

B. I. G. INDUSTRIES BERHAD (195285-D)

(Incorporated in Malaysia)

PART A –EXPLANATORY NOTES PURSUANT TO FRS 134**A1 Basis of Preparation**

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standards (“FRS”) No.134, “Interim Financial Reporting” and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2006. These explanatory notes attached to the 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 2006.

A2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2006.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements for the year ended 31 December 2006 was not qualified.

A4. Segmental Information

	Revenue		Profit/(loss)before taxation	
	-----3 months ended 31 March (Individual Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/Oil & Gas	4,804	6,543	557	416
RMC/ Quarry	7,988	11,014	(510)	782
Property & Construction	864	894	(96)	(265)
Others	115	277	76	(186)
Total	13,771	18,728	27	747

	Revenue		Profit/(loss)before taxation	
	----- 3 months ended 31 March (Cumulative Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/ Oil & Gas	4,804	6,543	557	416
RMC/ Quarry	7,988	11,014	(510)	782
Property & Construction	864	894	(96)	(265)
Others	115	277	76	(186)
Total	13,771	18,728	27	747

A5. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current quarter under review.

A6. Changes in Estimates

There were no changes in the estimates of amounts reported in the current financial year or changes in estimates of amounts reported in prior financial year that have a material effect in the current quarter under review.

A7. Comments about Seasonal or Cyclical Factors

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

A8. Dividends Paid

No dividend has been paid for the quarter under review.

A9. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A10. Debts and Equity Securities

There were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the current quarter under review.

A11. Changes in Composition of the Group

There are no material changes in the composition of the Group during the current quarter under review.

A12. Changes in Contingent Liabilities and Contingent Assets

There are no material changes in the contingent liabilities or contingent assets since the last balance sheet date.

A13. Material Subsequent Events

There were no material events subsequent to the end of the current quarter under review.

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

B1. Performance Review

The revenue for the 1st quarter of 2007 has decreased by 26% compared to that of 2006. The decrease in revenue is mainly due to lower revenue recorded from Industrial Gas/Oil & Gas and RMC/Quarry division.

The profit before taxation for the 1st quarter of 2007 was RM27,000 as compared to profit before taxation of RM747,000 in 2006. This was due to the production stoppage of the quarrying activities.

B2. Comparison of Material Change with preceding quarter's result

	Current quarter ended 31/3/2007 RM'000	Preceding quarter ended 31/12/2006 RM'000
Group Results		
Revenue	13,771	18,856
Profit/ (Loss) Before Taxation	27	(899)

The 1st Quarter of 2007 registered profit before taxation of RM27,000 as compared to loss before taxation of RM899,000 for 4th quarter of 2006. This was mainly contributed by RMC/Quarry and others division in which the management took a conservative approach to provide for diminution in value of other investments and certain current assets in the preceding quarter.

B3. Current Year Prospects

The Oil, Gas and Petrochemical Industry have been constantly active leading to a high demand for industrial gases, services & maintenance and engineering products.

Following the announcement of the 9th Malaysia Plan, the Government has placed emphasis on its implementation leading to an upsurge of activities in the construction industry in East Malaysia.

Given these positive developments, the group expects the coming results to be positive and the outlook for the current years' prospects is bright.

B4. Profit Forecast

The company has not provided any profit forecast in a public document.

B5. Taxation

	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Quarter	To date	To date
	31/3/2007	31/3/2006	31/3/2007	31/3/2006
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Malaysian income tax				
- Current year	3	6	3	6

The Group's effective tax rate for the current quarter and financial year-to-date is lower than the statutory rate as certain wholly owned subsidiary of the Company has sufficient reinvestment allowance and capital allowances to offset taxable profit.

B6. Sale of Unquoted Investment and Properties

There were no sales of unquoted investments and properties for the current quarter under review and financial year to date.

B7. Quoted Investment

There were no sales or purchases of quoted investments for the current quarter under review and financial year to date.

B8. Corporate Proposals

There was no update on the corporate proposals for the current quarter under review.

B9. Borrowings**a) Short Term Borrowings**

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank overdraft	2,534	-	2,534
Bankers' acceptance and Revolving credits	3,245	5,947	9,192
Term loans	520	-	520
Hire Purchase	625	-	625
Total	6,924	5,947	12,871

b) Long Term Borrowings

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	1,102	45,000	46,102
Repayable within 1 year**	520	-	520
Repayable after 1 year	582	45,000	45,582

** Note: Term loans repayable within 1 year is included under short-term borrowings.

None of the Group's borrowings as at the financial year to date are denominated in foreign currency.

B10. Off Balance Sheet Financial Instruments

The Group did not have any financial instruments with off balance sheet risk at the date of issue of these interim financial statements.

B11. Changes in Material Litigation

There was no material litigation at the date of issue of these interim financial statements.

B12. Dividend Payable

No interim ordinary dividend has been recommended for the quarter under review.

B13. Earnings Per Share

	Current Year Quarter 31/3/2007	Preceding Year Quarter 31/3/2006	Current Year To date 31/3/2007	Preceding Year To date 31/3/2006
a) Basic				
Net profit attributable to equity holders of the parent (RM'000)	24	791	24	791
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (RM sen)	0.05	1.64	0.05	1.64
b) Diluted				
Net profit attributable to equity holders of the parent (RM'000)	24	791	24	791
Weighted average number of ordinary shares for diluted earnings per share ('000)	48,092	48,092	48,092	48,092
Fully diluted earnings per share (RM sen)	0.05	1.64	0.05	1.64

By Order of the Board

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Joint Secretaries

Shah Alam, Selangor.
29 May 2007