

B. I. G. INDUSTRIES BERHAD (19 5285-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 2009. 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 2009.

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 2009.

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 March 2010

Amendments to FRS 132 : Classification of Rights Issues

Effective for financial periods beginning on or after 1st July 2010

FRS 1	: First-time Adoption of financial Reporting Standards
FRS 3	: Business Combinations (revised)
FRS 127	: Consolidated and Separate Financial Statements (amended)
Amendments to FRS 2	: Share-based Payment
Amendments to FRS 5	: Non-current Assets Held for Sales and Discontinued Operations
Amendments to FRS 138	: Intangible Assets
Amendments to IC Int. 9	: Reassessment of Embedded Derivatives
IC Int. 12	: Service Concession Arrangements
IC Int. 15	: Agreements for the Construction of Real Estate
IC Int. 16	: Hedges of a Net Investment in a Foreign Operation
IC Int. 17	: Distributions of Non-cash Assets to Owners

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 2009 were not qualified. However it included the following "Emphasis of Matter".

Emphasis of Matter

Without qualifying auditor report, the financial statement which discloses the premise upon which the Group and the Company have prepared its financial statement by applying the going concern assumption, notwithstanding the Group's current liabilities exceed its current assets by RM12,215,750 as at 31 December 2009.

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 the assets, liabilities, equity, net income or cash flow during the current quarter under review.

A6. Changes in Estimates

There were no unusual items affecting assets, liabilities, equity, net income or cash flow during the current 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	
	-----3months ended 30 June (Individual Quarter)-----			
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Industrial Gas	8,363	10,476	115	523
Ready-mix concrete/RC Piles	9,747	11,350	217	356
Property Development	604	3,190	(1,901)	(382)
Others	-	6	(134)	29
Total	18,714	25,022	(1,703)	526

	Revenue		Profit/(loss) before taxation	
	--- 6 months ended 30 June (Cumulative Quarter)---			
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Industrial Gas	15,811	19,974	448	2,046
Ready-mix concrete/RC Piles	19,499	20,380	430	338
Property Development	685	6,372	(2,033)	(1,172)
Others	-	6	(265)	(314)
Total	35,995	46,732	(1,420)	898

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

There are no capital commitments for the Group as at 30 June 2010

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

B1. Performance Review

The Group achieved a revenue of RM18.7 million for the second quarter ended 30 June 2010, a decrease of 24% over the corresponding quarter ended 30 June 2009 of RM 25.02 million. This is mainly attributed to the lower revenue in the property division. Pending issuance of the “Housing Developer License and Sales Permit” to launch the sale there is a revenue of RM0.60 million as compared to RM3.2 million in the corresponding period.

The Group registered a pre-tax loss of RM1.7 million during the second quarter ended 30 June 2010 as compared to a pre-tax profit of RM0.53 million . The higher operational losses were largely impacted due to the accrual of development expenses such as loan interest and other related costs amounting to RM1.5 million for the second quarter under review for the property division.

- **Industrial Gas Division**

During the current quarter 30June 2010 gas division recorded a sales of RM8.4 million as against RM10,5 million recorded in the preceding period . The division recorded a profit before tax of RM0.12 million for the period under review .

- **Ready Mixed Concrete Division (RMC)**

During the current quarter 30 June 2010 RMC division recorded a sales of RM9.8 million as against RM11.4 million recording in the preceding period. The division recorded a profit before tax of RM0.22 million for the period under review .

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

Group Results	Current quarter ended 30/6/2010	Preceding quarter ended 31/03/2010
	RM’000	RM’000
Revenue	18,714	17,281
(Loss)/profit Before Taxation	(1,703)	284

Revenue for the current quarter under review was RM18.714 million as compared to RM17.281 million for the preceding quarter. The current quarter recorded a loss before taxation of RM1.703 million as compared to profit before taxation of RM0.28 million recorded during the preceding quarter ended 31 March 2010.

B3. Current Year Prospects

The group will continue to improvise on its strategies to face the increasingly competitive and challenging environment while managing operating costs at its most efficient level. Barring unforeseen circumstances, the group is optimistic of its prospects for the current year.

Nevertheless the Group continues to emphasize on good management control focusing on cost optimization and moving towards lower gearing for the Group and its subsidiaries.

B4. Profit Forecast

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

B5. Taxation

	Current Year Quarter 30/06/2010	Preceding Year Quarter 30/06/2009	Current Year To date 30/06/2010	Preceding Year To date 30/06/2010
	RM'000	RM'000	RM'000	RM'000
Taxation comprises:-				
Current tax	90	(6)	150	0
Deferred tax	-	-	-	-
Total	90	(6)	150	0

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	4,850	-	4,850
Bankers' acceptance and Revolving credits	13,008	2,500	15,508
Term loans	63	36,000	63
Lease payables	2,732	-	2,732
Total	20,653	38,500	59,153

b) Long Term Borrowings

	Secured RM'000	Unsecured RM'000	Total RM'000
Term loans	161	-	161
Lease payables	5,374	-	5,374
Total	5,535	-	5,535

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 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 30/06/2010	Preceding Year Quarter 30/06/2009	Current Year To date 30/06/2010	Preceding Year To date 30/06/2010
a) Basic				
Net (loss)/profit attributable to equity holders of the parent (RM'000)	(1,793)	531	(1,570)	897
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings per share (sen)	<u>(3.73)</u>	<u>1.10</u>	<u>(3.26)</u>	<u>1.87</u>
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)	<u>NA</u>	<u>NA</u>	<u>NA</u>	<u>NA</u>

By Order of the Board

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