



# **SIG GASES BERHAD**

**( Company No.: 875083 - W )  
(Incorporated in Malaysia)**

**Financial Report  
For The Year Ended  
31 December 2014**

## Unaudited Condensed Consolidated Statement of Comprehensive Income for the year ended 31 December 2014

	Current quarter <u>3 months ended</u>		Cumulative quarter <u>12 months ended</u>	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Revenue</b>	16,092	16,031	65,364	63,109
Cost of sales	(11,108)	(11,218)	(44,502)	(44,501)
<b>Gross profit</b>	4,984	4,813	20,862	18,608
Other income	224	149	1,221	1,151
Selling and administrative expenses	(4,539)	(4,212)	(16,593)	(15,681)
Finance costs	(582)	(589)	(2,363)	(2,293)
Share of profit of an associate	171	59	711	170
Profit before exceptional item	258	220	3,838	1,955
Exceptional item	(1,551)	-	(1,551)	-
<b>Profit/(loss) before tax</b>	(1,293)	220	2,287	1,955
Income tax reversal	3,594	362	7,835	697
<b>Profit after tax and total comprehensive income for the period/year</b>	<b>2,301</b>	<b>582</b>	<b>10,122</b>	<b>2,652</b>
<b>Total comprehensive income attributable to :</b>				
Equity holders of the company	2,301	582	10,122	2,652
Non-controlling interests	-	-	-	-
	<b>2,301</b>	<b>582</b>	<b>10,122</b>	<b>2,652</b>
Earning per share (Sen)				
- Basic	1.46	0.39	6.40	1.77
- Diluted	1.46	0.39	6.40	1.77

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

**Unaudited Condensed Consolidated Statements of Financial Position  
as at 31 December 2014**

	<b>Unaudited As at 31 Dec 2014 RM'000</b>	<b>Audited As at 31 Dec 2013 RM'000</b>
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	106,147	109,636
Intangible assets	236	302
Investment in an associate	7,415	4,624
	<u>113,798</u>	<u>114,562</u>
<b>Current assets</b>		
Inventory property	3,476	2,353
Inventories	3,622	4,086
Trade and other receivables	20,010	20,789
Cash and bank balances	20,323	7,711
	<u>47,431</u>	<u>34,939</u>
Non current assets held for sale	6,374	6,374
	<u>53,805</u>	<u>41,313</u>
<b>TOTAL ASSETS</b>	<u>167,603</u>	<u>155,875</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	93,750	75,000
Reserves	20,515	17,072
Total equity	<u>114,265</u>	<u>92,072</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities/(assets)	(1,000)	6,949
Loans and borrowings	10,768	12,829
	<u>9,768</u>	<u>19,778</u>
<b>Current liabilities</b>		
Trade and other payables	18,282	19,894
Loans and borrowings	25,288	24,131
	<u>43,570</u>	<u>44,025</u>
Total liabilities	<u>53,338</u>	<u>63,803</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>167,603</u>	<u>155,875</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.61	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.

**Unaudited Condensed Consolidated Statements of Changes in Equity  
for the year ended 31 December 2014**

	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Total RM'000
<b>As at 1 January 2014</b>	75,000	1,549	15,523	92,072
Total comprehensive income for the period	-	-	10,122	10,122
Dividend			(900)	(900)
Issued of ordinary shares	13,500			13,500
Capitalisation from retained profits	5,250		(5,250)	-
<b>Expenses for issued of ordinary shares</b>		<b>(529)</b>		<b>(529)</b>
<b>As at 31 December 2014</b>	<u>93,750</u>	<u>1,020</u>	<u>19,495</u>	<u>114,265</u>
<b>As at 1 January 2013</b>	75,000	1,549	14,071	90,620
Total comprehensive income for the period	-	-	2,652	2,652
Dividend			(1,200)	(1,200)
<b>As at 31 December 2013</b>	<u>75,000</u>	<u>1,549</u>	<u>15,523</u>	<u>92,072</u>

During the financial year, the Company issued two-call right issues of 37,500,000 new ordinary shares of RM0.50 each in SIG Gases Berhad ("Shares") ("Rights Share") on the basis of one (1) rights share for every Four (4) existing shares held, at an issue price of RM0.50 per rights share, of which the first call of RM0.36 PER right share is payable in cash and the second call of RM0.14 per rights share is to be capitalised from SIG Gases Berhad's Retained Profits.

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 year ended 31 December 2014

	Financial year ended	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000
<b>Cash flows from operating activities</b>		
Profit before tax	2,287	1,955
Adjustments for:		
Depreciation	5,493	5,444
Gain on disposal of property, plant and equipment	(280)	(506)
Interest expenses	2,190	2,158
Interest income	(32)	(19)
Reversal of impairment loss on trade receivables	(380)	(72)
Impairment loss on trade receivables	571	317
Share of profit of an associate	(711)	(170)
Unrealised foreign exchange (gain)/loss	(11)	165
Write off of property, plant and equipment	256	44
Impairment of property, plant and equipment	1,551	-
Operation profit before working capital changes	<u>10,934</u>	<u>9,316</u>
Increase in inventories	463	(122)
(Increase) in receivables	(535)	(867)
(Decrease)/increase in payable	(1,600)	171
Cash generated from operating activities	<u>9,262</u>	<u>8,498</u>
Interest paid	(2,190)	(2,158)
Tax paid	(125)	(105)
Tax refund	10	130
Net cash generated from operating activities	<u>6,957</u>	<u>6,365</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,836)	(6,004)
Proceed from disposal of property, plant and equipment	371	667
Interest received	32	19
Investment in an associate company	(2,080)	-
Net cash used in investing activities	<u>(5,513)</u>	<u>(5,318)</u>
<b>Cash flows from financing activity</b>		
(Repayment)/Drawdown of borrowings	(903)	1,392
Dividend	(900)	(1,200)
Proceeds from share Issued	13,500	
Expenses for issued of ordinary shares	(529)	
Net cash generated from financing activity	<u>11,168</u>	<u>192</u>
<b>Net increase in cash and cash equivalents</b>	12,612	1,239
<b>Cash and cash equivalents at beginning of financial year</b>	<u>7,711</u>	<u>6,472</u>
<b>Cash and cash equivalents at end of financial year</b>	<u>20,323</u>	<u>7,711</u>
<b>Cash and cash equivalents at the end of the financial year comprise the following:</b>		
Cash and bank balances	<u>20,323</u>	<u>7,711</u>

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 12 February 2015.

**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: Defined Benefit Plans: Employee Contributions	01-Jul-14
Annual Improvements to MFRSs 2010 – 2012 Cycle	01-Jul-14
Annual Improvements to MFRSs 2011 – 2013 Cycle	01-Jul-14
Annual Improvements to MFRSs 2012 – 2014 Cycle	01-Jan-16
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	01-Jan-16
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	01-Jan-16
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	01-Jan-16
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	01-Jan-16
Amendments to MFRS 127: Equity Method in Separate Financial Statements	01-Jan-16
Amendments to MFRS 101: Disclosure Initiatives	01-Jan-16
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	01-Jan-16
MFRS 14 Regulatory Deferral Accounts	01-Jan-16
MFRS 15 Revenue from Contracts with Customers	01-Jan-17
MFRS 9 Financial Instruments	01-Jan-18

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

During the financial year, the Company issued two-call right issues of 37,500,000 new ordinary shares of RM0.50 each in SIG Gases Berhad ("Shares") ("Rights Share") on the basis of one (1) rights share for every Four (4) existing shares held, at an issue price of RM0.50 per rights share, of which the first call of RM0.36 PER right share is payable in cash and the second call of RM0.14 per rights share is to be capitalised from SIG Gases Berhad's Retained Profits.

There were no issuance, cancellation, repurchase, resale and repayment of debt for the financial period-to-date.

#### A8. Dividend paid

At the Annual General Meeting held on 23 May 2014, a final tax exempt (single-tier) dividend of 1.20% in respect of the financial year ended 31 December 2013 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 and paid on 18 June 2014.

## 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 2014

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	32,204	32,088	1,072	65,364
<b>RESULTS</b>				
Profit for reportable segment	9,318	11,384	160	20,862
Other income				1,221
Selling and administrative expenses				(16,593)
Finance costs				(2,363)
Share of profit of an associate				711
Profit before exceptional item				3,838
Exceptional item				(1,551)
Profit before tax				2,287
Income tax reversal				7,835
<b>Total comprehensive income</b>				<b>10,122</b>

#### Year ended 31 Dec 2013

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	30,368	31,332	1,409	63,109
<b>RESULTS</b>				
Profit for reportable segment	6,673	11,701	234	18,608
Other income				1,151
Selling and administrative expenses				(15,681)
Finance costs				(2,293)
Share of loss of an associate				170
Profit before tax				1,955
Income tax reversal				697
<b>Total comprehensive income</b>				<b>2,652</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.

**A11. Capital commitments**

Capital commitment for property, plant and equipment not provided for as at 31 December 2014 are as follows:-

	<b>RM'000</b>
Approved and contracted for	<u>4,551</u>

**A12. Property, plant and equipment**

The Group acquired property, plant and equipment amounting to RM3.84 million during the current quarter .

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

Save as disclosed in Note B6, 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.

**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**

	As at 31 Dec 2014 RM'000	As at 31 Dec 2013 RM'000
Cash in hand and at banks	20,323	7,711

**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>12 months ended</u>	
	31 Dec 2014 RM'000	31 Dec 2013 RM'000	31 Dec 2014 RM'000	31 Dec 2013 RM'000
(a) Interest income	26	1	32	19
(b) Other income/(charges) including investment income	198	136	904	1,073
(c) Interest expense	534	544	2,190	2,158
(d) Depreciation and amortisation	1,386	1,370	5,493	5,444
(e) Provision for and write off of receivables	424	317	571	317
(f) Provision for and write off of inventories	-	-	-	-
(g) (Gain)/loss on disposal of quoted and unquoted investments or properties	-	-	-	-
(h) Impairment of property, plant & equipment	1,551	-	1,551	-
(i) Foreign exchange gain/(loss)				
- Realised	(21)	(17)	35	(45)
- Unrealised	(129)	47	11	(165)
(j) (Gain)/loss on derivatives	-	-	-	-



SIG Gases Berhad  
(Company No:875083-W)

#### 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 31 December 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	1,499	8,575	5,894
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	232	986	172

**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 months ended 31 December 2014 vs. Preceding year corresponding Quarter 3 months ended 31 December 2013**

There was no material change in revenue recorded during the quarter as compared to the corresponding quarter. The revenue of the Group for the current quarter was RM16.09M as compared to RM16.03M recorded in the corresponding quarter representing an increase of 0.38% over the corresponding quarter.

The gross profit of the Group for the current quarter was RM4.98M, an increase of RM0.17M or 3.53% over the corresponding quarter. The improvement was mainly due to lower cost of sales on continuing implementation of cost savings and productivity improvement programmes.

The Group's loss before tax was RM1.29M for the current quarter, as compared with profit before tax of RM0.22M recorded in the corresponding quarter. This was largely due to one-time provision of impairment for an Air Separation Plant of RM1.55M on cost consideration. The increase in selling and administration expenses by RM0.57M mainly due to increase in provision for doubtful debt by RM0.26M and expenses related to right issues and proposed acquisition of Piasau Gas Sdn Bhd. However, our share of profit from an associate company, Iwatani-SIG Industrial Gases Sdn Bhd, has recorded an increase of profit from RM0.06M in corresponding period to RM0.17M in the current quarter. Without the impairment loss, the Group would have recorded an operating profit before taxation of RM0.26M as compared to RM0.22M of the corresponding quarter.

The current quarter's Group's profit after tax was RM2.30M, RM1.72M higher than the corresponding quarter after a reversal of deferred tax liability of RM3.71M arising from recognition of reinvestment allowance on capital expenditures.

**Current year to date 31 December 2014 vs. Preceding year to date 31 December 2013**

The revenue of the Group for the year ended 31 December 2014 was RM65.36M. The revenue increased by RM2.26M or 3.57% as compared to the same period in year 2013. The increase in revenue was due to increase in sales to dealers, fabrication and engineering sectors.

The Gross Profit of the Group for the year ended 31 December 2014 was RM20.86M, an increase of RM2.25M or 12.09% as compared to the same period in year 2013.

The gross profit margin was up from 29.49% to 31.92%, which was mainly due to implementation of cost savings and productivity improvement programmes together with realignment of the production and distribution centre in Nilai and Puchong branches.

The Group's cumulative Profit After Tax was RM10.12M for the current year which is RM7.47M higher as compared to the corresponding period in year 2013. The profit before exceptional item has increased by RM1.88M largely due to improved gross profit margin together with increase in share of profit from associate company, Iwatani-SIG Industrial Gases Sdn Bhd from RM0.17M to RM0.71M as compared to the corresponding period in year 2013 and a reversal of deferred tax liability of RM7.84M. However, the increase in profit after taxation was partially offset by a provision of impairment for an Air Separation Plant of RM1.55M, provision for doubtful debt of RM0.52M, expenses incurred for the right issues of RM0.21M and aborted proposed acquisition of Piasau Gas Sdn Bhd. of RM0.17M.

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

The revenue of the Group for the current quarter was down by RM0.36M or 2.21% as compared to that of the preceding quarter. The decrease in revenue was mainly arising from lower sales to dealers, oil and gas industry.

The gross profit was down by RM0.34M or 6.39% to RM5.14M. The gross profit margin was down from 32.53% to 30.97% mainly due to increase in property, plant and equipment written off as compared to that of the preceding quarter.

The Group's profit before exceptional item was decreased from RM1.29M in preceding quarter to RM0.26M in the current quarter mainly due to increase in provision for doubtful debt, expenses related to right issues and aborted proposed acquisition for Piasau Gas Sdn Bhd.

The Group's profit after tax was reduced from RM2.91M in the preceding quarter to RM2.30M in the current quarter mainly due to the provision for impairment for an Air Separation Plant. Without taking into consideration of the exceptional one-time impairment loss, the Group's profit after tax would have been RM3.75M mainly due to the reversal of deferred tax.

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

As announced on 20 January 2015 by the Prime Minister, Datuk Seri Najib the projected growth of the economy is revised downward to 4.5-5.5% in year 2015 (previous 5-6%) amid lower oil prices. However, in the absence of development expenditure cut, budget deficit target is raised marginally from 3.00% to 3.2% of GDP, The MYR weakened against US dollar and other currencies over the past year. This devaluation of MYR may affect the cost of some of our imported materials and capital goods.

In view of the implementation of the 6% GST, anticipated cutting back of capital expenditure in the oil and gas sector, the austerity measure by government and the anticipated inflationary consumer prices, the malaysian overall the industrial environment could be challenging in year 2015.

The management shall continue to implement cost-saving measure and to improve productivity. The management is also exploring asset lightening measure to improve efficiencies of its capital and to enhance return to the shareholders.

In conclusion, despite the uncertainty posed by the macroeconomic environment set out above, we believe that with our various cost-savings exercises, re-alignment of assets duly in place, and gradual increase in revenue from our completed expansion projects, we remain cautiously optimistic about our performance ahead.

**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 14 RM'000</b>	<b>Current financial period to date 31 Dec 14 RM'000</b>
In respect of the current period		
- Income tax	114	114
- Deferred tax	(3,708)	(7,949)
	<u>(3,594)</u>	<u>(7,835)</u>

NOTES TO THE REPORT

**PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)**

**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 5 February 2015 (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	Amendment	Amendment	Actual	Reclassification	Balances to be utilised	
			Utilisations	1	2	Utilisations	(RM'000)	(RM'000)	(RM'000)
			(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	(RM'000)	
<b>1</b>	<b>Purchase of land and building its facilities</b>	60 months							
1.1	Sarawak - Samalaju Industrial Park		9,736	(2,500)	(2,690)	(1,590)	30	2,986	66%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(4,200)	587	137	4%
1.4	Melaka		2,500		1,440	(3,990)	50	-	0%
			14,736	-	-	(12,280)	667	3,123	21%
<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>			<b>28,536</b>	<b>-</b>	<b>-</b>	<b>(25,413)</b>	<b>-</b>	<b>3,123</b>	<b>11%</b>

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.

**1. Proposed Two-Call Rights Issue**

On 5 September 2014, the Company announced that it proposes to undertake a renounceable two-call rights issue of 37,500,000 new ordinary shares of RM0.50 each ("**Shares**") ("**Rights Shares**") on the basis of one (1) Rights Share for every four (4) existing Shares held on an entitlement date to be determined later, at an issue price of RM0.50 per Rights Share, of which the first call of RM0.36 per Rights Share is payable in cash and the second call of RM0.14 per Rights Share ("**Second Call**") is to be capitalised from the share premium reserve of SIG. On 20 October 2014, the Company announced that the Board of directors resolved that the Second Call be capitalised instead from the retained earnings reserve of SIG ("**Proposed Two-Call Rights Issue**").

On 21 October 2014, the Company announced that Bursa Malaysia Securities Berhad ("**Bursa Securities**") had vide its letter dated 20 October 2014, which was received on 21 October 2014, approved the listing of and quotation for the 37,500,000 Rights Shares on the Main Market of Bursa Securities, subject to the certain conditions as disclosed in the said announcement and in its circular to shareholders dated 28 October 2014.

On 13 November 2014, the shareholders of the Company approved the Proposed Two-Call Rights Issue.

The Proposed Two-Call Rights Issue has completed on 30 December 2014.

No.	Description	Estimated timeframe for utilisations upon Listing	Proposed	Actual	Balances to be utilised	
			Utilisations	Utilisations	(RM'000)	%
			(RM'000)	(RM'000)	(RM'000)	
<b>1</b>	<b>PURCHASE OF EQUIPMENT</b>	within 18 months				
1.1	1 HYDROGEN COMPRESSOR		370	-	370	100%
1.2	CYLINDERS & VALVES		3,680	-	3,680	100%
1.3	UPGRADE COMPUTER SYSTEM		150	-	150	100%
<b>2</b>	<b>REPAYMENT OF BANK BORROWINGS</b>	within 6 months	6,500	-	6,500	100%
<b>3</b>	<b>WORKING CAPITAL</b>	within 6 months	2,000	(2,000)	-	0%
<b>4</b>	<b>EXPENSES IN RELATION TO THE PROPOSED TWO-CALL RIGHTS ISSUE</b>	within 3 months	800	(668)	132	17%
<b>Total</b>			<b>13,500</b>	<b>(2,668)</b>	<b>10,832</b>	<b>80%</b>

**2. Proposed acquisition**

On 22 September 2014, the Company entered into a Memorandum of Understanding relating to the proposed acquisition of the entire issued and paid-up share capital of Piasau Gas Sdn Bhd ("PGSB") with the vendors of PGSB ("**Proposed Acquisition**"). PGSB is involved in the manufacturing, distribution and marketing of industrial gases as well as provision of services and maintenance and trading in welding equipment and machinery.

On 23 January 2015, the Company has make the announcement to inform that SIG and the Vendors (collectively the "**Parties**") are unable to reach an agreement on terms and conditions acceptable to the Parties and the Board does not wish to continue the negotiations for the Proposed Acquisition. Accordingly, the MOU shall cease to have effect and each party shall have no claim under it against the other.

## 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 December 2014 are as follows:

	RM'000
<b>Long term borrowings</b>	
<u>Secured:</u>	
Obligation under finance lease	276
Term loans	10,492
	<u>10,768</u>
<b>Short term borrowings</b>	
<u>Secured</u>	
Obligation under finance lease	1,024
Bankers acceptance and revolving credit	17,627
Term loans	6,633
Leasing creditors	4
	<u>25,288</u>
Total	<u><u>36,056</u></u>

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

	At end of current quarter 31-Dec-14 RM'000	At end of preceding quarter 30-Sep-14 RM'000
Realised profits	14,342	21,169
Unrealised gain/(losses)	4,442	735
Total retained profits	<u>18,784</u>	<u>21,904</u>
Associated company - Realised	711	540
	<u>19,495</u>	<u>22,444</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>19,495</u></u>	<u><u>22,444</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 weighted average number of ordinary shares in issue and profit attributable to equity holders of the Group.