

**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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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 audited financial statements for the year ended 31<sup>st</sup> December 2010.

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2011, the Group adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
FRS 1 First-time Adoption of Financial Reporting Standards	1 July 2010
Amendments to FRS 2 Share-based Payment	1 July 2010
FRS 3 Business Combinations	1 July 2010
Amendments to FRS 5 Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 127 Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 138 Intangible Assets	1 July 2010
Amendments to IC Interpretation 9 Reassessment of Embedded Derivatives	1 July 2010
IC Interpretation 12 Service Concession Arrangements	1 July 2010
IC Interpretation 16 Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17 Distributions of Non-cash Assets to Owners	1 July 2010

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
8Amendments to FRS 132: Classification of Rights Issues	1 March 2010
IC Interpretation 18 Transfers of Assets from Customers	1 January 2011
Amendments to FRS 7: Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 1: Limited Exemptions for First-time Adopters	1 January 2011
Amendments to FRS 1: Additional Exemptions for First-time Adopters	1 January 2011
IC Interpretation 4 Determining Whether an Arrangement contains a Lease	1 January 2011
Improvements to FRS issued in 2010	1 January 2011

The adoption of the above standards and interpretations did not have any significant effect on the financial performance and position 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 the auditors' opinion, the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements 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 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**

There was no dividend paid for the quarter under review.

**A9. Segmental Information**

	Revenue		Profit/(loss) before tax	
	-----3 months ended 31 Dec		(Individual Quarter)-----	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Industrial Gas	8,560	12,642	220	318
Ready-mix concrete/RC Piles	12,512	9,138	(846)	(690)
Property Development	10,735	5,146	1,286	(6)
Others	-	-	(17)	(1,182)
<b>Total</b>	<b>31,807</b>	<b>26,926</b>	<b>643</b>	<b>(1,560)</b>

	Revenue		Profit/(loss) before tax	
	-----12 months ended 31 Dec		(Cumulative Quarter)---	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Industrial Gas	32,521	36,540	(665)	1,279
Ready-mix concrete/RC Piles	39,598	38,261	29	130
Property Development	20,772	8,069	1,606	(2,035)
Others	-	-	(3,833)	(906)
<b>Total</b>	<b>92,891</b>	<b>82,870</b>	<b>(2,863)</b>	<b>(1,532)</b>

**A10. Carrying Amount of Revalued Assets**

The valuation of property, plant and equipment was brought forward without amendment from the previous annual financial statements.

**A11. Material Subsequent Events**

There are 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 Commitments**

There are no capital commitments for the Group as at 31 December 2011.

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

### **B1. Performance Review**

The Group earned higher revenue of RM31.8 million for the fourth quarter ended 31 December 2011 or 18% higher as compared to revenue of RM26.9 million for the fourth quarter ended 31 December 2010, which was mainly contributed to higher sales in the Ready-Mix Concrete Division and Property Division.

The Group registered a profit before tax of RM643,000 for the fourth quarter ended 31 December 2011 as compared to a loss before tax of RM1.5 million for the fourth quarter preceding corresponding period.

- **Industrial Gas Division**

During the current quarter ended 31 December 2011, Gas Division recorded sales of RM8.6 million as compared to RM12.6 million recorded in the preceding period or 31.7% lower. However the division recorded a profit before tax of RM220,000 for the period under review.

Cylinders gas sales volume had increased but its profit margins were reduced due to higher competition, as well as the Company securing lesser fabrication and ship building projects in 2011, as compared to the preceding period. The overall sales volume for bulk liquid gases were subdued with generally lower demand from oil, gas and petrol chemical industries in the current period as compared to previous period.

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

During the current quarter ended 31 December 2011, RMC Division recorded sales of RM12.5 million as compared to RM9.1 million recorded in the preceding period or 37.3% higher. The division recorded a loss before tax of RM846,000 for the period under review.

- **Property Division**

During the current quarter ended 31 December 2011, Property Division recorded sales of RM10.7 million as compared to RM5.1 million recorded in the preceding period or 101.2% higher. The division recorded a profit before tax of RM1.3 million for the period under review.

For the quarter under review, the Property Division sold a warehouse for a consideration of RM5 million, and, therefore recorded a loss on disposal of RM1.3 million. The Group had no further use for the warehouse.

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

<b>Group Results</b>	<b>Current quarter ended 31/12/2011</b>	<b>Preceding quarter ended 30/09/2011</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	<b>31,807</b>	20,401
Profit Before Tax	<b>643</b>	400

Revenue for the current quarter under review was RM31.8 million as compared to RM20.4 million for the preceding quarter. The current quarter recorded a profit before tax of RM643,000 as compared to a profit before tax of RM400,000 for the preceding quarter ended 30 September 2011.

**B3. Current Year Prospects**

The Group will continue to improve on its strategies to face increasingly competitive and challenging business environment as it had experienced in the current year, while at the same time, manage operating costs at its most efficient level. Barring unforeseen circumstances, the Group is optimistic of its future prospects.

Nonetheless, the Group will continue to emphasise on good management control focusing on cost optimisation 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 31/12/2011</b>	<b>Preceding Year Quarter 31/12/2010</b>	<b>Current Year To date 31/12/2011</b>	<b>Preceding Year To date 31/12/2010</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Taxation comprises:-</b>				
Current tax	(398)	197	66	367
Deferred tax	1,842	524	3,331	524
<b>Total</b>	<b>1,444</b>	<b>721</b>	<b>3,397</b>	<b>891</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. Corporate Proposals

Status of corporate proposals:

Date Of Announcement	Subject	Status
08/12/2010 13/12/2010 04/01/2011 24/01/2011 07/03/2011 01/04/2011 08/04/2011 01/07/2011	<p>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");</p> <p>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</p> <p>Proposed amendments to the Memorandum and Articles of Association of BIG.</p> <p>In view that the BIG Group had recorded accumulated losses of approximately RM550,000 based on its latest quarterly results as at 31 March 2011, announced on 26 March 2011 to Bursa Securities, the Board of B.I.G. had on 1 July 2011, resolved not to proceed with the above Proposals.</p>	Aborted on 1 July 2011.

**B7. Borrowings****a) Short Term Borrowings**

	31 December 2011			31 December 2010		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Bank overdraft	4,263	-	4,263	6,665	-	6,665
Bankers' acceptance and Revolving credits	15,312	-	15,312	5,173	8,177	13,350
Term loans	380	6,000	6,380	-	33,827	33,827
Lease payables	3,684	-	3,684	3,439	-	3,439
<b>Total</b>	<b>23,639</b>	<b>6,000</b>	<b>29,639</b>	<b>15,277</b>	<b>42,004</b>	<b>57,281</b>

**b) Long Term Borrowings**

	31 December 2011			31 December 2010		
	Secured RM'000	Unsecured RM'000	Total RM'000	Secured RM'000	Unsecured RM'000	Total RM'000
Term loans	1,040	24,500	25,540	1,395	-	1,395
Bankers' acceptance and Revolving credits	-	-	-	100	-	100
Lease payables	3,368	-	3,368	5,669	-	5,669
<b>Total</b>	<b>4,408</b>	<b>24,500</b>	<b>28,908</b>	<b>7,164</b>	<b>-</b>	<b>7,164</b>

None of the Group's borrowings as at the financial period to date are denominated in foreign currencies.

## **B8. Changes in Material Litigations**

There was no material litigation at the date of issue of these interim financial statements except for the following:

1. The Company's wholly owned subsidiary company, Hypervictory Sdn. Bhd., had on 27 March 2007, by a Statement of Claim of the same date, commenced legal proceedings against its trade debtor, Dapan Construction Sdn. Bhd. ("Defendant"), in the Sessions Court at Kota Kinabalu. Hypervictory Sdn. Bhd.'s claim was for the sum of RM64,628.21 as at 31 October 2006 being the outstanding sum for goods sold and delivered to the Defendant on credit term. The Defendant filed its Defence on 5 September 2008 pleading a global set off arrangement (as pleaded in another suit which involved the Plaintiff and Defendant as well) to set off the amount owed by the Defendant against the amount purportedly owed by Uni-Mix Sdn. Bhd. (a subsidiary of the Company) to the Defendant's related companies, namely Dapan Holdings Sdn. Bhd. and Zillion Rank Sdn. Bhd. The trial is fixed on 12<sup>th</sup> – 14<sup>th</sup> March 2012.

2. By a Statement of Claim dated 26 March 2007 (amended on 7 October 2010), Dapan Holdings Sdn. Bhd., Dapan Construction Sdn. Bhd. and Zillion Rank Sdn. Bhd. commenced legal proceedings in the High Court in 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 between the Third Plaintiff and the Second Defendant was validly terminated, damages to be assessed for breach of the sub-contract and/or rectification works on the road leading to a housing project and retention pond, and an injunction requiring the 2<sup>nd</sup> Defendant to remove all its plant, equipment and/or machinery from the site.

By Defence dated 16 July 2007 and Counter-Claim dated 4 August 2010 (re-amended on 7 October 2010), Uni-Mix Sdn. Bhd. counter-claimed against Dapan Construction Sdn. Bhd. for the outstanding sum of RM817,877.76 as at 30 November 2006 for goods supplied to it on credit term. The Plaintiff alleged that the parties had agreed to a global set-off by which the debt due and owing by the 2<sup>nd</sup> Plaintiff to the 1<sup>st</sup> Defendant could be set off by debt purportedly due and owing by the 2<sup>nd</sup> Defendant to the Plaintiffs. The trial is fixed on 12<sup>th</sup> – 14<sup>th</sup> March 2012.

## **B9. Dividend Payable**

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



## B10. Earnings Per Share

	Current Year Quarter 31/12/2011	Preceding Year Quarter 31/12/2010	Current Year To date 31/12/2011	Preceding Year To date 31/12/2010
<b>a) Basic</b>				
Loss net of tax, attributable to Equity Holders of the Company (RM'000)	(801)	(2,281)	(6,261)	(2,423)
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	<b>(1.67)</b>	<b>(4.74)</b>	<b>(13.02)</b>	<b>(5.04)</b>
<b>b) Diluted</b>				
Profit net of tax, attributable to Equity Holders of the Company (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

## B11. Realised and Unrealised Profits

	Current Year Quarter ended 31/12/2011 RM'000	As at the financial year ended 31/12/2010 RM'000
Total revenue reserve/ (accumulated losses) of the Company and its subsidiaries:		
- Realised	8,512	11,441
- Unrealised	(4,665)	(1,334)
	3,847	10,107
Less: Consolidation adjustments	(5,522)	(5,521)
(Accumulated losses)/revenue reserve as per financial statements	<b>(1,675)</b>	<b>4,586</b>