

**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 31 December (Individual Quarter)-----			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Industrial Gas	10,509	7,505	773	2,416
Ready-mix concrete/RC Piles	10,160	12,189	(70)	(1,142)
Property Development	4,489	868	(224)	(487)
Others	(37)	71	(312)	(574)
<b>Total</b>	<b>25,121</b>	<b>20,633</b>	<b>167</b>	<b>213</b>

	Revenue		Profit/(loss) before taxation	
	----- 12 months ended 31 December (Cumulative Quarter)-----			
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Industrial Gas	38,168	25,102	4,825	4,107
Ready-mix concrete/RC Piles	46,823	40,071	720	(2,489)
Property Development	7,711	3,798	(659)	(960)
Others	184	385	(1,024)	(331)
<b>Total</b>	<b>92,886</b>	<b>69,356</b>	<b>3,862</b>	<b>327</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 RM25.1 million for the fourth quarter ended 31 December 2008, an increase of 22% over the corresponding quarter ended 31 December 2007 of RM20.6 million. The increase is mainly attributable to the increase in sales of the industrial gases division of RM3.0 million as well as property development division of RM3.6 million. However, the sales of ready-mix concrete/RC piles division was declined by RM2.0 million.

The Group's consolidated profit before taxation was RM167,000 for the quarter under review as compared to the corresponding quarter of the preceding year of RM213,000.

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

<b>Group Results</b>	<b>Current quarter ended 31/12/2008</b>	<b>Preceding quarter ended 30/09/2008</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	25,121	25,610
Profit Before Taxation	167	2,034

Revenue for the current quarter under review was RM25.1 million, a marginal decrease of 2% as compared to the immediate preceding quarter. The profit before taxation of RM167,000 has decreased by 92% as compared to the immediate preceding quarter mainly due to the lower profit margin of the industrial gas division and ready-mix concrete/RC piles division as a result of economy slow down.

**B3. Current Year Prospects**

The current global financial crisis is expected to result in a challenging environment. In the light of the prevailing economic environment, the Group will continue to improve the efficiency and focus on enhancing productivity.

The Group expects the operating performance for the year 2009 to be lower than the year 2008 but still satisfactory in the light of the current market environment.

**B4. Profit Forecast**

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

**B5. Taxation**

	<b>Current Year Quarter 31/12/2008</b>	<b>Preceding Year Quarter 31/12/2007</b>	<b>Current Year To date 31/12/2008</b>	<b>Preceding Year To date 31/12/2007</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	219	(54)	331	(47)
Deferred tax	(409)	(4)	(409)	(4)
<b>Total</b>	<b>(190)</b>	<b>(58)</b>	<b>(78)</b>	<b>(51)</b>

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 has 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	5,138	-	5,138
Bankers' acceptance and Revolving credits	13,408	2,500	15,908
Term loans	204	45,000	45,204
Lease payables	7,481	-	7,481
<b>Total</b>	<b>26,231</b>	<b>47,500</b>	<b>73,731</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	131	-	131
Lease payables	2,070	-	2,070
<b>Total</b>	<b>2,201</b>	<b>-</b>	<b>2,201</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 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 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 on 28 September 2007 obtained judgement in default of defence to counterclaim 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. However, the Judgment in Default of Defence to Counterclaim was set aside by the High Court on 05 September 2008. The appeal against the same by Hypervictory Sdn Bhd was heard by the High Court on 07 November 2008 whereby the Court ordered Dapan Holdings Sdn Bhd to bear the costs of the appeal and the costs of setting aside the default Judgment before the Deputy Registrar to be taxed unless otherwise agreed. The application by Dapan Holdings Sdn Bhd in the High Court at Kota Kinabalu to stay the Counterclaim pending reference to arbitration is awaiting a hearing date from the Court. Hypervictory Sdn Bhd's application to stay the action by Zillion Rank Sdn Bhd against it is pending decision by the High Court at Kota Kinabalu.

- (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 ordinary dividend has been recommended for the quarter under review.

## B13. Earnings Per Share

	Current Year Quarter 31/12/2008	Preceding Year Quarter 31/12/2007	Current Year To date 31/12/2008	Preceding Year To date 31/12/2007
<b>a) Basic</b>				
Net profit attributable to equity holders of the parent (RM'000)	357	271	3,940	378
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (sen)	<b>0.74</b>	<b>0.56</b>	<b>8.19</b>	<b>0.78</b>
<b>b) Diluted</b>				
Net profit attributable to equity holders of the parent (RM'000)	357	271	3,940	378
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>0.74</b>	<b>0.56</b>	<b>8.19</b>	<b>0.78</b>

By Order of the Board

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Joint Secretaries

Shah Alam, Selangor.  
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