



# **SIG GASES BERHAD**

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

**Financial Report  
For The Year Ended  
31 December 2016**

**Unaudited Condensed Consolidated Statement of Comprehensive Income  
for the year ended 31 December 2016**

	<b>Current quarter 3 months ended</b>		<b>Cumulative quarter 12 months ended</b>	
	<b>31 Dec 2016 RM'000</b>	<b>31 Dec 2015 RM'000</b>	<b>31 Dec 2016 RM'000</b>	<b>31 Dec 2015 RM'000</b>
<b>Revenue</b>	18,535	19,912	75,830	75,705
Cost of sales	(11,953)	(13,630)	(52,350)	(51,205)
<b>Gross profit</b>	<u>6,582</u>	<u>6,282</u>	<u>23,480</u>	<u>24,500</u>
Other income	393	65	3,620	5,731
Selling and administrative expenses	(5,402)	(6,606)	(19,530)	(20,950)
Finance costs	(198)	(355)	(985)	(1,835)
Share of profit of an associate	24	194	1,688	1,131
<b>Profit/(loss) before tax</b>	<u>1,399</u>	<u>(420)</u>	<u>8,273</u>	<u>8,577</u>
Income tax expenses	(787)	(842)	(2,307)	(2,181)
<b>Profit/(Loss) after tax and total comprehensive income for the period</b>	<u><u>612</u></u>	<u><u>(1,262)</u></u>	<u><u>5,966</u></u>	<u><u>6,396</u></u>
<b>Total comprehensive income/(loss) attributable to :</b>				
Equity holders of the company	612	(1,262)	5,966	6,396
Non-controlling interests	-	-	-	-
	<u><u>612</u></u>	<u><u>(1,262)</u></u>	<u><u>5,966</u></u>	<u><u>6,396</u></u>
<b>Earning per share (Sen)</b>				
- Basic	0.33	(0.67)	3.18	3.41
- Diluted	0.33	(0.67)	3.18	3.41

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

# SIG

SIG Gases Berhad  
(Company No:875083-W)

## Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2016

	Unaudited As at 31 Dec 2016 RM'000	Audited As at 31 Dec 2015 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	107,772	108,038
Intangible assets	259	339
Investment in an associate	9,796	8,347
	<u>117,827</u>	<u>116,724</u>
<b>Current assets</b>		
Inventory property	1,937	5,227
Inventories	4,693	5,601
Trade and other receivables	23,932	25,360
Cash and bank balances	6,136	5,411
	<u>36,698</u>	<u>41,599</u>
<b>TOTAL ASSETS</b>	<u>154,525</u>	<u>158,323</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	93,750	93,750
Reserves	29,116	25,400
Total equity	<u>122,866</u>	<u>119,150</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	2,185	632
Loans and borrowings	6,537	2,501
	<u>8,722</u>	<u>3,133</u>
<b>Current liabilities</b>		
Trade and other payables	11,828	16,280
Loans and borrowings	11,109	19,760
	<u>22,937</u>	<u>36,040</u>
Total liabilities	<u>31,659</u>	<u>39,173</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>154,525</u>	<u>158,323</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.66	0.64

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 2016**

	<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 2016</b>	93,750	1,020	24,380	119,150
Total comprehensive income for the period	-	-	5,966	5,966
Dividend	-	-	(2,250)	(2,250)
<b>As at 31 December 2016</b>	<u>93,750</u>	<u>1,020</u>	<u>28,096</u>	<u>122,866</u>
<b>As at 1 January 2015</b>	93,750	1,020	19,297	114,067
Total comprehensive income for the period	-	-	6,396	6,396
Dividend	-	-	(1,313)	(1,313)
<b>As at 31 December 2015</b>	<u>93,750</u>	<u>1,020</u>	<u>24,380</u>	<u>119,150</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 year ended 31 December 2016**

	<b>Financial year ended</b>	
	<b>31 Dec 2016 RM'000</b>	<b>31 Dec 2015 RM'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	8,273	8,577
Adjustments for:		
Depreciation	5,803	5,750
Gain on disposal of property, plant and equipment	(112)	(4,710)
Interest expenses	833	1,676
Interest income	(23)	(97)
Reversal of impairment loss on trade receivables	(294)	(211)
Impairment loss on trade receivables	420	650
Share of profit of an associate	(1,688)	(1,131)
Unrealised foreign exchange (gain)/loss	(143)	7
Write off of property, plant and equipment	170	175
Impairment of property, plant and equipment	-	2,257
	<u>13,239</u>	<u>12,943</u>
Operation profit before working capital changes		
Decrease/(increase) in inventories	909	(1,980)
Decrease/(increase) in inventory property	3,290	(1,751)
Decrease/(increase) in receivables	2,344	(5,817)
Decrease in payable	(4,419)	(2,362)
	<u>15,363</u>	<u>1,033</u>
Cash generated from operating activities		
Interest paid	(833)	(1,676)
Tax paid	(671)	(147)
Tax refunded	11	12
Net cash generated from/(used in) operating activities	<u>13,870</u>	<u>(778)</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(7,147)	(10,564)
Proceed from disposal of property, plant and equipment	604	11,441
Interest received	23	97
Net cash (used in)/generated from investing activities	<u>(6,520)</u>	<u>974</u>
<b>Cash flows from financing activity</b>		
Repayment of borrowings	(4,615)	(13,795)
Dividend paid	(2,250)	(1,313)
Dividend received from associate company	240	
Net cash used in financing activities	<u>(6,625)</u>	<u>(15,108)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<u>725</u>	<u>(14,912)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	<u>5,411</u>	<u>20,323</u>
<b>Cash and cash equivalents at the end of financial period</b>	<u>6,136</u>	<u>5,411</u>
<b>Cash and cash equivalents at the end of the financial period comprise the following:</b>		
Cash and bank balances	<u>6,136</u>	<u>5,411</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 21 February 2017.

#### A2. Basis of Preparation

These condensed consolidated interim financial statements, for the quarter ended 30 September 2016, 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 2015. 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 2015.

#### 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 2015 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>
Annual Improvements to MFRSs 2012–2014 Cycle	1 January 2016
Amendment to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants	1 January 2016

## 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 12: Disclosure of Interests in Other Entities	1 January 2017
Amendments to MFRS 107: Disclosure Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of Share based Payment Transactions	1 January 2018
Annual Improvements to MFRSs 2014-2016 Cycle	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16: Leases	1 January 2019
Amendment to MFRS 10 and MFRS 128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

#### A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company for the financial year ended 31 December 2015.

#### A4. Seasonal or cyclical factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

#### 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 2015.

#### A6. Material changes in estimates

There were no changes in estimates that have had a material effect on the current quarter results.

#### A7. Changes in debt and equity securities

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 19 May 2016, a final tax exempt (single-tier) dividend of 2.40% in respect of the financial year ended 31 December 2015 on 187,500,000 ordinary shares of RM0.50 each, amounting to a dividend payable of RM2.25 million (1.20 sen per ordinary share) was approved by the shareholders and was paid on 17 June 2016.

## 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 December 2016

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	34,860	40,337	633	75,830
<b>RESULTS</b>				
Profit for reportable segment	7,856	15,494	130	23,480
Other income				3,620
Selling and administrative expenses				(19,530)
Finance costs				(985)
Share of profit of an associate				1,688
Profit before tax				8,273
Income tax expenses				(2,307)
<b>Total comprehensive income</b>				<u>5,966</u>

#### Year ended 31 December 2015

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>	35,475	39,112	1,118	75,705
<b>RESULTS</b>				
Profit for reportable segment	9,289	14,997	214	24,500
Other income				5,731
Selling and administrative expenses				(20,950)
Finance costs				(1,835)
Share of loss of an associate				1,131
Profit before tax				8,577
Income tax reversal				(2,181)
<b>Total comprehensive income</b>				<u>6,396</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 quarter.

**A11. Capital commitments**

Capital commitments for property, plant and equipment not provided for as at 31 December 2016 are as follows:-

	<b>RM'000</b>
Approved and contracted for	<u>5,855</u>

**A12. Property, plant and equipment**

The Group acquired property, plant and equipment amounting to RM7.15 million during the current quarter .

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

Furtherance to SIGGAS announcement dated 16 November 2016 in respect of the Joint Venture Agreement ("JVA") entered into by SIGGAS with Prospect Smooth Limited (Hong Kong Co. Reg. No: 2354272) for the Company to restructure its wholly owned subsidiary, Southern Nitrous Oxide Sdn. Bhd. (Formerly known as Southern Carbon Dioxide Sdn. Bhd.) (Company No. 789834-H) to be the Joint Venture Company, the share equity structure of the JVA had been completed on 30 January 2017.

**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 2016 RM'000	As at 31 Dec 2015 RM'000
Cash in hand and at banks	6,136	5,411

**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 2016 RM'000	31 Dec 2015 RM'000	31 Dec 2016 RM'000	31 Dec 2015 RM'000
(a) Interest income	7	7	23	97
(b) Other income/(charges) including investment income	399	58	3,512	5,634
(c) Interest expense	161	314	833	1,676
(d) Depreciation and amortisation	1,473	1,469	5,803	5,750
(e) (Reversal)/Provision for and write off of receivables	(120)	5	420	493
(f) Provision for and write off of inventories	-	-	-	-
(g) (Gain)/loss on disposal of quoted and unquoted investments or properties	-	-	-	-
(h) (Reversal)/Impairment of property, & equipment	(484)	2,311	(214)	2,473
(i) Foreign exchange gain/(loss)				
- Realised	(42)	(167)	(58)	(1,029)
- Unrealised	29	223	143	(7)
(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 2016 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 interests.	2,522	16,679	1,076
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	92	930	66

**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 2016 vs. Preceding year corresponding Quarter 3 months ended 31 December 2015**

The current quarter recorded a revenue of RM18.54M, which was 6.88 % down as compared to the corresponding quarter of RM 19.91M . The shortfall was largely attributed to lower sale of acetylene gas and liquid nitrogen. This was mainly caused by lower project jobs in the current quarter as compared to the 4th quarter in 2015.

The gross profit of the Group for the current quarter was RM6.58M, which was up by RM0.30M or 4.77% as compared to the corresponding quarter.

The Group achieved a profit before tax of RM1.40M in the current quarter as compared to a loss before tax of RM0.42M in 4th Quarter in 2015, largely due to one-off cylinders shortage written off of RM2.26M in the corresponding quarter. The share of profit from the associate company was down by RM0.17M, mainly due to provision for deferred taxation of RM1.32M in 4th quarter of 2016. Selling & admin expenses were reduced by RM1.21M due to lower write down on cylinders. The finance charges also equally lower by RM0.16M or 44.44% with the partial repayment of term loan and reduction in the utilisation of trade line facilities.

The current quarter's Group's profit after tax was RM 0.61M, against an after tax loss of RM1.26M in the 4th quarter of 2015 due to the abovementioned explanation.

**Current year to date 31 December 2016 vs. Preceding year to date 31 December 2015**

The revenue of the Group for the period ended 31 December 2016 was RM75.83M , up by RM0.12M or 0.16% as compared to the same period in year 2015. This was contributed by higher liquid nitrogen sales for purging jobs together with higher sales of refrigerants products to manufacturing sector during the period. However, the increase in sales was partially offsetted by lower sales in acetylene gas.

The Gross Profit of the Group for the period ended 31 December 2016 was RM23.48M, down by RM1.02M or 4.16% as compared to the same period in year 2015 due to increase in operating costs and tight lower selling price.

The gross profit margin was eroded to 30.96% from 32.40% , mainly due to increase in raw material costs, contract wages and lower average selling price.

The Profit Before Tax was down by RM0.31M as compared with the corresponding period in year 2015 due to gain from other income of RM 2.11M for the one-off profit from sale of the Puchong property. However share of profit from associate company increased from RM1.13M to RM1.69M as the second phase of development was completed and commenced operations. Finance cost reduced by RM0.85M with the partial repayment of term loan and reduction in the utilisation of trade line facilities. The Group's Profit After Tax was RM5.97M for the current year to date and was RM0.43M lower as compared to the corresponding period.

**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 up by RM0.97M or 5.52% as compared to that of the preceding quarter. The increase was largely due to higher sale of liquid nitrogen, acetylene, argon and carbon dioxide.

The Gross profit was up by RM1.33M or 25.33% to RM6.58M. The Gross profit margin improved from 29.86% to 35.49% due to lower repair and maintenance cost, reduction in gas losses and higher carbide yield.

The Group recorded a profit before tax of RM1.40M, was up by RM0.39M as compared to the preceding quarter. The increase in profit before tax was mainly due to lower cylinder shortage provision. However, the higher selling and administration cost are mainly due to increase in provision for diminution in value and professional fee. Lower share of profit of an associate was attributable to the provision for deferred taxation of RM1.32M in the 4th quarter of 2016.

The current quarter's Group's profit after tax was RM0.61M, down by RM0.14M as compared to the preceding quarter largely due to increase in taxation by RM0.53M.

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

As reported by the Malaysian Institute of Economic Research (MIER), the growth of Malaysian Gross Domestic Product (GDP) 2017 expects to be at 4.50%. The depressed oil price coupled with the weakening of MYR against US dollar and other currencies will have an impact on the Malaysian economy. The weakening of MYR is expected to increase the cost of some of our imported materials and capital goods.

Malaysian overall industrial environment remained challenging in year 2017 with the anticipated cutting back of capital expenditures in the oil and gas sector, the austerity measures by government, the inflationary effect of GST on consumer prices, implementation of minimum wage rate and the global economic uncertainties arising from slowing-down of economic growth in China, BREXIT, Japanese economy, European economic community, the demise of TPP and inward looking trade policies of U.S.A.

Despite the challenging times ahead, the management shall continue to implement cost-savings measures and to improve productivity of our operations. The management is also exploring asset lightening measures and to widen revenue base to improve efficiencies of its capital resources and to enhance the return to the shareholders.

In conclusion, despite the uncertainties posed by the macroeconomic environment as 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 and widening of revenue base, we remain cautiously optimistic about our performance for year 2017.

**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 16 RM'000</b>	<b>Current financial period to date 31 Dec 16 RM'000</b>
In respect of the current period		
- Income tax	80	754
- Deferred tax	707	1,553
	787	2,307

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 7 February 2017 (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	Amendment 1	Amendment 2	Actual Utilisations	Reclassification	Balances to be utilised	
			(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)	(3,628)	30	948	21%
1.2	Sarawak - Kemena Industrial Park, Bintulu		-	2,500		(2,500)		-	0%
1.3	Kuantan		2,500		1,250	(4,337)	587	-	0%
1.4	Melaka		2,500		1,440	(3,990)	50	-	0%
			14,736	-	-	(14,455)	667	948	6%
<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>(27,588)</b>	<b>-</b>	<b>948</b>	<b>3%</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 had announced on its proposed enforceable 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 RM0.35 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 had 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 had approved the Proposed Two-Call Rights Issue.

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

No.	Description	Estimated timeframe for utilisations upon Listing	Proposed Utilisations	Actual Utilisations	Balances to be utilised	
			(RM'000)	(RM'000)	(RM'000)	%
<b>1</b>	<b>PURCHASE OF EQUIPMENT</b>	within 18 months				
1.1	1 HYDROGEN COMPRESSOR		370	(370)	-	0%
1.2	CYLINDERS & VALVES		3,680	(3,680)	-	0%
1.3	UPGRADE COMPUTER SYSTEM		150	(150)	-	0%
<b>2</b>	<b>REPAYMENT OF BANK BORROWINGS</b>	within 6 months	6,500	(6,500)	-	0%
			-	-	-	0%
<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	(800)	-	0%
	<b>Total</b>		<b>13,500</b>	<b>(13,500)</b>	<b>-</b>	<b>0%</b>

## 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 2016 are as follows:

	RM'000
<b>Long term borrowings</b>	
<u>Secured:</u>	
Obligation under finance lease	510
Term loans	6,027
	<u>6,537</u>
<b>Short term borrowings</b>	
<u>Secured</u>	
Obligation under finance lease	364
Bankers acceptance and revolving credit	7,623
Term loans	3,122
	<u>11,109</u>
Total	<u><u>17,646</u></u>

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

	At end of current quarter 31-Dec-16 RM'000	At end of preceding quarter 31-Dec-15 RM'000
Realised profits	27,045	23,226
Unrealised gain/(losses)	(2,185)	(633)
Total retained profits	<u>24,860</u>	<u>22,593</u>
Associated company - Realised	3,236	1,787
	<u>28,096</u>	<u>24,380</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>28,096</u></u>	<u><u>24,380</u></u>

#### B9. Material Litigation

There was 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.