

**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 2007. 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 2007.

**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 2007 except for the adoption of the following new/revised FRS effective for the financial period beginning on or after 1 July 2007:

<b>FRS, Amendments to FRS and IC Interpretations</b>		<b>Effective for financial periods beginning on or after</b>
FRS 107	Cash Flow Statements	1 July 2007
FRS 111	Construction Contracts	1 July 2007
FRS 112	Income Taxes	1 July 2007
FRS 118	Revenue	1 July 2007
FRS 119	Employee Benefits	1 July 2007
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 126	Accounting and Reporting by Retirement Benefit Plans	1 July 2007
FRS 129	Financial Reporting in Hyperinflationary Economies	1 July 2007
FRS 134	Interim Financial Reporting	1 July 2007
FRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
Amendment to FRS 121	The Effect of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation	1 July 2007
IC Int 01	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Int 02	Members’ Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Int 05	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007

IC Int 06	Liabilities Arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 July 2007
IC Int 07	Applying the Restatement Approach Under FRS 129 <sub>2004</sub> – Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Int 08	Scope of FRS 2	1 July 2007

#### Effective date deferred indefinitely

FRS 139 Financial Instruments : Recognition and Measurement

The impact of applying FRS 139 on the interim financial statements upon its first adoption as required by paragraph 30(b) of FRS 108, Accounting Policies, Changes in Accounting Estimates and Errors is not disclosed by virtue of the exemption given in FRS 139.103AB.

#### A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the year ended 31 December 2007 was not qualified.

#### A4. Segmental Information

	Revenue		Profit/(loss) before taxation	
	-----3 months ended 30 June (Individual Quarter)-----			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Industrial Gas	9,430	5,803	1,461	687
Ready-mix concrete/RC Piles	11,763	9,552	286	(738)
Property Development	1,285	1,104	(346)	119
Others	52	114	(407)	14
<b>Total</b>	<b>22,530</b>	<b>16,573</b>	<b>994</b>	<b>82</b>

	Revenue		Profit/(loss) before taxation	
	----- 6 months ended 30 June (Cumulative Quarter)-----			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Industrial Gas	16,007	10,607	2,113	1,244
Ready-mix concrete/RC Piles	24,026	17,540	612	(1,248)
Property Development	2,013	1,968	(543)	21
Others	109	229	(521)	92
<b>Total</b>	<b>42,155</b>	<b>30,344</b>	<b>1,661</b>	<b>109</b>

**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 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 Group recorded a revenue of RM22,530,000 for the second quarter ended 30 June 2008, an increase of 36% over the corresponding quarter ended 30 June 2007 of RM16,573,000. The increase is mainly attributable to the increase in sales of industrial gases by RM3,627,000 as well as sales of ready-mixed concrete and reinforced concrete piles by RM2,211,000.

The Group's consolidated profit before taxation was RM994,000 for the quarter under review as compared to the corresponding quarter of the preceding year of RM82,000. The improvement in profit was mainly contributed by the ready-mixed concrete and reinforced concrete piles division and the industrial gas division.

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

<b>Group Results</b>	<b>Current quarter ended 30/06/2008</b>	<b>Preceding quarter ended 31/03/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	22,530	19,625
Profit Before Taxation	994	667

Revenue for the current quarter under review was RM22,530,000, an increase of 14.8% as compared to RM19,625,000 of the preceding quarter. The profit before taxation of RM994,000 has increased by 49% as compared to the preceding quarter mainly contributed by the industrial gas division.

**B3. Current Year Prospects**

The Oil, Gas and Petrochemical Industries have remained buoyant leading to a high demand for industrial gases, services & maintenance and engineering products.

Demand for the group's ready-mixed concrete and reinforced concrete piles is expected to remain steady.

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

**B4. Profit Forecast**

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

**B5. Taxation**

	<b>Current Year Quarter 30/06/2008</b>	<b>Preceding Year Quarter 30/06/2007</b>	<b>Current Year To date 30/06/2008</b>	<b>Preceding Year To date 30/06/2007</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation comprises:-</b>				
Current income tax:				
Malaysian income tax	90	19	92	22

The Group's effective tax rate for the current quarter under review is lower than the statutory rate as certain wholly-owned subsidiary companies of the Company have sufficient reinvestment allowances, capital allowances and trading losses 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.

**B7. Quoted Investment**

There were no sales or purchases of quoted investments for the current quarter under review.

**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	9,235	-	9,235
Bankers' acceptance and Revolving credits	3,589	9,958	13,547
Term loans	206	45,000	45,206
Lease payables	9,412	-	9,412
<b>Total</b>	<b>22,442</b>	<b>54,958</b>	<b>77,400</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	175	-	175
Lease payables	846	-	846
<b>Total</b>	<b>1,021</b>	<b>-</b>	<b>1,021</b>

None of the Group's borrowings as at the financial period 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.

On 25 September 2007, Dapan Construction Sdn Bhd has filed an appeal 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.

On 26 March 2008, Uni-Mix Sdn. Bhd. applied for leave to appeal to the Federal Court of Malaysia against the decision of the Court of Appeal in dismissing the winding up petition against Dapan Construction Sdn. Bhd.. The case is still pending.

- (b) In response to (a) above, on 26 March 2007 Dapan Holdings Sdn. Bhd., Dapan Construction Sdn. Bhd. and Zillion Rank Sdn. Bhd. commenced legal proceedings in the High Court of Sabah and Sarawak at Kota Kinablu against Uni-Mix Sdn. Bhd. and Hypervictory Sdn. Bhd. for inter-alia a declaration that the sub-contract agreement for the quarry activities was validly terminated, damages to be assessed for breach of the sub-contract and/or rectification works on the damaged roads and retention ponds and an injunction for the removal of all such plant, equipment and/or machinery from the site.

Hypervictory Sdn. Bhd. has since obtained judgement in default of RM667,067.15 against Dapan Holdings Sdn. Bhd. for roadworks carried out at Bandar Sierra and Uni-Mix Sdn. Bhd. has filed a counter-claim of RM817,877.76 against Dapan Construction Sdn. Bhd. for supply of ready mixed cement. The case is still pending.

- (c) 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.

## **B12. Dividend Payable**

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

### B13. Earnings Per Share

	Current Year Quarter 30/06/2008	Preceding Year Quarter 30/06/2007	Current Year To date 30/06/2008	Preceding Year To date 30/06/2007
<b>a) Basic</b>				
Net profit attributable to equity holders of the parent (RM'000)	904	63	1,569	87
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (sen)	<b>1.88</b>	<b>0.13</b>	<b>3.26</b>	<b>0.18</b>
<b>b) Diluted</b>				
Net profit attributable to equity holders of the parent (RM'000)	904	63	1,569	87
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>1.88</b>	<b>0.13</b>	<b>3.26</b>	<b>0.18</b>

By Order of the Board

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Company Secretaries

Shah Alam, Selangor.  
29 August 2008