

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 30 June (Individual Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/Oil & Gas	5,803	6,665	687	813
Ready-mix concrete/ Quarry	9,552	10,730	(738)	635
Property & Construction	1,104	16	65	(80)
Others	114	457	68	(980)
Total	16,573	17,868	82	388

	Revenue		Profit/(loss) before taxation	
	----- 6 months ended 30 June (Cumulative Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/ Oil & Gas	10,607	13,208	1,244	1,229
Ready-mix concrete/ Quarry	17,540	21,744	(1,248)	1,417
Property & Construction	1,968	910	(31)	(345)
Others	229	734	144	(1,166)
Total	30,344	36,596	109	1,135

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 2nd quarter of 2007 has decreased by 7% compared to the corresponding quarter of 2006. The decrease in revenue is mainly due to lower revenue recorded from Industrial Gas/Oil & Gas and Ready-mix concrete/Quarry division.

The profit before taxation for the 2nd quarter of 2007 was RM82,000 as compared to profit before taxation of RM388,000 for the corresponding quarter of 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 30/6/2007 RM'000	Preceding quarter ended 31/3/2007 RM'000
Group Results		
Revenue	16,573	13,771
Profit Before Taxation	82	27

The 2nd Quarter of 2007 registered a profit before taxation of RM82,000 as compared to a profit before taxation of RM27,000 for the 1st quarter of 2007. This was mainly contributed by the increase in turnover of 20% in the industrial oil & gas division.

B3. Current Year Prospects

The Oil, Gas and Petrochemical Industries 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, there will be an upsurge of activities in infrastructure projects.

Barring unforeseen circumstances, the group is cautiously optimistic of the current year's prospects.

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
	30/6/2007	30/6/2006	30/6/2007	30/6/2006
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Malaysian income tax				
- Current year	19	12	22	18

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

During the quarter under review, there was a disposal of an unquoted investment with a book value of RM149,000. The disposal resulted in a loss of RM46,000.

Other than the above, there were no other sales of unquoted investments and properties for the current quarter 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	2,211	-	2,211
Bankers' acceptance and Revolving credits	7,009	2,613	9,622
Term loans	541	-	541
Lease payables	669	-	669
Total	10,430	2,613	13,043

b) Long Term Borrowings

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	375	45,000	45,375
Lease payables	1,388	-	1,388
Total	1,763	45,000	46,763

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 except for the following:

- (a) The Company's wholly owned subsidiary Uni-Mix Sdn Bhd had on 17 January 2007 issued a notice pursuant to Section 218 of the Companies Act 1965 for the recovery of RM817,877.76 from its trade debtor Dapan Construction Sdn Bhd. Upon expiry of the said notice, the Company's winding up petition was presented on 30 April 2007 in the High Court of Sabah and Sarawak at Kota Kinabalu. The winding up petition was heard on 27 August 2007 where the learned judge allowed the winding up petition against Dapan Construction Sdn Bhd.
- (b) The Company's wholly owned subsidiary Hypervictory Sdn Bhd had on 27 March 2007 commenced legal proceedings against its trade debtor Dapan Construction Sdn Bhd for the recovery of RM64,628.21 in the Sessions Court at Kota Kinabalu. The matter is still pending.

(c) In response to (a) and (b) above, on 26 March 2007, Dapan Construction Sdn. Bhd. commenced legal proceedings in the High Court of Sabah and Sarawak at Kota Kinabalu against Uni-Mix Sdn Bhd and Hypervictory Sdn Bhd for inter-alia a declaration that the sub-contract agreement for the quarrying activities was validly terminated, damages to be assessed and an injunction for the removal of all such plant, equipment and/or machinery from the site. The case is still pending.

B12. Dividend Payable

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

B13. Earnings Per Share

	Current Year Quarter 30/6/2007	Preceding Year Quarter 30/6/2006	Current Year To date 30/6/2007	Preceding Year To date 30/6/2006
a) Basic				
Net profit attributable to equity holders of the parent (RM'000)	63	378	87	1,169
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (RM sen)	0.13	0.79	0.18	2.43
b) Diluted				
Net profit attributable to equity holders of the parent (RM'000)	63	378	87	1,169
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)	0.13	0.79	0.18	2.43

By Order of the Board

Choong Wye Lin (MIA 16229)
Chan Sau Leng (MAICSA 7012211)
Joint Secretaries

Shah Alam, Selangor.
29 August 2007

