

B. I. G. INDUSTRIES BERHAD (195285-D)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Financial Position**As at 30 June 2013**

	30 June 2013	31 December 2012
	RM' 000	RM' 000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Intangible asset	841	841
Property, plant and equipment	47,350	49,275
Land use rights	7,260	7,558
Other investments	436	436
Land held for property development	5,176	5,171
	61,063	63,281
Current assets		
Property development costs	9,240	7,906
Inventories	10,041	13,035
Trade receivables	27,533	24,759
Other receivables, deposits and prepayments	4,241	11,726
Tax recoverable	742	875
Fixed deposits with licensed banks and financial institutions	772	732
Cash and bank balances	4,354	2,467
	56,924	61,500
TOTAL ASSETS	117,987	124,781
EQUITY AND LIABILITIES		
Equity attributable to Equity Holders of the Company		
Share capital	48,092	48,092
Share premium	150	150
(Accumulated losses)/ Revenue reserve	(2,681)	(4,503)
TOTAL EQUITY	45,561	43,739
Non-current liabilities		
Lease payables	2,043	2,411
Term loans	15,333	19,555
Deferred tax liabilities	7,490	7,490
	24,867	29,456
Current liabilities		
Bank overdrafts	804	3,988
Term loans	7,578	6,689
Borrowings	15,767	13,070
Trade payables	10,665	13,548
Other payables and accruals	10,915	12,109
Amount due to related companies	45	45
Lease payables	1,508	2,123
Income tax payable	277	14
	47,560	51,586
TOTAL LIABILITIES	72,427	81,042
TOTAL EQUITY AND LIABILITIES	117,987	124,781
Net assets per share attributable to Equity Holders of the Company (RM)	0.95	0.91

The condensed consolidated statements of financial position should be read in conjunction with the audited statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Comprehensive Income**For the six months ended 30 June 2013**

	3 months ended 30 June		6 months ended 30 June	
	2013	2012	2013	2012
	RM'000	RM'000	RM'000	RM'000
Revenue	23,825	25,237	47,784	49,302
Other income	605	510	2,113	1,075
Interest income	21	-	27	1
Changes in inventories of finished goods	(395)	1,139	(1,245)	596
Inventories purchased and raw materials consumed	(10,901)	(14,952)	(20,979)	(25,674)
Carriage outwards	(119)	(139)	(247)	(301)
Employee benefits expenses	(2,619)	(2,345)	(5,419)	(4,629)
Depreciation of plant, property and equipment	(1,280)	(1,093)	(2,590)	(2,116)
Amortisation of land use rights	(47)	(54)	(87)	(107)
Development costs	(3,571)	(2,888)	(8,146)	(6,292)
Other expenses	(4,048)	(3,215)	(7,782)	(8,123)
Operating profit/(loss)	1,471	2,200	3,429	3,732
Finance costs	(718)	(1,379)	(1,434)	(2,155)
Profit before tax	753	821	1,995	1,577
Income tax expense	(132)	(58)	(173)	(179)
Profit net of tax, representing total comprehensive income for the period	621	763	1,822	1,398
Total comprehensive income for the period				
Profit attributable to:				
Owners of the Company	621	763	1,822	1,398
Earning per share attributable to equity holders of the Company:				
Earnings/(loss) per share (sen)				
- Basic	1.29	1.59	3.79	2.91
- Diluted	NA	NA	NA	NA

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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**Unaudited Condensed Consolidated Statements of Changes in Equity
For the six months ended 30 June 2013**

	-----Attributable to Equity Holders of Company-----			
	----Non-distributable-----		Distributable	
	Share Capital	Share Premium	Revenue Reserve/ (Accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2013	48,092	150	(4,503)	43,739
Total Comprehensive Income	-	-	1,822	1,822
At 30 June 2013	<u>48,092</u>	<u>150</u>	<u>(2,681)</u>	<u>45,561</u>

	-----Attributable to Equity Holders of Company-----			
	----Non-distributable-----		Distributable	
	Share Capital	Share Premium	Revenue Reserve/ (Accumulated losses)	Total
	RM'000	RM'000	RM'000	RM'000
At 1 January 2012	48,092	150	(1,958)	46,284
Total Comprehensive Income	-	-	1,398	1,398
At 30 June 2012	<u>48,092</u>	<u>150</u>	<u>(560)</u>	<u>47,682</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

B. I. G. INDUSTRIES BERHAD (195285-D)

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Cash Flows for the six months ended 30 June 2013

	30 June 2013	30 June 2012
	RM'000	RM'000
Profit/(Loss) before tax	1,995	1,577
Adjustments for :		
Amortisation of prepaid land lease payments	87	107
Depreciation of property, plant and equipment	2,590	2,116
Fixed assets written off	14	17
Bad debts recovered	(9)	-
Bad debts written off	1	-
Net gain on disposal of land use rights	(889)	-
Net gain on disposal of property, plant & equipment	(55)	(138)
Interest expenses	1,434	2,155
Interest income	(27)	(1)
Operating cash flows before working capital changes	5,141	5,833
Changes in working capital:		
Property development costs	(1,339)	(1,039)
Inventories	2,994	(1,061)
Receivables	4,719	258
Payables	(4,077)	3,025
Cash flows from operations	7,438	7,016
Interest received	27	1
Income tax paid, net of tax refunds	223	(442)
Net cash flows from operating activities	7,688	6,575
Investing activities		
Purchase of property, plant & equipment	(376)	(977)
Acquisition of land use rights	-	-
Proceeds from disposal of property, plant & equipment	93	306
Proceeds from disposal of land use rights	1,100	-
Proceeds from disposal of investment property	-	-
Net cash flows from/ (used in) investing activities	817	(671)
Financing activities		
Repayment of loans and borrowings	(3,333)	(7,327)
Net change of short term borrowings	2,697	184
(Increase)/decrease in fixed deposits pledged	(40)	(17)
Interest paid	(1,434)	(2,155)
Repayment of lease payables	(1,324)	(1,723)
Net cash flows used in financing activities	(3,434)	(11,038)
Net increase/(decrease) in cash and cash equivalents	5,071	(5,134)
Cash and cash equivalents at 1 January	(1,521)	(1,141)
Cash and cash equivalents at 30 June	3,550	(6,275)
Analysis of cash and cash equivalents :		
Cash and bank balances	4,354	2,472
Bank overdrafts	(804)	(8,747)
	3,550	(6,275)

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial statements.

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PART A –EXPLANATORY NOTES PURSUANT TO MFRS134

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 2012. These explanatory notes 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 2012.

A2. Changes in Accounting Policies

The new and revised FRSs, Amendments to FRS and IC Interpretations are mandatory for companies with financial periods beginning on or after 1 January 2013 which do not give rise to any significant effects on the financial statements of the Group.

Malaysian Financial Reporting Standards

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called ‘Transitioning Entities’).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments require on transition will be made, retrospectively, against opening retained earnings.

A2. Changes in Accounting Policies (cont'd)

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

The Group is in the process of assessing the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial statements and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

The Group expects to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

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 2012 were not subject to any qualification.

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 30 Jun (Individual Quarter) ----			
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Industrial Gas	8,075	9,025	287	519
Ready-mix concrete/RC Piles	11,460	12,078	237	328
Property	4,290	4,134	285	309
Others	0	0	(56)	(335)
Total	23,825	25,237	753	821

	Revenue		Profit/(Loss) before tax	
	---- 6 months ended 30 Jun (Cumulative Quarter) ----			
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Industrial Gas	15,841	16,550	1,294	886
Ready-mix concrete/RC Piles	22,280	24,296	426	594
Property	9,663	8,456	605	809
Others	0	0	(330)	(712)
Total	47,784	49,302	1,995	1,577

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 30 June 2013.

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

B1. Performance Review

The Group achieved a revenue of RM23.825 million for the second quarter ended 30 June 2013 as compared to RM25.237 million recorded in the comparative quarter, a decrease of RM1.412 million or 5.59%. The decrease in revenue was mainly due to Industrial Gas Division which registered a decrease of RM0.950 million and Ready-Mix Concrete Division decrease of RM0.618 million.

The Group registered a profit before tax of RM0.753 million for the second quarter ended 30 June 2013 as compared to a profit before tax of RM0.821 million for the comparative quarter ended 30 June 2012 as a result of lower revenue.

- **Industrial Gas Division**

During the current quarter under review, the Industrial Gas Division recorded a revenue of RM8.075 million as compared to RM9.025 million recorded in the comparative quarter. The division recorded a profit before tax of RM0.287 million for the current quarter ended 30 June 2013 compared to a profit before tax of RM0.519 million for the comparative quarter. The lower profit was due to lower revenue for the current quarter.

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

During the current quarter under review, the RMC Division recorded a revenue of RM11.460 million as compared to RM12.078 million recorded in the comparative quarter. The decrease in revenue was mainly due to slowdown in construction activities in Sabah for the first half year.

The division recorded a profit before tax of RM0.237 million as compared to profit before tax of RM0.328 million for the comparative quarter.

- **Property Division**

During the current quarter under review, the Property Division recorded a revenue of RM4.290 million as compared to RM4.134 million recorded in the comparative quarter.

The division recorded a profit before tax of RM0.285 million against profit before tax of RM0.309 million in the comparative quarter.

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

Group Results	Current Quarter ended 30/06/2013	Preceding Quarter ended 31/03/2013
	(RM'000)	(RM'000)
Revenue	23,825	23,959
Profit/(Loss) Before Tax	753	1,242

Revenue for the current quarter under review was at RM23.825 million compared to RM23.959 million for the preceding quarter, decreased by 0.56%. For the current quarter, the Group recorded a profit before tax of RM0.753 million as compared to a profit before tax of RM1.242 million for the preceding quarter ended 31 March 2013. The higher profit in the preceding quarter was mainly attributable to gain on disposal of land use rights of RM0.889 million.

B3. Current Year Prospects

The outlook for the year 2013 is challenging due to intense competition, rising material and labour costs. As such, we expect the profit margin to remain thin.

With constant pressure on margin, the Group continues to work on improving operational efficiency by enhancing the productivity of its workforce and operation, emphasizing tight control on costs to remain competitive.

The Group is optimistic and expects the performance of the current year to be improved.

B4. Profit Forecast

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

B5. Taxation

	Current Year Quarter 30/06/13	Preceding Year Quarter 30/06/12	Current Year To date 30/06/13	Preceding Year To date 30/06/12
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Taxation comprises:				
Current tax	132	58	173	179
Deferred tax	0	0	0	0
Total	132	58	173	179

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

There are no corporate proposals as at 29 August 2013.

B7. Borrowings

a) Short Term Borrowings

	30 June 2013			30 June 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank overdraft	804	-	804	8,747	-	8,747
Bankers' acceptance and revolving credits	15,767	-	15,767	13,225	-	13,225
Term loans	578	7,000	7,578	244	5,000	5,244
Lease payables	1,508	-	1,508	3,082	-	3,082
Total	18,657	7,000	25,657	25,298	5,000	30,298

b) Long Term Borrowings

	30 June 2013			30 June 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	833	14,500	15,333	1,036	21,500	22,536
Lease payables	2,043	-	2,043	2,252	-	2,252
Total	2,876	14,500	17,376	3,288	21,500	24,788

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.

B9. Dividend Payable

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

B10. Earnings Per Share

	Current Year Quarter 30/06/2013	Preceding Year Quarter 30/06/2012	Current Year To date 30/06/2013	Preceding Year To date 30/06/2012
a) Basic				
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	621	763	1,822	1,398
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	1.29	1.59	3.79	2.91
b) Diluted				
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/Losses

	As at end of current quarter 30/06/13 (RM'000)	As at the financial year ended 31/12/12 (RM'000)
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	8,978	7,156
- Unrealised	(7,490)	(7,490)
	1,488	(334)
Less : Consolidation adjustments	(4,169)	(4,169)
(Accumulated losses) / revenue reserve as per financial statements	(2,681)	(4,503)