

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”):

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

| | Note | RM'000 |
|---|--------|--------|
| Investment in subsidiaries written off | A12(a) | 23 |
| Investment in associates written off | A12(b) | 23 |
| Investment in Subordinated Bonds written off | B1 | 4,500 |
| Foreseeable loss on property development cost | B1 | 626 |
| Impairment of mobilisation and quarry development expenditure | B1 | 2,233 |

There were no unusual items affecting the assets, liabilities, equity, net income or cash flow during the current quarter under review other than those mentioned above.

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 31 December (Individual Quarter)----- | | | |
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Industrial Gas | 9,866 | 10,375 | 452 | 1,309 |
| Ready-mix concrete/RC Piles | 10,904 | 10,160 | (2,017) | (976) |
| Property Development | (2,582) | 4,489 | (1,345) | (225) |
| Others | 29 | - | (5,127) | (334) |
| Total | 18,217 | 25,024 | (8,037) | (226) |

| | Revenue | | Profit/(loss) before taxation | |
|-----------------------------|--|----------------|-------------------------------|----------------|
| | ---12 months ended 31 December (Cumulative Quarter)--- | | | |
| | 2009 RM'000 | 2008 RM'000 | 2009 RM'000 | 2008 RM'000 |
| Industrial Gas | 38,807 | 38,034 | 4,505 | 5,361 |
| Ready-mix concrete/RC Piles | 41,224 | 46,823 | (1,554) | (186) |
| Property Development | 4,787 | 7,711 | (3,084) | (660) |
| Others | 28 | 221 | (5,209) | (1,045) |
| Total | 84,846 | 92,789 | (5,342) | 3,470 |

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 except for the following:-

(a) Disposal of subsidiaries

As part of streamlining the corporate structure to reduce cost, on 29 December 2009, 4 wholly-owned subsidiaries B.I.G. Ferry Services Sdn Bhd, B.I.G. Offshore Services Sdn Bhd, Matang Billion Sdn Bhd and Beta Billion Sdn Bhd which has not commenced operation since the date of incorporation has applied for strike-off from the Companies Commission of Malaysia (“CCM”).

(b) Disposal of associates

As part of streamlining the corporate structure to reduce cost, on 29 December 2009, 2 associate of the Company, B.I.G. Kidurong Sdn Bhd and B.I.G. Samudra Sdn Bhd which has not commenced operation since the date of incorporation has applied for strike-off from the Companies Commission of Malaysia (“CCM”).

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 31 December 2009 were as follows:-

| | |
|---------------------------------|-------------------|
| | 31.12.2009 |
| | RM’000 |
| Property, Plant and equipment : | |
| Approved and contracted for | <u>1,043</u> |

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

B1. Performance Review

The Group achieved a revenue of RM 18.2 million for the fourth quarter ended 31 December 2009, a decrease of 27.2% over the corresponding quarter ended 31 December 2008 of RM 25.0 million.

The Group's recorded a loss before taxation of RM 8.0 million for the quarter under review as compared to loss before taxation of RM 0.2 million in the corresponding quarter of the preceding year. Included in the result for the quarter under review was recognition of other investment written off of RM 4.5 million, foreseeable loss on property development of RM 0.6 million and impairment on mobilization and quarry development of expenditure of RM 2.2 million. These are none cash items and would not affect the Group cash management.

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

Revenue for the current quarter under review was RM 18.2 million as compared to RM19.9 million for the preceding quarter. The loss before taxation for the current quarter of RM 8.0 million as compare against a profit before taxation of RM 1.8 million in the preceding quarter was mainly due to other investment written off of RM 4.5 million, foreseeable loss on property development of RM 0.6 million and impairment on mobilization and quarry development of expenditure of RM 2.2 million. These are none cash items and would not affect the Group cash management.

B3. Current Year Prospects

In view of the current economic climate, the Group would remain cautious and continue to emphasis on good management control; focusing on cost optimization, and improving operations and operating cash flow efficiencies to achieve sustainable growth for the year of 2010. The Board would continue to move towards lower gearing for the Group.

B4. Profit Forecast

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

B5. Taxation

| | Current Year Quarter 31/12/2009 | Preceding Year Quarter 31/12/2008 | Current Year To date 31/12/2009 | Preceding Year To date 31/12/2008 |
|-----------------------------|--|--|--|--|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Taxation comprises:- | | | | |
| Current tax | 927 | (88) | 1,005 | 24 |
| Deferred tax | - | (495) | - | (495) |
| | | | | |
| Total | 927 | (583) | 1,005 | (471) |

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 profits.

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 RM'000 | Unsecured RM'000 | Total RM'000 |
|--|---------------------------|-----------------------------|-------------------------|
| Bank overdraft | 4,387 | - | 4,387 |
| Bankers' acceptance and Revolving credits | 13,294 | 1,600 | 14,894 |
| Term loans | 418 | 38,500 | 38,918 |
| Lease payables | 3,343 | - | 23,343 |
| Total | 21,442 | 40,100 | 61,542 |

b) Long Term Borrowings

| | Secured RM'000 | Unsecured RM'000 | Total RM'000 |
|----------------|---------------------------|-----------------------------|-------------------------|
| Term loans | 534 | - | 534 |
| Lease payables | 5,993 | - | 5,993 |
| Total | 6,527 | - | 6,527 |

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) 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.

- (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.

B12. Dividend Payable

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

B13. Earnings Per Share

| | Current Year Quarter 30/09/2009 | Preceding Year Quarter 30/09/2008 | Current Year To date 30/09/2009 | Preceding Year To date 30/09/2008 |
|--|--|--|--|--|
| a) Basic | | | | |
| Net profit attributable to equity holders of the parent (RM'000) | (8,965) | 357 | (6,347) | 3,941 |
| Weighted average number of ordinary share in issue ('000) | 48,092 | 48,092 | 48,092 | 48,092 |
| Basic earnings per share (sen) | (18.64) | 0.74 | (13.20) | 8.19 |
| 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

Jennie Chua Lay Chin (LS 0009403)
Company Secretary
Shah Alam, Selangor.
24 February 2010