

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 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 2008. 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 2008.

A2. Changes in Accounting Policies

The interim financial statements have been prepared in accordance with FRS 134 : Interim Financial Reporting and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad. The significant accounting policies and methods of computation in the interim financial statements are consistent with those in the annual financial statements for the year ended 31st December 2008.

The Group has not opted for early adoption of the following new or revised Financial Reporting Standards (“FRS”) and Issues Committee Interpretations (“IC Interpretations”):

(a) Effective for financial periods beginning on or after 1st July 2009

FRS 8 : Operating Segments

(b) Effective for financial periods beginning on or after 1st January 2010

FRS 4 : Insurance Contracts

FRS 7 : Financial Instruments : Disclosures

FRS 139 : Financial Instruments : Recognition and Measurement

IC Int. 9 : Reassessment of Embedded Derivatives

IC Int. 10 : Interim Financial Reporting and Impairment

The above new or revised FRSs and IC interpretations are expected to have no significant impact on the financial statements of the Group upon their initial application.

A3. Auditors’ Report on Preceding Annual Financial Statements

The auditors’ report on the financial statements of the company and its subsidiaries for the year ended 31 December 2008 were not qualified.

A4. Comments about Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

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. Debts and Equity Securities

There were no debt and equity securities issued, cancelled, repurchased, resold or repaid during the current quarter under review.

A8. Dividends Paid

No dividend has been paid for the quarter under review.

A9. Segmental Information

	Revenue		Profit/(loss) before taxation	
	-----3 months ended 30 June (Individual Quarter)-----			
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Industrial Gas	10,476	9,430	523	1,461
Ready-mix concrete/RC Piles	11,350	11,763	356	286
Property Development	3,190	1,285	(382)	(346)
Others	6	52	29	(407)
Total	25,022	22,530	526	994

	Revenue		Profit/(loss) before taxation	
	----- 6 months ended 30 June (Cumulative Quarter)-----			
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Industrial Gas	19,974	16,007	2,046	2,113
Ready-mix concrete/RC Piles	20,380	24,026	338	612
Property Development	6,372	2,013	(1,172)	(543)
Others	6	109	(314)	(521)
Total	46,732	42,155	898	1,661

A10. Carrying Amount of Revalued Assets

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

A11. Material Subsequent Events

There were no material events subsequent to the end of the current quarter under review.

A12. Changes in Composition of the Group

There are no material changes in the composition of the Group during the current quarter under review.

A13. 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.

A14. Capital commitment

The commitment for the purchase of property, plant and equipment not provided for in the interim financial statement as at 30 June 2009 were as follows:-

	30.06.2009
	RM'000
Property, Plant and equipment :	
Approved and contracted for	<u>1,132</u>

PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BMSB

B1. Performance Review

The Group achieved a turnover of RM25.02 million for the second quarter ended 30 June 2009, an increase of 11% over the corresponding quarter ended 30 June 2008 of RM22.53 million. The increase is mainly attributable to the increase in sales of industrial gases division of RM1 million and property development division of RM1.9 million.

The Group's consolidated profit before taxation was RM526,000 for the quarter under review as compared to the corresponding quarter of the preceding year of RM994,000.

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

Group Results	Current quarter ended 30/6/2009	Preceding quarter ended 31/03/2009
	RM'000	RM'000
Revenue	25,022	21,710
Profit Before Taxation	526	372

Revenue for the current quarter under review was RM25.022 million as compared to RM21.710 million for the preceding quarter. The profit before taxation have increased compared to the preceding quarter mainly contributed by the industrial gas division.

B3. Current Year Prospects

The Group's recognises the challenges and expected the operating conditions for the remaining period of the financial year to be challenging and competitive.

The outlook for the remaining quarter are expected to remain soft. Whilst there are some signs of improving economic climate, there were challenges to the profit margins.

To overcome the soft demand and growing competitive environment, the Group will continue to focus on cost optimization, operating cash-flow efficiency and good management controls to achieve sustainable growth for the remaining quarter of the year.

B4. Profit Forecast

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

B5. Taxation

	Current Year Quarter 30/06/2009	Preceding Year Quarter 30/06/2008	Current Year To date 30/06/2009	Preceding Year To date 30/06/2008
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Current tax	(6)	90	0	92
Deferred tax	0	0	0	0
Total	6	90	0	92

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 or 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**

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank overdraft	4,997	-	4,997
Bankers' acceptance and Revolving credits	13,176	2,500	15,676
Term loans	26	42,000	42,026
Lease payables	2,144	-	2,144
Total	20,343	44,500	64,843

b) Long Term Borrowings

	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	114	-	114
Lease payables	7,620	-	7,620
Total	7,734	-	7,734

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..

On 29 June 2009, Federal Court has dismissed the winding up petition order 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 30/06/2009	Preceding Year Quarter 30/06/2008	Current Year To date 30/06/2009	Preceding Year To date 30/06/2008
a) Basic				
Net profit attributable to equity holders of the parent (RM'000)	532	904	898	1,569
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (sen)	1.11	1.88	1.87	3.26
b) Diluted				
Net profit attributable to equity holders of the parent (RM'000)	NA	NA	NA	NA
Weighted average number of ordinary shares for diluted earnings per share ('000)	NA	NA	NA	NA
Fully diluted earnings per share (sen)	NA	NA	NA	NA

By Order of the Board

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Company Secretary
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27 August 2009