

**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 Main Market 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 Main Market 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 31<sup>st</sup> 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 1<sup>st</sup> March 2010

Amendments to FRS 132 : Classification of Rights Issues

Effective for financial periods beginning on or after 1<sup>st</sup> 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 Sept		(Individual Quarter)-----	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Industrial Gas	8,106	8,967	532	2,007
Ready-mix concrete/RC Piles	9,786	9,940	389	125
Property Development	2,076	997	(66)	(567)
Others	-	(7)	612	232
<b>Total</b>	<b>19,968</b>	<b>19,897</b>	<b>1,467</b>	<b>1,797</b>

	Revenue		Profit/(loss) before taxation	
	--- 9 months ended 30 Sept		(Cumulative Quarter)---	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Industrial Gas	23,898	28,941	961	4,053
Ready-mix concrete/RC Piles	29,123	30,320	820	463
Property Development	2,923	7,369	(2,029)	(1,739)
Others	-	(1)	276	(82)
<b>Total</b>	<b>55,944</b>	<b>66,629</b>	<b>28</b>	<b>2,695</b>

**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 September 2010

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

### **B1. Performance Review**

The Group achieved revenue of RM20 million for the third quarter ended 30 September 2010 as compared to revenue of RM19.9 million for the third quarter ended 30 September 2009. This quarter the property division had successfully renewed the Housing Developer License and Sales/Advertising Permit. Accordingly the revenue went up from RM997k to RM2mil with an increase of 108% .

The Group registered a pre-tax profit of RM1.47 million during the third quarter ended 30 September 2010 as compared to a pre-tax profit of RM1.7 million for the preceding year corresponding period.

- **Industrial Gas Division**

During the current quarter 30 September 2010 gas division recorded a sales of RM8.1 million as against RM8.9 million recorded in the preceding period. The division recorded a profit before tax of RM0.53 million for the period under review.

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

During the current quarter 30 September 2010 RMC division recorded a sales of RM9.79 million as against RM9.94 million recording in the preceding period. The division recorded a profit before tax of RM0.39 million for the period under review.

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

<b>Group Results</b>	<b>Current quarter ended 30/9/2010</b>	<b>Preceding quarter ended 30/06/2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	19,968	18,714
Profit / (Loss) Before Taxation	1,467	(1,703)

Revenue for the current quarter under review was RM20 million as compared to RM18.7 million for the preceding quarter. The current quarter recorded a profit before taxation of RM1.47 million as compared to loss before taxation of RM1.7 million recorded during the preceding quarter ended 30 June 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**

	<b>Current Year Quarter 30/09/2010</b>	<b>Preceding Year Quarter 30/09/2009</b>	<b>Current Year To date 30/09/2010</b>	<b>Preceding Year To date 30/09/2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation comprises:-</b>				
Current tax	20	78	170	78
Deferred tax	-	-	-	-
<b>Total</b>	<b>20</b>	<b>78</b>	<b>170</b>	<b>78</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 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**

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Bank overdraft	9,699	-	9,699
Bankers' acceptance and Revolving credits	7,317	2,500	9,817
Term loans	-	36,000	36,000
Lease payables	3,126	-	3,126

<b>Total</b>	<b>20,142</b>	<b>38,500</b>	<b>58,642</b>
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**b) Long Term Borrowings**

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Term loans	780	-	780
Lease payables	5,802	-	5,802
<b>Total</b>	<b>6,582</b>	<b>-</b>	<b>6,582</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) 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**

	<b>Current Year Quarter 30/09/2010</b>	<b>Preceding Year Quarter 30/09/2009</b>	<b>Current Year To date 30/09/2010</b>	<b>Preceding Year To date 30/09/2010</b>
<b>a) Basic</b>				
Net profit / (loss) attributable to equity holders of the parent (RM'000)	1,447	1,719	(142)	2,617
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	<b>3.01</b>	<b>3.57</b>	<b>(0.30)</b>	<b>5.44</b>
<b>b) Diluted</b>				
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