



SIG GASES BERHAD

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

**Financial Report
For The Nine-Month Period Ended
30 September 2017**

**Unaudited Condensed Consolidated Statement of Comprehensive Income
for the nine-month period ended 30 September 2017**

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
Revenue	19,000	17,567	56,239	57,295
Cost of sales	(13,951)	(12,322)	(40,367)	(40,411)
Gross profit	<u>5,049</u>	<u>5,245</u>	<u>15,872</u>	<u>16,884</u>
Other income	155	146	480	3,227
Selling and administrative expenses	(4,439)	(4,652)	(13,321)	(14,114)
Finance costs	(211)	(224)	(601)	(787)
Share of profit of an associate	289	493	1,551	1,664
Profit before tax	<u>843</u>	<u>1,008</u>	<u>3,981</u>	<u>6,874</u>
Income tax reversal/(expenses)	403	(257)	(476)	(1,520)
Profit after tax and total comprehensive income for the period	<u><u>1,246</u></u>	<u><u>751</u></u>	<u><u>3,505</u></u>	<u><u>5,354</u></u>
Total comprehensive income attributable to :				
Equity holders of the company	1,246	751	3,503	5,354
Non-controlling interests	-	-	2	-
	<u><u>1,246</u></u>	<u><u>751</u></u>	<u><u>3,505</u></u>	<u><u>5,354</u></u>
Earning per share (Sen)				
- Basic	0.66	0.40	1.87	2.86
- Diluted	0.66	0.40	1.87	2.86

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 September 2017**

	Unaudited As at 30 Sep 2017 RM'000	Audited As at 31 Dec 2016 RM'000
Assets		
Non-current assets		
Property, plant and equipment	111,103	107,674
Intangible assets	291	357
Investment in an associate	10,547	9,796
	<u>121,941</u>	<u>117,827</u>
Current assets		
Inventory property	1,937	1,937
Inventories	4,805	4,693
Trade and other receivables	27,854	23,517
Cash and bank balances	3,443	6,136
	<u>38,039</u>	<u>36,283</u>
TOTAL ASSETS	<u><u>159,980</u></u>	<u><u>154,110</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	94,770	93,750
Reserves	29,670	29,435
	<u>124,440</u>	<u>123,185</u>
Non-controlling interest	18	-
	<u>124,458</u>	<u>123,185</u>
Non-current liabilities		
Deferred tax liabilities	2,730	2,378
Loans and borrowings	11,202	6,537
	<u>13,932</u>	<u>8,915</u>
Current liabilities		
Trade and other payables	14,230	10,899
Loans and borrowings	7,360	11,111
	<u>21,590</u>	<u>22,010</u>
Total liabilities	<u>35,522</u>	<u>30,925</u>
TOTAL EQUITY AND LIABILITIES	<u><u>159,980</u></u>	<u><u>154,110</u></u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.66	0.66

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the

**Unaudited Condensed Consolidated Statements of Changes in Equity
for the nine-month period ended 30 September 2017**

	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Non- controlling interest RM'000	Total RM'000
As at 1 January 2017	93,750	1,020	28,415	-	123,185
Total comprehensive income for the period	-	-	3,505	-	3,505
Dividend	-	-	(2,250)	-	(2,250)
Investment in subsidiary	-	-	-	18	18
Transition to no-par value regime	1,020	(1,020)	-	-	-
as at 30 September 2017	94,770	-	29,670	18	124,458
As at 1 January 2016	93,750	1,020	24,380	-	119,150
Total comprehensive income for the period	-	-	5,354	-	5,354
Dividend	-	-	(2,250)	-	(2,250)
as at 30 September 2016	93,750	1,020	27,484	-	122,254

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



SIG Gases Berhad
(Company No:875083-W)

**Unaudited Condensed Consolidated Statements of Cash Flows
for the nine-month period ended 30 September 2017**

	Financial year ended	
	30 Sep 2017	30 Sep 2016
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	3,981	6,874
Adjustments for:		
Depreciation	4,488	4,330
Gain on disposal of property, plant and equipment	(91)	(187)
Interest expenses	558	672
Interest income	4	16
Reversal of impairment loss on trade receivables	(381)	(5)
Impairment loss on trade receivables	204	540
Share of profit of an associate	(1,551)	(1,664)
Unrealised foreign exchange gain	(13)	(114)
Write off of property, plant and equipment	46	139
	<hr/>	<hr/>
Operation profit before working capital changes	7,245	10,601
(Increase)/decrease in inventories	(112)	992
Decrease in inventory property	-	3,290
(Increase)/decrease in receivables	(4,155)	2,532
Increase/(decrease) in payable	3,600	(4,394)
Cash generated from operating activities	<hr/> 6,578	<hr/> 13,021
Interest paid	(558)	(672)
Tax paid	(496)	(390)
Tax refunded	105	11
Net cash generated from operating activities	<hr/> 5,629	<hr/> 11,970
Cash flows from investing activities		
Purchase of property, plant and equipment	(8,092)	(6,249)
Proceed from disposal of property, plant and equipment	287	346
Dividend received from associate company	800	240
Interest received	(4)	(16)
Net cash used in investing activities	<hr/> (7,009)	<hr/> (5,679)
Cash flows from financing activities		
Drawdown/(repayment) of borrowings	937	(5,128)
Dividend paid	(2,250)	(2,250)
Net cash used in financing activities	<hr/> (1,313)	<hr/> (7,378)
Net decrease in cash and cash equivalents	(2,693)	(1,087)
Cash and cash equivalents at beginning of financial period	<hr/> 6,136	<hr/> 5,411
Cash and cash equivalents at the end of financial period	<hr/> <hr/> 3,443	<hr/> <hr/> 4,324
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	<hr/> 3,443	<hr/> 4,324

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 November 2017.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the quarter ended **30 September 2017** 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 2016. 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 2016.

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 2016 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 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

(ii) Standards and interpretations issued but not yet effective

At the date of authorization of these interim financial statements, the following 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 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

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 (cont'd)

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
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
IC Interpretation 23: Uncertainty over income tax treatments	1 January 2019
MFRS 17: Insurance Contracts	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 2016.

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 period ended 30 September 2017.

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 2017, a final tax exempt (single-tier) dividend of 2.40% in respect of the financial year ended 31 December 2016 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 paid on 16 June 2017.

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.

Nine-month period ended 30 September 2017

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	23,771	31,961	507	56,239
RESULTS				
Profit for reportable segment	3,896	11,922	54	15,872
Other income				480
Selling and administrative expenses				(13,321)
Finance costs				(601)
Share of profit of an associate				1,551
Profit before tax				3,981
Income tax expenses				(476)
Total comprehensive income				<u>3,505</u>

Nine-month period ended 30 September 2016

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	26,585	30,192	518	57,295
RESULTS				
Profit for reportable segment	5,869	10,929	86	16,884
Other income				3,227
Selling and administrative expenses				(14,114)
Finance costs				(787)
Share of profit of an associate				1,664
Profit before tax				6,874
Income tax expenses				(1,520)
Total comprehensive income				<u>5,354</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 30 September 2017 are as follows:-

	RM'000
Approved and contracted for	<u>3,065</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM3.72million 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 changes in composition of the Group to the end of the current financial quarter that have 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 balances

	As at 30 Sep 2017 RM'000	As at 31 Dec 2016 RM'000
Cash in hand and at banks	3,443	6,136

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>9 months ended</u>	
	30 Sep 2017 RM'000	30 Sep 2016 RM'000	30 Sep 2017 RM'000	30 Sep 2016 RM'000
(a) Interest income	(1)	(1)	(4)	(16)
(b) Other income/(charges) including investment income	(129)	(149)	(376)	(3,113)
(c) Interest expense	196	186	558	672
(d) Depreciation and amortisation	1,519	1,462	4,488	4,330
(e) (Reversal)/Provision for and write off of receivables	(105)	180	(177)	536
(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	-	90	-	270
(i) Foreign exchange gain/(loss)				
- Realised	25	7	71	(16)
- Unrealised	(11)	(11)	13	114
(j) (Gain)/loss on derivatives	-	-	-	-

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 September 2017 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.	4,940	14,306	2,422
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	108	376	84

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 30 September 2017 vs. Preceding year corresponding Quarter 3 months ended 30 September 2016**

Revenue for the current quarter was RM19.00M, up 8.14% as compared to the corresponding quarter of RM 17.57M . The increase was mainly attributed to higher demand for specialty gases in petrochemical sector and analytical laboratories.

The Group's gross profit for the current quarter was RM5.05M, down by RM0.20M or 3.81% as compared to the corresponding quarter. Despite achieving a higher revenue for the current quarter the gross profit contribution was slightly lower affected by higher cost of liquid purchased due to tight supplies.

The Group achieved a current quarter's profit before tax of RM0.84M which is lower by 16.83% or RM0.17M as compared to corresponding quarter due to eroded gross profit margin and reduced share of profit from the associate company by RM0.20M.

The Group's current quarter's profit after tax was RM1.25M, up by RM0.50M or 66% with the reversal of deferred tax provision.

Current year to date 30 September 2017 vs. Preceding year to date 30 September 2016

The Group's revenue for the nine months ended 30 September 2017 was RM56.24M , down by RM1.06M or 1.85% as compared to the same period in year 2016.

The Group's Gross Profit for the period was RM15.87M, lower by RM1.01M or 5.98% as compared to the same period in year 2016. The gross profit contribution margin was eroded to 28.22% from 29.46% with lower project sales and higher costs due to tight supplies of liquid during the period.

Profit Before Tax was lower by RM2.89M as compared with the corresponding period in year 2016 mainly due to the absence of one-off other income of RM2.66M from sale of 4 units of Semi-Detached Industrial Buildings in Bintulu. The share of profit from an associate company was marginally reduced from RM1.66M to RM1.55M during the period.

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

The Group's revenue for the current quarter was down by RM0.08M or 0.42% as compared to that of the preceding quarter.

Gross profit was equally affected and down by RM0.32M or 5.96% to RM5.05M with lower contribution margin mainly due to higher costs of liquid supplies.

The Group recorded a profit before tax of RM0.84M, was down by RM0.44M as compared to the preceding quarter. The decrease was mainly due to lower gross profit margin contribution. The share of profit from an associate company decreased by RM0.37M to RM0.29M.

The current quarter's Group's profit after tax was RM1.25M, increased by RM0.34M as compared to the preceding quarter mainly due to reversal of deferred taxation.

NOTES TO THE REPORT

B3. Current Year Prospects

The Star reported that the growth of Malaysian Gross Domestic Product (GDP) 2017 is expected to be at 5.40%. The depressed oil price coupled with the fluctuation of exchange rates of MYR against US dollar and other currencies together with the looming general election will have an impact on the Malaysian economy. Any weakening of MYR is expected to increase the cost of some of our imported materials and capital goods. However, the infrastructural projects announced by the government including the Petrochemical project in Johor, the East Coast rail project and the Malacca Port expansion are likely able to bring some relief to the economic uncertainties particularly the industrial sector.

Malaysian overall industrial environment is expected to remain challenging in 2017. There are numerous domestic and international economic and political issues that could have significant impacts on the Malaysian economy, such as the cutting back of capital expenditures in the oil and gas sector, continuous inflationary effect of GST, cutting back of subsidies on essential goods and the global economic uncertainty arising from slowing-down of economic growth in China, BREXIT negotiation, political uncertainty and security concerns due to influx of immigrants into the European economic community, military tension between North Korea and USA and the protectionist trade policies of the President Trump's administration.

Despite the challenging times ahead, the management will continue to implement cost-savings measures and to improve productivity of our operations. The management shall continue to explore investment opportunities to widen the group's revenue base to improve efficiencies of its capital resources and to enhance the return to the shareholders. Earnings growth in the fourth quarter 2017 is expected to be driven by the commissioning of our new Nitrous Oxide plant.

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, and gradual increase in revenue from our completed expansion projects and continuous investment to widen our 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

	Current quarter 3 months ended 30 Sep 17 RM'000	Current financial period to date 30 Sep 17 RM'000
In respect of the current period		
- Income tax (Current year)	130	130
- Income tax (over provision in prior year)	(6)	(6)
- Deferred tax	(527)	352
	(403)	476

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 utilisation of proceeds as at 10 November 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	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)	
1	Purchase of land and building its facilities	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%
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	-	-	(27,588)	-	948	3%

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 utilised 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 September 2017 are as follows:

	RM'000
Long term borrowings	
<u>Secured:</u>	
Obligation under finance lease	287
Term loans	10,915
	<u>11,202</u>
Short term borrowings	
<u>Secured</u>	
Obligation under finance lease	411
Bankers acceptance and revolving credit	4,462
Term loans	2,487
	<u>7,360</u>
Total	<u><u>18,562</u></u>

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

	At end of current quarter 30-Sep-17 RM'000	At end of preceding quarter 31-Dec-16 RM'000
Realised profits	28,413	27,557
Unrealised losses	(2,730)	(2,378)
Total retained profits	<u>25,683</u>	<u>25,179</u>
Associated company - Realised	3,987	3,236
	<u>29,670</u>	<u>28,415</u>
Less: Consolidations adjustments	-	-
Retained profits as per statement of financial position	<u><u>29,670</u></u>	<u><u>28,415</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.