

**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. In view of the production stoppage of the quarrying activities, the accounting policy was enhanced to include the adoption of FRS 5 “Non Current Assets Held for Sale and Discontinued Operations” and its related standards.

**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 September (Individual Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/Oil & Gas	6,990	7,527	447	546
Ready-mix concrete/ Quarry	10,342	10,135	(99)	718
Property & Construction	962	1,375	(442)	(397)
Others	85	362	99	(712)
Total	18,379	19,399	5	155

	Revenue		Profit/(loss) before taxation	
	----- 9 months ended 30 September (Cumulative Quarter)-----			
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Industrial Gas/ Oil & Gas	17,597	20,735	1,691	1,775
Ready-mix concrete/ Quarry	27,882	31,880	(1,347)	2,135
Property & Construction	2,930	2,285	(473)	(742)
Others	314	1,096	243	(1,877)
Total	48,723	55,996	114	1,291

**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**

The revised FRS 116: Property, Plant and Equipment require the review of the residual value and the remaining useful life of an item of property, plant and equipment at least at each financial year end. The revision is accounted prospectively as a change in accounting estimates. The changes in accounting estimates to the Group's financial statements are as follows:-

	Depreciation rate	
	Existing	Revised
Plant and machinery - Storage tank	10%	4%-10%

The financial impact as a result of the above change in estimate amounting to approximately RM269,000.

**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**

For the current quarter, the Group registered a turnover of RM18 million, a decrease of 5% as compared to RM19 million reported in 2006. Profit before taxation decreased from RM155,000 in 2006 to RM5,000 in 2007. These were mainly attributable by the lower revenue recorded from the Industrial Gas/Oil & Gas and Property & Construction division as well as the stoppage of the quarry activities.

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

	Current quarter ended 30/9/2007 RM'000	Preceding quarter ended 30/6/2007 RM'000
<b>Group Results</b>		
Revenue	18,379	16,573
Profit Before Taxation	5	82

Revenue of RM18 million for the current quarter was 11% higher as compared to the preceding quarter. Profit before taxation was lower due to higher operating cost.

### **B3. Current Year Prospects**

There is an upsurge of activities in the Oil, Gas and Petrochemical industries that lead to a high demand for industrial gases, services & maintenance and engineering products.

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 any public documents.

**B5. Taxation**

	<b>Current</b>	<b>Preceding</b>	<b>Current</b>	<b>Preceding</b>
	<b>Year</b>	<b>Year</b>	<b>Year</b>	<b>Year</b>
	<b>Quarter</b>	<b>Quarter</b>	<b>To date</b>	<b>To date</b>
	<b>30/9/2007</b>	<b>30/9/2006</b>	<b>30/9/2007</b>	<b>30/9/2006</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation comprises:-</b>				
Malaysian income tax				
- Current year	(15)	16	7	34

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 was a disposal of an unquoted investment with a book value of RM149,000 during the financial year-to-date. 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

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bank overdraft	301	-	301
Bankers' acceptance and Revolving credits	5,325	9,079	14,404
Term loans	459	-	459
Lease payables	700	-	700
<b>Total</b>	<b>6,785</b>	<b>9,079</b>	<b>15,864</b>

### b) Long Term Borrowings

	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	279	45,000	45,279
Lease payables	1,439	-	1,439
<b>Total</b>	<b>1,718</b>	<b>45,000</b>	<b>46,718</b>

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 30/9/2007	Preceding Year Quarter 30/9/2006	Current Year To date 30/9/2007	Preceding Year To date 30/9/2006
<b>a) Basic</b>				
Net profit attributable to equity holders of the parent (RM'000)	20	121	107	1,290
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (sen)	<b>0.04</b>	<b>0.25</b>	<b>0.22</b>	<b>2.68</b>
<b>b) Diluted</b>				
Net profit attributable to equity holders of the parent (RM'000)	20	121	107	1,290
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 (sen)	<b>0.04</b>	<b>0.25</b>	<b>0.22</b>	<b>2.68</b>

By Order of the Board

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

Shah Alam, Selangor.  
29 September 2007

