

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 31 December (Individual Quarter)-----			
	2007 RM’000	2006 RM’000	2007 RM’000	2006 RM’000
Industrial Gas/Oil & Gas	7,554	7,130	2,755	1,337
Ready-mix concrete/ Quarry	11,255	8,948	(1,450)	(3,033)
Property & Construction	868	1,787	(487)	(1,931)
Others	71	1,233	(573)	2,563
Total	19,748	19,098	244	(1,064)

	Revenue		Profit/(loss) before taxation	
	----- 12 months ended 31 December (Cumulative Quarter)-----			
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Industrial Gas/ Oil & Gas	25,151	27,865	4,446	3,112
Ready-mix concrete/ Quarry	39,137	40,828	(2,797)	(898)
Property & Construction	3,798	4,072	(960)	(2,673)
Others	385	2,329	(331)	686
Total	68,471	75,094	358	227

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
Storage tank	10%	4%-10%

The financial impact as a result of the above change in estimate amounting to approximately RM363,000.

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**

The Group recorded a revenue of RM19,748,000 for the forth quarter ended 31 December 2007, an increase of 3% over the corresponding quarter ended 31 December 2006. The increase is mainly attributable to the increase in sales of concrete products as well as the increase in sales of industrial gases.

The Group's consolidated profit before taxation was RM244,000 for the quarter under review as compared to a loss before taxation of RM1,064,000 for the corresponding quarter of the preceding year. The improvement in profit was mainly contributed by the industrial gases division.

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

Group Results	Current quarter ended 31/12/2007	Preceding quarter ended 30/9/2007
	RM'000	RM'000
Revenue	19,748	18,379
Profit Before Taxation	244	5

Revenue for the current quarter under review was RM19,748,000 as compared to RM18,379,000 of the preceding quarter. This was mainly due to the increase in sales of concrete and ready mix products. The profit before taxation has increase substantially compared to the same quarter in preceding year was mainly due to the adoption of FRS 201.

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 Year Quarter 31/12/2007	Preceding Year Quarter 31/12/2006	Current Year Todate 31/12/2007	Preceding Year Todate 31/12/2006
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Current income tax:				
Malaysian income tax	2	582	9	616
Under/(over) provision in prior years	(13)	1	(13)	1
	(11)	583	(4)	617
Deferred tax:				
Relating to origination and Reversal of temporary differences	-	(1,247)	-	(1,247)
Under provision in prior year	-	645	-	645
	-	(602)	-	(602)
Total	(11)	(19)	(4)	15

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**

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank overdraft	1,807	-	1,807
Bankers' acceptance and Revolving credits	5,806	9,940	15,746
Term loans	406	-	406
Lease payables	1,003	-	1,003
Total	9,022	9,940	18,962

b) Long Term Borrowings

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	-	45,175	45,175
Lease payables	2,849	774	3,623
Total	2,849	45,949	48,798

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.

Following the judge's decision on S218 matter, on 29 August 2007, Dapan Construction Sdn Bhd proceeded to make an application for review and rescind the Winding Up Order or Stay all proceedings until the Civil Suit No. K22-29 of 2007 is disposed of before the High Court in Kota Kinabalu under S243 and 307 of the Companies Act 1965 but the Court dismissed their application with cost on 19 September 2007.

On 25 September 2007, Dapan Construction Sdn Bhd has filed an appeal again for the said application and on 26 February 2008, the Court of Appeal dismissed with cost on our 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/(Loss) Per Share

	Current Year Quarter 31/12/2007	Preceding Year Quarter 31/12/2006	Current Year To date 31/12/2007	Preceding Year To date 31/12/2006
a) Basic				
Net profit/(loss) attributable to equity holders of the parent (RM'000)	255	(1,047)	362	243
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	0.53	(2.18)	0.75	0.51
b) Diluted				
Net profit/(loss) attributable to equity holders of the parent (RM'000)	255	(1,047)	362	243
Weighted average number of ordinary shares for diluted earnings per share ('000)	48,092	48,092	48,092	48,092
Fully diluted earnings/(loss) per share (sen)	0.53	(2.18)	0.75	0.51

By Order of the Board

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Joint Secretaries

Shah Alam, Selangor.

28 February 2008