



SIG GASES BERHAD

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

**Financial Report
For The Six-Month Period Ended
30 June 2019**

**Unaudited Condensed Consolidated Statement of Comprehensive Income
for the six-month period ended 30 June 2019**

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30 Jun	30 Jun	30 Jun	30 Jun
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Continuing operations				
Revenue	-	(7)	-	27
Cost of sales	-	-	-	-
Gross (loss)/ profit	-	(7)	-	27
Other income	-	1	-	2
Selling and administrative expenses	(282)	(266)	(416)	(425)
Finance costs	-	-	-	-
Share of profit of an associate	-	-	-	-
Loss before tax from continuing operations	(282)	(272)	(416)	(396)
Income tax (expense)/reversal	-	-	-	(13)
Loss after tax from continuing operations	(282)	(272)	(416)	(409)
Discontinued operation				
Profit after tax from discontinued operations (Please refer to Note 18)	290	1,113	677	2,919
Profit after tax and total comprehensive income for the period	8	841	261	2,510
Total comprehensive income attributable to :				
Equity holders of the company	8	841	261	2,510
Non-controlling interests	-	-	-	-
	8	841	261	2,510
(Loss)/Earning per share (Sen)				
- Basic	0.00	0.45	0.14	1.34
- Diluted	0.00	0.45	0.14	1.34
Loss per share from continuing operations (Sen)				
- Basic	(0.15)	(0.15)	(0.22)	(0.22)
- Diluted	(0.15)	(0.15)	(0.22)	(0.22)

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 30 June 2019**

	Unaudited As at 30 Jun 2019 RM'000	Audited As at 31 Dec 2018 RM'000
Assets		
Non-current assets		
Property, plant and equipment	19	122,634
Intangible assets	-	267
Investment in an associate	-	12,127
Non-refundable deposits paid for purchase of property, plant and equipment	-	2,736
	<u>19</u>	<u>137,764</u>
Current assets		
Inventory property	-	1,937
Inventories	-	5,408
Trade and other receivables	557	22,870
Cash and bank balances	83	3,894
	<u>640</u>	<u>34,109</u>
Non current assets held for sale	168,544	-
	<u>169,184</u>	<u>34,109</u>
TOTAL ASSETS	<u>169,203</u>	<u>171,873</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	94,770	94,770
Reserves	33,477	33,216
	<u>128,247</u>	<u>127,986</u>
Non-current liabilities		
Deferred tax liabilities	-	2,271
Loans and borrowings	-	10,576
	<u>-</u>	<u>12,847</u>
Current liabilities		
Trade and other payables	634	17,810
Loans and borrowings	-	13,230
	<u>634</u>	<u>31,040</u>
Liabilities directly associated with the assets held for sales	40,322	-
Total liabilities	<u>40,956</u>	<u>43,887</u>
TOTAL EQUITY AND LIABILITIES	<u>169,203</u>	<u>171,873</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.68	0.68

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 six-month period ended 30 June 2019**

	Non- distributable Share Capital RM'000	Distributable Retained Earnings RM'000	Non- controlling interest RM'000	Total RM'000
As at 1 January 2019	94,770	33,216	-	127,986
Total comprehensive income for the period	-	261	-	261
As at 30 June 2019	<u>94,770</u>	<u>33,477</u>	<u>-</u>	<u>128,247</u>
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	<u>94,770</u>	<u>30,286</u>	<u>22</u>	<u>125,078</u>
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	<u>94,770</u>	<u>31,179</u>	<u>-</u>	<u>125,949</u>

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

**Unaudited Condensed Consolidated Statements of Cash Flows
for the six-month period ended 30 June 2019**

	Financial period ended	
	30 Jun 2019	30 Jun 2018
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(416)	(396)
Profit before tax from discontinued operation	607	2,772
Profit before tax	191	2,376
Adjustments for:		
Depreciation and amortisation	3,175	3,243
Depreciation of right-of-use of assets	62	-
Gain on disposal of property, plant and equipment	(104)	(171)
Interest expenses	715	455
Interest expenses on lease liabilities	2	-
Interest income	(4)	(5)
Reversal of impairment loss on trade receivables	(182)	(105)
Impairment loss on trade receivables	161	76
Share of profit of an associate	(641)	(950)
Unrealised foreign exchange (gain)/loss	(41)	43
Property, plant and equipment written off	60	13
Operation profit before working capital changes	3,394	4,975
(Increase)/decrease in inventories	(498)	123
Decrease/(increase) in receivables	860	(1,132)
Decrease in payables	(3,230)	(4,213)
Cash generated from/(used in) operating activities	526	(247)
Interest paid	(715)	(455)
Tax paid	(333)	(302)
Net cash used in operating activities	(522)	(1,004)
Cash flows from investing activities		
Purchase of property, plant and equipment	(890)	(2,105)
Proceeds from disposal of property, plant and equipment	215	458
Dividend received from associate company	1,200	600
Interest received	4	5
Net cash generated from/(used in) investing activities	529	(1,042)
Cash flows from financing activities		
Net (repayment)/drawdown of borrowings	(713)	4,024
Repayment of lease liabilities	(64)	-
Acquisition of non-controlling interests in a subsidiary	-	(139)
Dividend paid	-	(1,500)
Net cash (used in)/generated from investing activities	(777)	2,385
Net (decrease)/increase in cash and cash equivalents	(770)	339
Cash and cash equivalents at beginning of financial period	3,894	3,743
Cash and cash equivalents at the end of financial period	3,124	4,082
Cash and cash equivalents at the end of the financial period comprise the following:		
Cash and bank balances	3,124	4,082

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 22 August 2019.

A2. Basis of Preparation

These condensed consolidated interim financial statements, for the quarter ended 30 June 2019 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 2018. 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 2018.

A2.1 Significant accounting policies

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

On 1 January 2019, the Group adopted the following new and amended MFRS's mandatory for annual financial period beginning on or after 1 January 2019.

(l) Adoption of standards and interpretations:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
MFRS 9 Prepayment Features with Negative Compensation (Amendments to MFRS 9)	1 January 2019
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

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 16 Leases

MFRS 16 supersedes MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets'). The Group also elected to recognise a right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application. The effect of adoption MFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

Assets	RM'000
Right-of-use assets	<u>100</u>
Liabilities	
Lease liabilities, representing total liabilities	<u>100</u>

A2.2 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intends 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)**

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to references to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 2 Share-based Payment	1 January 2020
Amendments to MFRS 3 Business Combinations	1 January 2020
Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 14 Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134 Interim Financial Reporting	1 January 2020
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138 Intangible Assets	1 January 2020
Amendments to IC Interpretation 12 Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs	1 January 2020
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

The directors expect that the adoption of the above Standards, Amendments, Annual Improvements and IC Interpretation will have no material impact on the financial statements in the period of initial application.

NOTES TO THE REPORT**PART A -
EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS
("MFRS") 134, INTERIM FINANCIAL REPORTING (CONT'D)****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 2018.

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

As disclosed in Note A13, SIGGAS had received an offer letter dated 25 March 2019 from Air Liquide Malaysia Sdn Bhd ("ALM") to acquire 23,000,000 ordinary shares in Southern Industrial Gas Sdn Bhd ("SIGSB"), representing 100% equity interest therein (including the 40% minority shareholding owned and held by SIGSB in Iwatani-SIG Industrial Gases Sdn Bhd) from SIGGAS for a purchase consideration of RM226,586,000.

On 28 March 2019, SIGGAS had accepted the offer from ALM subject to further negotiation of the terms and conditions of the Sale & Purchase agreement. Further announcement(s) will be made upon the execution of the sale and purchase agreement pursuant to the offer, detailing the terms, effects and all relevant disclosures in relation to the offer as required under the Main Market Listing Requirements.

The SIGGAS had entered into a Sale and Purchase Agreement with ALM in relation to the Proposed Disposal on 14 June 2019 and the Board considered the subsidiary met the criteria to be classified as held for sale. As such, assets and liabilities of SIGSB were classified as held for sale and presented as separate items in the statements of financial position. In addition, the results from discontinued operations are presented as a separate item in the statements of comprehensive income. The financial result of discontinued operation is disclosed in Note A18.

Except for the item disclosed above, there were no significant unusual items affecting the assets, liabilities, equity, net income or cash flow for the financial period ended 30 June 2019.

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

On 21 June 2019, the Shareholders approved a final tax exempt (single-tier) dividend of 1.00% in respect of the financial year ended 31 December 2019 on 187,500,000 ordinary shares, amounting to a dividend payable of RM937,500 (0.5 sen per ordinary share) which was paid on 26 July 2019.

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.

For the six-month period ended 30 June 2019

	Manufacturing	Refilling and Distribution	Other Products and Services	Total
	RM'000	RM'000	RM'000	RM'000
REVENUE	-	-	-	-
RESULTS				
Profit for reportable segment	-	-	-	-
Other income				-
Selling and administrative expenses				(416)
Finance costs				-
Share of profit of an associate				-
Loss before tax				(416)
Income tax expenses				-
Loss before tax from continuing operations				(416)
Profit after tax from discontinued operations				677
Total comprehensive income				261

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)****For the 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	-	-	27	27
RESULTS				
Profit for reportable segment	-	-	27	27
Other income				2
Selling and administrative expenses				(425)
Finance costs				-
Share of profit of an associate				-
Profit before tax				(396)
Income tax expenses				(13)
Loss before tax from continuing operations				(409)
Profit after tax from discontinued operations				2,919
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)****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 2019 are as follows:-

	RM'000
Approved and contracted for	<u>3,864</u>

A12. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM0.53 million during the current quarter.

A13. Material events subsequent to the end of period reported

Reference is made to the Company's announcements dated 25 March 2019, 28 March 2019 and 14 June 2019.

SIGGAS had received an offer letter dated 25 March 2019 from Air Liquide Malaysia Sdn Bhd ("ALM") to acquire 23,000,000 ordinary shares in SIGSB, representing 100% equity interest therein (including the 40% minority shareholding owned and held by SIGSB in Iwatani-SIG Industrial Gases Sdn Bhd) from SIGGAS for a purchase consideration of RM226,586,000.

On 28 March 2019, SIGGAS had accepted the offer from ALM subject to further negotiation of the terms and conditions of the Sale & Purchase agreement. Further announcement(s) will be made upon the execution of the sale and purchase agreement pursuant to the offer, detailing the terms, effects and all relevant disclosures in relation to the offer as required under the Main Market Listing Requirements.

On 14 June 2019, SIGGAS had entered into a Sale and Purchase Agreement with ALM in relation to the Proposed Disposal.

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

NOTES TO THE REPORT

PART A -

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

A15. Cash and bank balances

	As at 30 Jun 2019 RM'000	As at 31 Dec 2018 RM'000
Cash in hand and at banks	83	3,894
Cash at banks and short-term deposits attributable to discontinued operations	3,041	-
	3,124	3,894

A16. 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>6 months ended</u>	
	30 Jun 2019 RM'000	30 Jun 2018 RM'000	30 Jun 2019 RM'000	30 Jun 2018 RM'000
(a) Interest income	(2)	(3)	(4)	(5)
- Continuing	-	(1)	-	(2)
- Discontinuing	(2)	(2)	(4)	(3)
(b) Write off of property, plant and equipment	30	5	60	13
- Continuing	-	-	-	-
- Discontinuing	30	5	60	13
(c) Other income including investment income	(129)	(279)	(248)	(487)
- Continuing	-	-	-	-
- Discontinuing	(129)	(279)	(248)	(487)
(d) Interest expense	360	234	715	455
- Continuing	-	-	-	-
- Discontinuing	360	234	715	455
(e) Depreciation and amortisation	1,420	1,629	3,175	3,243
- Continuing	-	-	-	-
- Discontinuing	1,420	1,629	3,175	3,243
(f) Reversal for and write off of receivables	(27)	(99)	(21)	(29)
- Continuing	-	-	-	-
- Discontinuing	(27)	(99)	(21)	(29)
(g) Foreign exchange (gain)/loss				
- Realised	17	(21)	42	(114)
- Continuing	-	-	-	-
- Discontinuing	17	(21)	42	(114)
- Unrealised	21	40	(41)	43
- Continuing	-	-	-	-
- Discontinuing	21	40	(41)	43
(h) Gain on disposal of property, plant & equipment	(57)	(130)	(104)	(171)
- Continuing	-	-	-	-
- Discontinuing	(57)	(130)	(104)	(171)

NOTES TO THE REPORT**PART A -
EXPLANATORY NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARDS
("MFRS") 134, INTERIM FINANCIAL REPORTING (CONT'D)****A17. 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 2019 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.	5,047	7,491	3,804
Sales of industrial gases and equipment to companies in which the Company's director, Peh Lam Hoh has substantial financial interest	978	1,958	837

NOTES TO THE REPORT

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

A18. Discontinued operations

The results of SIGSB for the period are presented below:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30-Jun		30-Jun	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue	19,502	18,812	37,742	37,523
Cost of sales	(15,284)	(14,244)	(29,889)	(28,751)
Gross profit	4,218	4,568	7,853	8,772
Other income	152	302	355	604
Selling and administrative expenses	(3,900)	(3,584)	(7,488)	(7,066)
Finance costs	(379)	(252)	(754)	(488)
Share of profit of an associate	106	474	641	950
Profit before tax	197	1,508	607	2,772
Income tax reversal/(expenses)	93	(395)	70	147
Profit after tax and total comprehensive income for the period	290	1,113	677	2,919

The major classes of assets and liabilities of SIGSB classified as held for sales as at 30 June are, as follow:

	Unaudited As at 30 Jun 2019 RM'000
Assets	
Property, plant and equipment	120,185
Intangible assets	241
Investment in an associate	11,568
Right-of-use asset	38
Inventory property	1,937
Inventories	5,697
Trade and other receivables	25,837
Cash and bank balances	<u>3,041</u>
Asset held for sale	<u>168,544</u>
Liabilities	
Deferred tax liabilities	(2,227)
Trade and other payables	(14,963)
Lease liabilities	(39)
Loans and borrowings	<u>(23,093)</u>
Liabilities directly associated with the assets held for sales	<u>(40,322)</u>
Net assets directly associated with disposal group	<u>128,222</u>

The net cash flows incurred by SIGSB are, as follows:

	Financial period ended	
	30 Jun 2019 RM'000	30 Jun 2018 RM'000
Operating	662	481
Investing	(671)	(294)
Financing	<u>(777)</u>	<u>(582)</u>
Net cash outflow	<u>(786)</u>	<u>(395)</u>
Earnings per share		
Basic, profit for the year from discontinued operations	0.36	1.56
Diluted, profit for the year from discontinued operations	0.36	1.56

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 2019 vs. Preceding year corresponding
Quarter 3 months ended 30 June 2018 (Please refer to Note A 18 for financial result)**

Revenue for the quarter was RM19.50M, 3.71% higher as compared to the corresponding quarter of RM 18.81M. This was largely attributed to higher liquid sales to refillers and demand for durian freezing project.

The Group's gross profit for the current quarter was RM4.22M, down by RM0.34M or 7.52% as compared to the corresponding quarter of RM 4.56M. The depressed gross profit was attributed to provision for depreciation charge on new plants and tight average selling prices on all the main product groups.

With the higher operating costs for the quarter the Group posted a profit after tax of RM0.01M. This was mainly accounted for lower gross profit margin contribution, increase in overhead expenses by RM0.41M, finance cost by RM0.13M and lower share of profit from the associate company mainly due to the unplanned shut down of plant for repair and maintenance in June 2019.

**Current year to date 30 June 2019 vs. Preceding year to date 30 June 2018 (Please
refer to Note A 18 for financial result)**

The Group's revenue for the period ended 30 June 2019 was RM37.74M, up by RM0.19M or 0.51% as compared to corresponding period in year 2018. The increase in revenue was mainly due to higher export sales in liquid nitrous oxide by RM1.00M and liquid nitrogen sales which was offset by lower demand for refrigerant products by RM2.03M.

The Group's gross profit for the period was RM7.85M, down by RM0.95M or 10.75% as compared to the same period in year 2018. The gross profit margin was eroded by the lower compressed gases sales volume, mainly in Oxygen, Nitrogen and Helium together with increase in calcium carbide cost, higher depreciation charge and direct labour costs.

Profit after tax was RM0.29M, down by RM2.22M as compared with the corresponding period in year 2018 mainly due to decrease in other non-operating income by RM0.52M, with higher administrative cost such as manpower cost, diesel and foreign exchange loss. The finance cost increased by RM0.27M mainly due to increase in utilisation of trade facilities and new term loan drawdown. The share of profit from an associate company was down from RM0.95M to RM0.64M.

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 at RM19.50M, was up by RM1.26M or 6.92% as compared to that of the preceding quarter of RM18.24M. This was partially attributed to higher sales of liquid.

Gross profit was up by RM0.58M or 16.04% to RM4.22M due to one off project sales.

The Group posted a profit after tax of RM0.08M, as compared to the preceding quarter's profit after tax of RM0.25M. This was due to lower sale volume together with higher operating costs. The share of profit from the associate company was RM0.11M, down by RM0.43M mainly due to the unplanned shut down of the plant for repair and maintenance in June 2019.

B3. Current Year Prospects

Malaysian overall industrial environment is expected to remain challenging in 2019. There are numerous domestic and international economic issues that may have significant impacts on the Malaysian economy. This includes the improving market situation in the oil and gas sector and the cutting back of subsidies on essential goods by the Malaysian government. The global political and economic uncertainty due to the trade war between China and USA, the protectionist policy adopted by Trump's administration, the uncertainty in the global economic development, the heightened tension in the middle east and others are likely to have an impact on the global economy.

Despite the challenging times ahead, 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 2019 is expected to be largely driven by the revenue contributed by our increased investment in Nitrous Oxide plant and upgrading of our ASU plant capacity to improve cost efficiency.

As discussed in A13 of the Report, the Board of Directors are of the opinion that the outcome of the proposed disposal of the subsidiary company, Southern Industrial Gas Sdn Bhd could have a significant impact on the financial position and the performance of the Company.

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)****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/(Reversal)

	Current quarter 3 months ended 30 Jun 19 RM'000	Current financial period to date 30 Jun 19 RM'000
In respect of the current period		
- Income tax (Current year)	-	-
- Deferred tax	-	-
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SIG Gases Berhad
(Company No:875083-W)

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. Material Litigation

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

B7. Dividends

No interim dividend has been declared during the current quarter.

B8. 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.