SIG GASES BERHAD

(Company No.: 875083 - W)

(Incorporated in Malaysia)

Financial Report

For The Six-Month Period Ended

30 June 2018

SIG

SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the six-month period ended 30 June 2018

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000	30 Jun 2018 RM'000	30 Jun 2017 RM'000
Revenue	18,805	19,084	37,550	37,239
Cost of sales	(14,244)	(14,612)	(28,751)	(28,157)
Gross profit	4,561	4,472	8,799	9,082
Other income	303	202	606	325
Selling and administrative expenses	(3,850)	(3,865)	(7,491)	(7,142)
Finance costs	(252)	(190)	(488)	(390)
Share of profit of an associate	474	657	950	1,262
Profit before tax	1,236	1,276	2,376	3,137
Income tax reversal/(expenses)	(395)	(366)	134	(879)
Profit after tax and total comprehensive income for the period	841	910	2,510	2,258
Total comprehensive income attributable to :				
Equity holders of the company	841	910	2,510	2,258
Non-controlling interests	-	-	-	-
	841	910	2,510	2,258
Earning per share (Sen)				
- Basic	0.45	0.49	1.34	1.20
- Diluted	0.45	0.49	1.34	1.20

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction 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 30 June 2018

	Unaudited As at 30 Jun 2018 RM'000	Audited As at 31 Dec 2017 RM'000
Assets		
Non-current assets		
Property, plant and equipment	114,137	115,530
Intangible assets	259	303
Investment in an associate	11,191	10,841
	125,587	126,674
Current assets		
Inventory property	1,937	1,937
Inventories	5,045	5,168
Trade and other receivables	28,668	25,324
Cash and bank balances	4,082	3,743
	39,732	36,172
TOTAL ASSETS	165,319	162,846
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	94,770	94,770
Reserves	31,179	30,399
	125,949	125,169
Non-controlling interest	-	22
	125,949	125,191
Non-current liabilities		
Deferred tax liabilities	2,509	2,730
Loans and borrowings	11,360	10,903
	13,869	13,633
Current liabilities		
Trade and other payables	14,530	16,618
Loans and borrowings	10,971	7,404
	25,501	24,022
Total liabilities	39,370	37,655
TOTAL EQUITY AND LIABILITIES	165,319	162,846
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.67	0.67

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

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SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statements of Changes in Equity
for the six-month period ended 30 June 2018

	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 2018	94,770	-	30,399	22	125,191
Opening balance adjustment from adoption of MFRS 9	-	-	(113)	-	(113)
Restated as at 1 January 2018	94,770	-	30,286	22	125,078
Total comprehensive income for the period	-	-	2,504	6	2,510
Dividend	-	-	(1,500)	-	(1,500)
Acquisition of non-controlling interests in a subsidiary	-	-	(111)	(28)	(139)
As at 30 June 2018	94,770	-	31,179	-	125,949
As at 1 January 2017	93,750	1,020	28,415	-	123,185
Total comprehensive income for the period	-	-	2,258	-	2,258
Investment in subsidiary	-	-	-	20	20
Transition to no-par value regime*	1,020	(1,020)	-	-	-
Dividend	-	-	(2,250)	-	(2,250)
As at 30 June 2017	94,770	-	28,423	20	123,213

* Effective from 31 January 2017, the Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit balance of share premium become a part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for purposes as set out in Section 618(4) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of the member as a result of this transition.

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

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SIG Gases Berhad
(Company No:875083-W)

Unaudited Condensed Consolidated Statements of Cash Flows for the six-month period ended 30 June 2018

	Financial period ended	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000
Cash flows from operating activities		
Profit before tax	2,376	3,137
Adjustments for:		
Depreciation	3,243	2,969
Gain on disposal of property, plant and equipment	(171)	(59)
Interest expenses	455	362
Interest income	(5)	(3)
Reversal of impairment loss on trade receivables	(105)	(276)
Impairment loss on trade receivables	76	204
Share of profit of an associate	(950)	(1,262)
Unrealised foreign exchange loss/(gain)	43	(24)
Write off of property, plant and equipment	13	38
Operation profit before working capital changes	4,975	5,086
Decrease/(increase) in inventories	123	(571)
Increase in receivables	(1,132)	(4,474)
(Decrease)/increase in payables	(4,213)	4,865
Cash (used in)/generated from operating activities	(247)	4,906
Interest paid	(455)	(362)
Tax paid	(302)	(345)
Net cash (used in)/generated from operating activities	(1,004)	4,199
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,105)	(4,390)
Proceed from disposal of property, plant and equipment	458	234
Dividend received from associate company	600	800
Interest received	5	3
Net cash used in investing activities	(1,042)	(3,353)
Cash flows from financing activities		
Drawdown/(repayment) of borrowings	4,024	(830)
Acquisition of non-controlling interests in a subsidiary	(139)	-
Dividend paid	(1,500)	(2,250)
Net cash generated from/(used in) financing activities	2,385	(3,080)
Net increase/(decrease) in cash and cash equivalents	339	(2,234)
Cash and cash equivalents at beginning of financial period	3,743	6,136
Cash and cash equivalents at the end of financial period	4,082	3,902
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	4,082	3,902

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 August 2018.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the quarter ended 30 June 2018 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 2017. 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 2017.

A2.1 Significant accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except as follows:

On 1 January 2018, the Group adopted the following new and amended MFRS's mandatory for annual financial period beginning on or after 1 January 2018.

(I) Adoption of standards and interpretations:

Description	Effective for annual periods beginning on or after
MFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)	1 January 2018
MFRS 9 Financial Instruments	1 January 2018
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 140 Transfers of Investment Property (Amendments to MFRS 140)	1 January 2018
Annual Improvements to MFRS Standards 2014 – 2016 Cycle	1 January 2018
IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018

NOTES TO THE REPORT

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

A2.1 Significant accounting policies (cont'd)

The adoption of the above standards and interpretations do not have significant financial impact to the Group’s consolidated financial statements for the current quarter, except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group adopts MFRS 15 using the modified retrospective method. The directors have assessed the effects of applying the new standard on the Group's financial statements and have identified the following areas that are affected.

(i) Rendering of services

The Group provides delivery services. These services are bundled together with the sale of goods to a customer. Previously, the Group accounts for the bundled sales as one deliverable and recognises revenue at a point in time. Under MFRS 15, the sale of goods and the rendering of delivery services are treated as separate deliverables of bundled sales. The considerations received or receivable are allocated between these deliverables based on relative stand-alone selling prices of each deliverable. The delivery services will be recognised over time and its stage of completion is measured using the actual time incurred to date compared to the estimated time needed to complete the delivery services.

As a result, the costs relating to the fulfilment of the delivery services that were classified as distribution expenses in the comparative period has been reclassified as costs of goods sold under MFRS 15 in the current financial period. However, the identification of delivery services as a separate deliverables of bundled sales did not have any material impact on the amount and timing of revenue recognised and hence, there were no restatements made to the Group's opening retained earnings.

NOTES TO THE REPORT

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

A2.1 Significant accounting policies (cont'd)

MFRS 15 Revenue from Contracts with Customers (Cont'd)

(ii) Presentation and disclosure requirements

The Group disaggregated revenue recognised from contract with customers onto categories that depict the nature, amount, timing and uncertainty of revenue and cash flows affected by economic factors. The Group also disclosed information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. Refer to below for the disclosure on disaggregated revenue.

Revenue from contracts with customers

Segments	Manufacturing (RM'000)	Refilling and distribution (RM'000)	Other products and services (RM'000)	Total (RM'000)
For 6 months ended 30.06.2018				
Sale/Total revenue from customers from contracts	15,236	22,070	244	37,550
Timing of revenue recognition				
Goods transferred at a point of time	15,236	18,698	244	34,178
Services transferred over time	-	3,372	-	3,372
For 6 months ended 30.06.2017				
Sale/Total revenue from customers from contracts	15,899	20,990	350	37,239
Timing of revenue recognition				
Goods transferred at a point of time	15,899	17,600	350	33,849
Services transferred over time	-	3,390	-	3,390

NOTES TO THE REPORT

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

A2.1 Significant accounting policies (cont'd)

MFRS 9 Financial Instruments

MFRS 9 introduces new requirements for classification and measurement, impairment and hedge accounting.

The effect of adopting MFRS 9 is, as follows:

(i) Classification and measurement

Based on the assessment performed by the directors of the Company on the basis of facts and circumstances that exist at 30 June 2018, the Group does not have a significant impact on its statement of financial position or equity on applying the classification and measurement requirements of MFRS 9, as the Group only has loans and receivables which are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analyses the contractual cash flow characteristics of these instruments and conclude that they meet the criteria for amortised cost measurement under MFRS 9. Therefore, reclassification for these instruments is not required.

(ii) Impairment

The Group applied simplified approach and record lifetime expected losses on all trade receivables. General approach will be applied on other receivables.

(iii) Hedge accounting

The Group does not apply hedge accounting, hence no impact on the Group’s financial statements upon application of the hedging requirements of MFRS 9.

A2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date issuance of the Group's and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

NOTES TO THE REPORT

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

A2.2 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
MFRS 16 Leases	1 January 2019
MFRS 128 Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)	1 January 2019
Annual Improvements to MFRS Standards 2015–2017 Cycle	1 January 2019
MFRS 119 Plan Amendment, Curtailment or Settlement (Amendments to MFRS 119)	1 January 2019
IC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128: Sale 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 2017.

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 June 2018.

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 18 May 2018, a final tax exempt (single-tier) dividend of 1.60% in respect of the financial year ended 31 December 2017 on 187,500,000 ordinary shares, amounting to a dividend payable of RM1.5 million (0.8 sen per ordinary share) was approved by the shareholders and paid on 15 June 2018.

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-month period ended 30 June 2018

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	15,236	22,070	244	37,550
RESULTS				
Profit for reportable segment	2,547	6,205	47	8,799
Other income				606
Selling and administrative expenses				(7,491)
Finance costs				(488)
Share of profit of an associate				950
Profit before tax				2,376
Income tax expenses				134
Total comprehensive income				2,510

NOTES TO THE REPORT

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

A9. Segment information (cont'd)

Six-month period ended 30 June 2017

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	15,899	20,990	350	37,239
RESULTS				
Profit for reportable segment	2,581	6,465	36	9,082
Other income				325
Selling and administrative expenses				(7,142)
Finance costs				(390)
Share of profit of an associate				1,262
Profit before tax				3,137
Income tax expenses				(879)
Total comprehensive income				2,258

NOTES TO THE REPORT

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

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 June 2018 are as follows:-

	RM'000
Approved and contracted for	5,679

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM2.11million during the current quarter.

A13. Material events subsequent to the end of period reported

There were no material events subsequent to the end of this reporting period.

A14. Changes in composition of the group

On 17 April 2018, SIG Gases Berhad ("SIGGAS") acquired an additional 20,000 ordinary shares in capital of Southern Nitrous Oxide Sdn Bhd ("SNO") at a total consideration of HKD277,524.49 (Hong Kong Dollar : Two Hundred Seventy Seven Thousand Five Hundred Twenty Four and cents Forty Nine only) equivalent to RM138,762.25 (Ringgit Malaysia : One Hundred Thirty Eight Thousand Seven Hundred Sixty Two and cents Twenty Five only). After the acquisition, SIGGAS holds 100,000 ordinary shares representing 100% of the equity share capital of SNO, making it a wholly owned subsidiary of SIGGAS.

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.

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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)

A16. Cash and cash balances

	As at 30 Jun 2018 RM'000	As at 31 Dec 2017 RM'000
Cash in hand and at banks	4,082	3,743

A17. Profit before tax

Included in the profit before tax are the following items:

	Current quarter 3 months ended		Cumulative quarter 6 months ended	
	30 Jun 2018 RM'000	30 Jun 2017 RM'000	30 Jun 2018 RM'000	30 Jun 2017 RM'000
(a) Interest income	(3)	(2)	(5)	(3)
(b) Write off of property, plant and equipment	5	2	13	38
(c) Other income including investment income	(279)	(142)	(487)	(247)
(d) Interest expense	234	177	455	362
(e) Depreciation and amortisation	1,629	1,489	3,243	2,969
(f) Reversal for and write off of receivables	(99)	(11)	(29)	(72)
(g) Foreign exchange (gain)/loss				
- Realised	(21)	(29)	(114)	(46)
- Unrealised	40	(29)	43	(24)

NOTES TO THE REPORT

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

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 2018 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.	4,904	7,641	3,111
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	132	313	127

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 June 2018 vs. Preceding year corresponding Quarter 3 months ended 30 June 2017

Revenue for the current quarter was RM18.81M, 1.42% down as compared to the corresponding quarter of RM 19.08M. This was largely attributed to lower liquid nitrogen sales in the current quarter.

The Group's gross profit for the current quarter was RM4.56M, up by RM0.09M or 2.01% as compared to the corresponding quarter of RM 4.47M. The increase in gross profit mainly due to increase in gross profit margin from 23.42% in Q2 2017 to 24.24% in Q2 2018.

The Group registered a profit before tax of RM1.24M, down by RM0.04M or 3.13% compared to corresponding quarter due to increase in finance cost by RM0.06M as a result of increase in utilisation of trade line facilities and new term loan drawdown for capital expenditure. Share of profit from the associate company was down by RM0.19M to RM0.47M in Q2 2018 due to lower project sales on completion of purging jobs.

Current year to date 30 June 2018 vs. Preceding year to date 30 June 2017

The Group's revenue for the period ended 30 June 2018 was RM37.55M , marginally increased by RM0.31M or 0.83% as compared to corresponding period in year 2017. The revenue increase mainly due to increase in liquid nitrous oxide sales.

The Group's gross profit for the period was RM8.80M, down by RM0.28M or 3.08% as compared to the same period in year 2017. This was due to erosion of gross profit margin to 23.44% from 24.38% with lower project sales, lower selling price for refrigerant products and higher purchase costs of liquid with tight supplies during the period.

Profit before tax was lower by RM0.76M to RM2.38M as compared with the corresponding period in year 2017 mainly due to higher selling and adminstrative expenses by RM0.35M on higher depreciation charge and travelling expenses. The share of profit from an associate company decreased from RM1.26M to RM0.95M mainly due to lower project sales.

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)

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

The Group's revenue for the current quarter recorded at RM18.81M, up by RM0.06M or 0.32% as compared to that of the preceding quarter of RM18.75M. This was attributed to increase in refrigerant sales by RM0.79M.

Gross profit was up by RM0.33M or 7.78% to RM4.56M. This was largely due to increase in gross profit margin from 22.61% in Q1 2018 to 24.24% in Q2 2018. The increase was mainly due to cost efficiency improvements with lower operating costs.

The Group recorded a profit before tax of RM1.24M, which was RM0.10M higher as compared to the preceding quarter of RM1.14M. The improved profit was due to higher gross profit. The share of profit from the associate company was RM0.47M, marginally down by RM0.01M or 2.08%.

The current quarter's Group's profit after tax was RM0.84M, down by RM0.83M as compared to the preceding quarter mainly due to reversal of provision in deferred tax assets by RM0.40M.

B3. Current Year Prospects

While Malaysian overall industrial environment is expected to remain challenging in 2018, the result of the recent 14th General Election and the change of government may have an impact on the economic environment of the country, particularly the '0' rated GST and the introduction of Sales and Service Tax will have a favourable impact on the sentiment and purchasing power of the consumers. There are also other numerous domestic and international economic issues that will have significant impacts on the Malaysian economy. This includes the improving market situation in the oil and gas sector, cutting back of subsidies on essential goods. The global political and economic uncertainty due to potential trade war between China and USA, protectionist policy adopted by Trump's administration, the heightened tension between Iran and Israel are likely to have impact on the global economy.

Despite the challenging times ahead, the management will continue to be cost conscious 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 2018 is expected to be driven by the revenue contributed by our increased investment in Nitrous Oxide plant and upgrading of our ASU plant to improve cost efficiency.

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)

B3. Current Year Prospects (cont'd)

Despite the uncertainty posed by the macroeconomic environment set out above, we remain cautiously optimistic about our performance for the financial year 2018.

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 18 RM'000	Current financial period to date 30 Jun 18 RM'000
In respect of the current period		
- Income tax (Current year)	20	87
- Deferred tax	375	(221)
	395	(134)

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)

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 August 2018 (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)	(4,576)	30	-	0%
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	-	-	(15,403)	667	-	0%
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	-	-	(28,536)	-	-	0%

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 has been 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 June 2018 are as follows:

	RM'000
Long term borrowings	
Secured:	
Obligation under finance lease	926
Term loans	10,434
	11,360
Short term borrowings	
Secured:	
Obligation under finance lease	737
Bankers acceptance and revolving credit	6,914
Term loans	3,320
	10,971
Total	22,331

B8. Material Litigation

There was no material litigation as at the date of issuance of this quarterly report.

B9. Dividends

No interim dividend has been declared during the current quarter.

B10. 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.