | 2.12 | 0.92 | 3.28 | 0.95 |
| - Diluted | 2.12 | 0.92 | 3.28 | 0.95 |

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 June 2014**

| | Unaudited As at 30 Jun 2014 RM'000 | Audited As at 31 Dec 2013 RM'000 |
|--|---|---|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 108,845 | 109,636 |
| Intangible assets | 269 | 302 |
| Investment in an associate | 7,097 | 4,624 |
| | <u>116,211</u> | <u>114,562</u> |
| Current assets | | |
| Inventory property | 2,353 | 2,353 |
| Inventories | 4,408 | 4,086 |
| Trade and other receivables | 22,484 | 20,789 |
| Cash and bank balances | 4,311 | 7,711 |
| | <u>33,556</u> | <u>34,939</u> |
| Non current assets held for sale | 6,374 | 6,374 |
| | <u>39,930</u> | <u>41,313</u> |
| TOTAL ASSETS | <u><u>156,141</u></u> | <u><u>155,875</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 75,000 | 75,000 |
| Reserves | 21,088 | 17,072 |
| Total equity | <u>96,088</u> | <u>92,072</u> |
| Non-current liabilities | | |
| Deferred tax liabilities | 4,305 | 6,949 |
| Loans and borrowings | 9,474 | 12,829 |
| | <u>13,779</u> | <u>19,778</u> |
| Current liabilities | | |
| Trade and other payables | 21,400 | 19,894 |
| Loans and borrowings | 24,874 | 24,131 |
| | <u>46,274</u> | <u>44,025</u> |
| Total liabilities | <u>60,053</u> | <u>63,803</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>156,141</u></u> | <u><u>155,875</u></u> |
| Net assets per share attributable to ordinary equity holders of the Company (RM) | 0.64 | 0.61 |

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 30 June 2014**

| | Non-distributable Share Capital RM'000 | Share Premium RM'000 | Distributable Retained Earnings RM'000 | Total RM'000 |
|--|---|-------------------------------------|---|-------------------------|
| As at 1 January 2014 | 75,000 | 6,075 | 10,997 | 92,072 |
| Total comprehensive income for the period | - | - | 4,916 | 4,916 |
| Dividend | | | (900) | (900) |
| as at 30 June 2014 | <u>75,000</u> | <u>6,075</u> | <u>15,013</u> | <u>96,088</u> |
| As at 1 January 2013 | 75,000 | 6,075 | 9,544 | 90,619 |
| Total comprehensive income for the period | - | - | 1,424 | 1,424 |
| Dividend | | | (1,200) | (1,200) |
| As at 30 Jun 2013 | <u>75,000</u> | <u>6,075</u> | <u>9,768</u> | <u>90,843</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 six-month period ended 30 June 2014**

| | Period ended | |
|---|--------------------------|--------------------------|
| | 30 Jun 2014 RM'000 | 30 Jun 2013 RM'000 |
| Cash flows from operating activities | | |
| Profit before tax | 2,286 | 1,158 |
| Adjustments for: | | |
| Depreciation | 2,727 | 2,695 |
| Gain on disposal of property, plant and equipment | (154) | (411) |
| Interest expenses | 1,086 | 1,048 |
| Interest income | (2) | (17) |
| Reversal of impairment loss on trade receivables | (9) | (14) |
| Impairment loss on trade receivables | 16 | - |
| Share of (profit)/loss of an associate | (393) | 24 |
| Unrealised foreign exchange (gain)/loss | (172) | (23) |
| Write off of property, plant and equipment | 37 | 28 |
| Operation profit before working capital changes | 5,422 | 4,488 |
| Increase in inventories | (322) | 386 |
| (Increase) in receivables | (1,648) | (1,460) |
| (Decrease)/increase in payable | 1,680 | 94 |
| Cash generated from operating activities | 5,132 | 3,508 |
| Interest paid | (1,086) | (1,048) |
| Tax paid | (70) | (73) |
| Net cash generated from operating activities | 3,976 | 2,387 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,957) | (5,907) |
| Proceed from disposal of property, plant and equipment | 171 | 514 |
| Interest received | 2 | 17 |
| Investment in an associate company | (2,080) | - |
| Net cash used in investing activities | (3,864) | (5,376) |
| Cash flows from financing activity | | |
| (Repayment)/Drawdown of borrowings | (2,612) | 1,557 |
| Dividend | (900) | (1,200) |
| Net cash (used in)/generated from financing activity | (3,512) | 357 |
| Net decrease in cash and cash equivalents | (3,400) | (2,632) |
| Cash and cash equivalents at beginning of financial period | 7,711 | 6,472 |
| Cash and cash equivalents at end of financial period | 4,311 | 3,840 |
| Cash and cash equivalents at the end of the financial period comprise the following: | | |
| Cash and bank balances | 4,311 | 3,840 |

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 14 August 2014.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the year ended 31 December 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 2013. 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 2013.

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 2013 except for the adoption of the following which are applicable to its financial statements and are relevant to its operations:

- (i) Adoption of standards and interpretations:

| <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 |
| Amendments to MFRS 136 | Recoverable Amount Disclosures for Non-Financial Assets | 1 January 2014 |
| Amendments to MFRS 139 | Novation of Derivatives and Continuation of Hedge Accounting | 1 January 2014 |
| IC Interpretation 21 | Levies | 1 January 2014 |

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

NOTES TO THE REPORT

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

A2.1 Significant accounting policies (cont'd)

(ii) Standards and interpretations issued but not yet effective

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

| <u>Description</u> | <u>Effective for annual periods beginning on or after</u> |
|--|---|
| Amendments to MFRS 119 | |
| <i>Defined Benefit Plans: Employee Contributions</i> | 1 July 2014 |
| Annual Improvements to MFRSs 2010-2012 Cycle | 1 July 2014 |
| Annual Improvements to MFRSs 2011-2013 Cycle | 1 July 2014 |
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in November 2009) | To be announced |
| MFRS 9 Financial Instruments (IFRS 9 issued by IASB in October 2010) | To be announced |
| MFRS 9 Financial Instruments: <u>Hedge Accounting and amendments to MFRS9, MFRS 7 and MFRS 139</u> | To be announced |

The adoption of these standards above is expected to 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 2013.

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 December 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 2013 of 1.20% on 150,000,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM900,000 (0.60 sen per ordinary share) was approved by the shareholders on 23 May 2014 and paid on 18 June 2014.



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.

Six months ended 30 Jun 2014

| | Manufacturing | Refilling and Distribution | Other Products and Services | Total |
|-------------------------------------|---------------|----------------------------------|-----------------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | 16,297 | 15,976 | 544 | 32,817 |
| RESULTS | | | | |
| Profit for reportable segment | 4,653 | 5,817 | 56 | 10,526 |
| Other income | | | | 525 |
| Selling and administrative expenses | | | | (7,993) |
| Finance costs | | | | (1,165) |
| Share of profit of an associate | | | | 393 |
| Profit before tax | | | | 2,286 |
| Income tax reversal | | | | 2,630 |
| Total comprehensive income | | | | <u>4,916</u> |

Six months ended 30 Jun 2013

| | Manufacturing | Refilling and Distribution | Other Products and Services | Total |
|-------------------------------------|---------------|----------------------------------|-----------------------------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| REVENUE | 14,973 | 15,396 | 753 | 31,122 |
| RESULTS | | | | |
| Profit for reportable segment | 3,197 | 5,484 | 146 | 8,827 |
| Other income | | | | 792 |
| Selling and administrative expenses | | | | (7,330) |
| Finance costs | | | | (1,107) |
| Share of loss of an associate | | | | (24) |
| Profit before tax | | | | 1,158 |
| Income tax reversal | | | | 266 |
| Total comprehensive income | | | | <u>1,424</u> |

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.

A11. Capital commitments

Capital commitment for property, plant and equipment not provided for as at 30 June 2014 are as follows:-

| | RM'000 |
|-----------------------------|---------------|
| Approved and contracted for | <u>1,086</u> |

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM1.96 million during the current quarter .

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of period reported to be disclosed as at the date of this 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

| | As at 30 Jun 2014 RM'000 | As at 31 Dec 2013 RM'000 |
|---------------------------|---|---|
| Cash in hand and at banks | <u>4,311</u> | <u>7,711</u> |

**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>6 months ended</u> | | <u>Cumulative quarter</u> <u>6 months ended</u> | |
|--|---|---|--|---|
| | <u>30 Jun</u> <u>2014</u> <u>RM'000</u> | <u>30 Jun</u> <u>2013</u> <u>RM'000</u> | <u>30 Jun</u> <u>2014</u> <u>RM'000</u> | <u>30 Jun</u> <u>2013</u> <u>RM'000</u> |
| (a) Interest income | 1 | 5 | 2 | 17 |
| (b) Other income/(charges) including investment income | 223 | 382 | 351 | 728 |
| (c) Interest expense | 521 | 533 | 1,086 | 1,048 |
| (d) Depreciation and amortisation | 1,369 | 1,366 | 2,727 | 2,695 |
| (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) | | | | |
| - Realised | (7) | 15 | (57) | 17 |
| - Unrealised | 116 | (7) | 172 | 23 |
| (j) (Gain)/loss on derivatives | - | - | - | - |
| (k) Exceptional items | - | - | - | - |

A18. Significant related party transactions

The Group had the following transactions during the current financial period 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 Period-to-date RM'000 | Balance outstanding as at 30 June 2014 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 | 3,181 | 4,644 | 10,371 |
| Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest | 14 | 47 | 28 |

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 Quarter 3 month ended 30 June 2014 vs. Preceding year corresponding Quarter 3 month ended 30 June 2013**

The revenue of the Group for the current quarter was RM16.98M. This represents an increase of 3.39% as compared to preceding year's corresponding quarter. The increase was largely due to higher sales to fabrication and engineering sectors.

The gross profit of the Group for the current quarter was RM5.66M, an increase of RM0.68M or 13.55% over the corresponding quarter after deducting an increase of selling and administrative expenses together with higher diesel costs. The increase in gross profit was due to improvement in average selling price and lower direct labour costs which improved margin from 30.32% to 33.31%.

The Group's profit before tax was RM1.45M for the current quarter, which was an improvement over RM1.12M recorded in the corresponding quarter. Share of profits from associate company for the quarter was RM208,000 as compared to mere RM1,000 recorded in the corresponding period.

The current quarter's Group's profit after tax was RM3.18M, RM1.79M higher than the corresponding quarter after a reversal of deferred tax liability of RM1.73 million.

Current year to date 30 June 2014 vs. Preceding year to date 30 June 2013

The revenue of the Group for the period ended 30 June 2014 was RM32.82M. The revenue increased by RM1.70M or 5.45% as compared to the same period in year 2013. The increase in revenue was mainly due to increase in sales to fabrication and engineering sectors of our industrial gases.

The Gross Profit of the Group for the period ended 30 June 2014 was RM10.53M, an increase of RM1.70M or 19.25% as compared to the same period in year 2013.

The gross profit margin has increased from 28.36% to 32.07%, which is mainly due to improvement in average selling price and lower direct labour cost,

The Group's Profit After Tax was RM4.92M for the current year to date which is RM3.5M higher as compared to the corresponding period in year 2013. The Profit Before Tax has increased by RM1.13M mainly due to higher gross profit together with increase in share of profit from associate company from a loss of RM24,000 to profit of RM393,000 as compared with the corresponding period in year 2013 and a reversal of deferred tax liability of RM2.64M.

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

The revenue of the Group for the current quarter increased by RM1.14M or 7.20% as compared to that of the preceding quarter. The increase in revenue was mainly came from higher sales to fabrication and engineering sectors .

The gross profit increased by RM0.79M or 16.10% to RM5.66M. The gross profit margin increased from 30.76% to 33.31% as compared to that of the preceding quarter. The gross profit margin increased mainly due to improvement in average selling price and lower purchase cost of liquid.

The Group's profit before tax increased from RM0.84M in preceding quarter to RM1.45M in the current quarter. The increase in profit before tax is mainly due to higher gross profit of RM0.79M , increase in the share of profit from associate company from RM0.19M in the preceding quarter to RM0.21M in the current quarter and increase in other operating income by RM0.16M from unrealised foreign exchange gain of RM0.06M. The increase was mitigated by higher selling related expenses, salary related expenses, insurance cost and security expenses.

The Group's profit after tax increased from RM1.74M in the preceding quarter to RM3.18M in the current quarter was mainly due to the impact of the abovementioned factors and also reversal of deferred tax liability of RM1.73M.

NOTES TO THE REPORT**B3. Current Year Prospects**

The global economic environment and financial markets are expected to be challenging in the current year arising from the anticipated continuation of the tapering of QE3 by the US government and the uncertainty caused by Ukraine political crisis and economic growth in the EU common market.

In the domestic front, despite recording a satisfactory economic growth of slightly more than 5% ,due to widening public debts ,the Malaysian government has announced various austerity and revenue boosting measures ,including cutting back of subsidies, introduction of Goods and Services Tax, and putting on hold of some large infrastructural projects. The Bank Negara Malaysia has announced to increase the Overnight Policy Rate by 0.25%.

In view of the above challenging economic environment, the Company has implemented some productivity improvement and cost savings measures. In addition, the completion of various expansion programmes in the past years, are gradually contributing to the revenue.

Despite the uncertainty posed by the macro economic environment, the management with the various cost-savings exercises, re-alignment of assets duly in place, and gradual increase in revenue from past years' expansion program is cautiously optimistic about the performance of the group in the current year.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Income Tax Expense

| | Current quarter 3 months ended 30 Jun 14 RM'000 | Current financial period to date 30 Jun 14 RM'000 |
|----------------------------------|--|--|
| In respect of the current period | | |
| - Income tax | - | 13 |
| - Deferred tax | (1,732) | (2,643) |
| | <u>(1,732)</u> | <u>(2,630)</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 07 August 2014 (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 | 60 months | | | | | | | |
| 1.1 | Sarawak - Samalaju Industrial Park | | 9,736 | (2,500) | (2,690) | (1,590) | 167 | 3,123 | 69% |
| 1.2 | Sarawak - Kemena Industrial Park, Bintulu | | - | 2,500 | | (2,500) | | - | 0% |
| 1.3 | Kuantan* | | 2,500 | | 1,250 | (4,127) | 450 | 73 | 2% |
| 1.4 | Melaka | | 2,500 | | 1,440 | (3,990) | 50 | - | 0% |
| | | | 14,736 | - | - | (12,207) | 667 | 3,196 | 22% |
| 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 | - | - | (25,340) | - | 3,196 | 11% |

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 30 June 2014 are as follows:

| | RM'000 |
|---|--------------------------|
| Long term borrowings | |
| <u>Secured:</u> | |
| Obligation under finance lease | 702 |
| Term loans | 8,772 |
| | <u>9,474</u> |
| Short term borrowings | |
| <u>Secured</u> | |
| Obligation under finance lease | 1,256 |
| Bankers acceptance and revolving credit | 18,118 |
| Term loans | 5,493 |
| Leasing creditors | 7 |
| | <u>24,874</u> |
| Total | <u><u>34,348</u></u> |

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

| | At end of current quarter 30-Jun-14 RM'000 | At end of preceding quarter 31-Dec-13 RM'000 |
|---|--|--|
| Realised profits | 15,691 | 14,335 |
| Unrealised losses | (863) | (3,507) |
| Total retained profits | <u>14,828</u> | <u>10,828</u> |
| Associated company - Realised | <u>185</u> | <u>170</u> |
| | 15,013 | 10,998 |
| Less: Consolidations adjustments | - | - |
| Retained profits as per statement of financial position | <u><u>15,013</u></u> | <u><u>10,998</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.