

## **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 2010. 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 2010.

#### **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 2010.

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 2010 were not qualified. However it included the following "Emphasis of Matter".

**Emphasis of Matter**

Without qualifying auditors' 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 and the Company's current liabilities exceed its current assets by RM13,120,847 and RM6,879,953 respectively as at 31 December 2010.

**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	
	-----3 months ended 31 Mar		(Individual Quarter)-----	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Industrial Gas	7,918	7,448	(573)	333
Ready-mix concrete/RC Piles	8,024	9,752	157	213
Property Development	3,354	81	(365)	(132)
Others	-	-	(2,535)	(130)
<b>Total</b>	<b>19,296</b>	<b>17,281</b>	<b>(3,316)</b>	<b>284</b>

	Revenue		Profit/(loss) before taxation	
	--- 3 months ended 31 Mar		(Cumulative Quarter)---	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Industrial Gas	7,918	7,488	(573)	333
Ready-mix concrete/RC Piles	8,024	9,752	157	213
Property Development	3,354	81	(365)	(132)
Others	-	-	(2,535)	(130)
<b>Total</b>	<b>19,296</b>	<b>17,281</b>	<b>(3,316)</b>	<b>284</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 31 December 2010

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

#### **B1. Performance Review**

The Group achieved revenue of RM19.3 million for the first quarter ended 31 March 2011 or 12% higher as compared to revenue of RM17.2 million for the first quarter ended 31 March 2010; mainly contribute by property sales of RM3.35mil compare to first quarter of the preceding year.

The Group registered a loss before taxation of RM3.3 million during the first quarter ended 31 March 2011 as compared to a profit before tax of RM 284,000 for the first quarter preceding year corresponding period. The Group made the prudent decision to provide an impairment loss/provision of trade receivables and other receivables of RM3.5 million.

- **Industrial Gas Division**

During the current quarter 31 March 2011 gas division recorded a sales of RM7.9 million or 6.7% higher as against RM7.4 million recorded in the preceding period. The division recorded a loss before tax of RM573,000 for the period under review primarily contributed by the prudent policy of provide impairment loss/provision of trade receivables.

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

During the current quarter 31 March 2011 RMC division recorded a sale of RM8 million or 17.5% lower as against RM9.7 million recording in the preceding period. The division recorded a profit before taxation of RM157,000 for the period under review.

- **Property Division**

During the current quarter 31 March 2011 Property division recorded a sale of RM3.35 million as against RM81,000 recording in the preceding period. The division recorded a loss before taxation of RM365,000 for the period under review.

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

<b>Group Results</b>	<b>Current quarter ended 31/03/2011</b>	<b>Preceding quarter ended 31/12/2010</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	19,296	26,994
Profit / (Loss) Before Taxation	(3,316)	(1,439)

Revenue for the current quarter under review was RM19 million as compared to RM27 million for the preceding quarter. The current quarter recorded a loss before taxation of RM3.3 million as compared to a loss before taxation of RM1.4 million recorded during the preceding quarter ended 31 Dec 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 31/03/2011</b>	<b>Preceding Year Quarter 31/03/2010</b>	<b>Current Year To date 31/03/2011</b>	<b>Preceding Year To date 31/03/2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation comprises:-</b>				
Current tax	331	60	331	60
Deferred tax	1,489	-	1,489	-
<b>Total</b>	<b>1,820</b>	<b>60</b>	<b>1,820</b>	<b>60</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**

Status of corporate proposals are as follow:

Date Announcement	Subject	Status
08/12/2010 13/12/2010 04/01/2011 24/01/2011 07/03/2011 01/04/2011 08/04/2011	Proposed reduction of par value of the existing ordinary shares of RM1.00 each in B.I.G. Industries Berhad ("BIG") to RM0.20 per ordinary share ("BIG Shares") ("Proposed Capital Reduction");  Proposed renounceable two (2)-call rights issue of up to RM76,947,520 nominal value of 4% 5-year irredeemable convertible unsecured loan stocks ("ICULS") at 100% of its nominal value of RM0.20 each together with free detachable warrants on the basis of RM3.20 ICULS together with one (1) warrant for every two (2) existing BIG shares held after the Proposed Capital Reduction; and  Proposed amendments to the Memorandum and Articles of Association of BIG.	Pending approvals from: 1. Bursa Malaysia Securities Berhad  2. The High Court of Sabah and Sarawak of the Proposed Capital Reduction.  3. The shareholders of the Company  4. Any other relevant authorities

## B9. Borrowings

### a) Short Term Borrowings

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Bank overdraft	7,015	-	7,015
Bankers' acceptance and Revolving credits	12,275	-	12,275
Term loans	380	33,500	33,880
Lease payables	3,394	-	3,394
<b>Total</b>	<b>23,064</b>	<b>33,500</b>	<b>56,564</b>

Included in term loans are an unsecured term loan of the Company and of the Group amounting to RM33,500,000 which is presented as repayable within 12 months as the term loan is repayable by 3 June 2011. On 3 May 2011, the Board of Directors of the Company announced that the bondholders of Kerisma Berhad held an Extraordinary General Meeting and approved the repayment of term loan amounting to RM33,500,000 over five years .

### b) Long Term Borrowings

	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>	<b>Total RM'000</b>
Term loans	1,256	-	1,256
Lease payables	5,146	-	5,146
<b>Total</b>	<b>6,402</b>	<b>-</b>	<b>6,402</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 31/03/2011</b>	<b>Preceding Year Quarter 31/03/2010</b>	<b>Current Year To date 31/03/2011</b>	<b>Preceding Year To date 31/03/2010</b>
<b>a) Basic</b>				
Net profit / (loss) attributable to equity holders of the parent (RM'000)	(5,136)	224	(5,136)	224
Weighted average number of ordinary share in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	<b>(10.68)</b>	<b>0.47</b>	<b>(10.68)</b>	<b>0.47</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

**B14. Realised and Unrealised Profits**

	Current Year Quarter 31/03/2010	Immediate Preceding quarter 31/12/2010
	RM'000	RM'000
Total revenue reserve/ (accumulated losses) of the Company and its subsidiaries:	7,795	11,441
- Realised	-	-
- Unrealised	(2,823)	(1,334)
	4,972	10,107
Less: Consolidation adjustments	(5,522)	(5,522)
Revenue reserve/(accumulated losses) as per financial statements	<b>(550)</b>	<b>4,585</b>

The Company has applied Listing Directive (LD09/10: Disclosure Requirements Pursuant to FRS139, Financial Instruments : Recognition and measurement) which exempts entities from disclosing comparative figures on the breakdown of realized and unrealized profits in the first year of applying the directive requirement.