

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

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Financial Position**As at 31 March 2014**

	31 March 2014	31 December 2013
	RM' 000	RM' 000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Intangible asset	841	841
Property, plant and equipment	43,775	44,877
Land use rights	7,129	7,173
Other investments	75	75
Land held for property development	5,176	5,176
	56,996	58,142
Current assets		
Property development costs	3,259	5,359
Inventories	8,645	9,437
Trade receivables	28,262	25,017
Other receivables, deposits and prepayments	3,886	3,502
Tax recoverable	399	261
Fixed deposits with licensed banks and financial institutions	965	3,955
Cash and bank balances	5,465	6,248
	50,882	53,779
	107,878	111,921
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	(79)	(631)
	48,163	47,611
Non-current liabilities		
Lease payables	1,986	2,214
Term loans	11,176	11,195
Deferred tax liabilities	6,574	6,574
	19,737	19,983
Current liabilities		
Bank overdrafts	386	566
Term loans	6,255	8,388
Borrowings	6,270	8,951
Trade payables	12,444	9,363
Other payables and accruals	13,124	15,450
Amount due to related companies	45	45
Lease payables	1,277	1,390
Income tax payable	177	174
	39,979	44,327
	59,716	64,310
TOTAL LIABILITIES		
TOTAL EQUITY AND LIABILITIES	107,878	111,921
Net assets per share attributable to Equity Holders of the Company (RM)	1.00	0.99

The condensed consolidated statements of financial position should be read in conjunction with the audited statements for the year ended 31 December 2013 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 Comprehensive Income
For the three months ended 31 March 2014

	3 months ended 31 Mar.		3 months ended 31 Mar.	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	22,089	24,431	22,089	24,431
Other income	127	1,021	127	1,021
Interest income	10	21	10	21
Changes in inventories of finished goods	(786)	(850)	(786)	(850)
Inventories purchased and raw materials consumed	(9,010)	(10,078)	(9,010)	(10,078)
Carriage outwards	(119)	(128)	(119)	(128)
Employee salaries and other benefits expenses	(2,963)	(2,800)	(2,963)	(2,800)
Depreciation of plant, property and equipment	(1,288)	(1,306)	(1,288)	(1,306)
Amortisation of land use rights	(44)	(44)	(44)	(44)
Development costs	(2,967)	(4,575)	(2,967)	(4,575)
Other expenses	(3,885)	(3,734)	(3,885)	(3,734)
Operating profit/(loss)	1,164	1,958	1,164	1,958
Finance costs	(465)	(716)	(465)	(716)
Profit before tax	699	1,242	699	1,242
Income tax expense	(147)	(41)	(147)	(41)
Profit net of tax, representing total comprehensive income for the period	552	1,201	552	1,201
Total comprehensive income for the period				
Profit attributable to:				
Owners of the Company	552	1,201	552	1,201
Earning per share attributable to equity holders of the Company:				
Earnings/(loss) per share (sen)				
- Basic	1.15	2.50	1.15	2.50
- 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 2013 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 three months ended 31 March 2014**

	-----Attributable to Equity Holders of Company-----			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Distributable Revenue Reserve/ (Accumulated losses) RM'000	
At 1 January 2014	48,092	150	(631)	47,611
Total Comprehensive Income	-	-	552	552
At 31 March 2014	<u>48,092</u>	<u>150</u>	<u>(79)</u>	<u>48,163</u>

	-----Attributable to Equity Holders of Company-----			Total RM'000
	Share Capital RM'000	Share Premium RM'000	Distributable Revenue Reserve/ (Accumulated losses) RM'000	
At 1 January 2013	48,092	150	(4,503)	43,739
Total Comprehensive Income	-	-	1,201	1,201
At 31 March 2013	<u>48,092</u>	<u>150</u>	<u>(3,302)</u>	<u>44,940</u>

The condensed consolidated statements of changes in equity should be read in conjunction with the audited statements for the year ended 31 December 2013 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 three months ended 31 March 2014

	31 March 2014	31 March 2013
	RM'000	RM'000
Profit/(Loss) before tax	699	1,242
Adjustments for :		
Amortisation of land use rights	44	43
Depreciation of property, plant and equipment	1,288	1,306
Bad debts written off	18	-
Net gain on disposal of land use rights	-	(889)
Net gain on disposal of property, plant and equipment	(28)	(35)
Property, plant and equipment written off	19	-
Interest expenses	465	716
Interest income	(10)	(21)
Operating cash flows before working capital changes	2,495	2,362
Changes in working capital:		
Property development costs	2,099	(1,810)
Inventories	792	2,750
Receivables	(3,646)	1,709
Payables	754	(4,428)
Cash flows from operations	2,494	583
Interest received	10	21
Income tax paid, net of tax refunds	(281)	529
Net cash flows from operating activities	2,223	1,133
Investing activities		
Purchase of property, plant & equipment	(160)	(293)
Proceeds from disposal of property, plant & equipment	48	60
Proceeds from disposal of land use rights	-	1,100
Net cash flows from/ (used in) investing activities	(112)	867
Financing activities		
Repayment of loans and borrowings	(2,153)	(1,315)
Net change of short term borrowings	(2,681)	-
(Increase)/decrease in fixed deposits pledged	2,989	-
Interest paid	(465)	(716)
Repayment of lease payables	(403)	(752)
Net cash flows used in financing activities	(2,713)	(2,783)
Net increase/(decrease) in cash and cash equivalents	(602)	(783)
Cash and cash equivalents at 1 January	5,681	(1,521)
Cash and cash equivalents at 31 March	5,079	(2,304)
Analysis of cash and cash equivalents:		
Cash and bank balances	5,465	1,934
Bank overdrafts	(386)	(4,238)
	5,079	(2,304)

The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

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PART A –EXPLANATORY NOTES PURSUANT TO FRS134

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 2013. 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 2013.

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 2014 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 the “Transitioning Entities”).

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015. 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 2015.

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 2013 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 2015.

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 2013 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 31 Mar (Individual Quarter) ----			
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Industrial Gas	7,899	8,238	701	1,007
Ready-mix concrete/RC Piles	10,457	10,820	141	190
Property	3,733	5,373	369	321
Others	0	0	(112)	(276)
Total	22,089	24,431	1,099	1,242

	Revenue		Profit/(Loss) before tax	
	---- 3 months ended 31 Mar (Cumulative Quarter) ----			
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Industrial Gas	7,899	8,238	701	1,007
Ready-mix concrete/RC Piles	10,457	10,820	141	190
Property	3,733	5,373	369	321
Others	0	0	(112)	(276)
Total	22,089	24,431	1,099	1,242

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

Except for the following, there are no material changes in the composition of the Group during the current quarter under review:

On 9 May 2014, the Company announced that Besitek Konsortium Sdn Bhd (“Besitek”), a wholly-owned dormant subsidiary of the Company was struck off from the Registrar pursuant to Section 308 of the Companies Act, 1965 as there was no plan to use Besitek in the future.

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

The total capital commitments for the Group as at 31 March 2014 was RM2.296 million.

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

B1. Performance Review

For the quarter under review, the Group reported a revenue of RM22.089 million for the first quarter ended 31 March 2014 as compared to RM24.431 million recorded in the preceding year corresponding quarter, a decrease of RM2.342 million or 9.59%. The decrease in revenue was mainly due to decline in sales recorded by the Property Division.

The Group registered a profit before tax of RM0.699 million for the first quarter ended 31 March 2014 as compared to a profit before tax of RM1.242 million for the preceding year corresponding quarter. The higher profit for the preceding year was due to gain on disposal of land use rights of RM0.889 million.

- **Industrial Gas Division**

During the current quarter under review, the Industrial Gas Division recorded a revenue of RM7.899 million as compared to RM8.238 million for the preceding year corresponding quarter.

The division recorded a profit before tax of RM0.701 million for the current quarter ended 31 March 2014 compared to a profit before tax of RM1.007 million for the preceding corresponding quarter. The higher profit recorded for the preceding corresponding quarter was mainly due to recognition of gain on disposal of land use rights of RM0.889 million. However, for comparison purposes, excluding the above gain, although revenue for the current quarter was lower by RM0.339 million as compared to the preceding corresponding quarter, the division achieved a higher profit of RM0.583 million due mainly to efficiency in costs tightening measures.

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

During the current quarter under review, the RMC Division recorded a revenue of RM10.457 million as compared to RM10.820 million recorded in the preceding corresponding quarter.

The division recorded a profit before tax of RM0.141 million as compared to profit before tax of RM0.190 million for the preceding corresponding quarter.

- **Property Division**

During the current quarter under review, the Property Division recorded a revenue of RM3.733 million as compared to RM5.373 million for the preceding corresponding quarter, a decrease of RM1.64 million or 30.52%. The decreased was mainly due to Luyang projects coming to an end.

The division recorded a profit before tax of RM0.369 million against a profit before tax of RM0.321 million in the preceding comparative quarter. The higher profit in the current quarter review was due to recognition of profit towards the end of projects.

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

Group Results	Current Quarter ended 31/03/2014	Preceding Quarter ended 31/12/2013
	(RM'000)	(RM'000)
Revenue	22,089	25,491
Profit/(Loss) Before Tax	1,099	510

Revenue for the current quarter under review was at RM22.089 million compared to RM25.491 million for the preceding quarter, decreased by RM3.402 million or 13.35%. Lower revenue was due to shorter working days.

For the current quarter, the Group recorded a profit before tax of RM1.099 million as compared to a profit before tax of RM0.510 million for the preceding quarter ended 31 December 2013. The lower profit in the preceding quarter was mainly due to impairment of property, plant and equipment of RM1.1 million by the Gas Division and the impairment of other receivable of RM0.361 million.

B3. Current Year Prospects

The Board is optimistic that the scheduled implementation of Goods and Service Tax ("GST") will accelerate the consumer purchases before the GST to take effect. This poses well for the Group's ready-mixed concrete and property division.

Barring any unforeseen circumstances, the Board expects the current year's performance to be satisfactory.

B4. Profit Forecast

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

B5. Taxation

	Current Year Quarter 31/03/14	Preceding Year Quarter 31/03/13	Current Year To date 31/03/14	Preceding Year To date 31/03/13
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
Taxation comprises:				
Current tax	147	41	147	41
Deferred tax	0	0	0	0
Total	147	41	147	41

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 26 May 2014.

B7. Borrowings

a) Short Term Borrowings

	31 March 2014			31 March 2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank overdraft	386	-	386	4,238	-	4,238
Bankers' acceptance and revolving credits	6,270	-	6,270	12,469	-	12,469
Term loans	255	6,000	6,255	603	5,459	6,062
Lease payables	1,277	-	1,277	1,683	-	1,683
Total	8,188	6,000	14,188	18,993	5,459	24,452

b) Long Term Borrowings

	31 March 2014			31 March 2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	676	10,500	11,176	968	18,500	19,468
Lease payables	1,986	-	1,986	2,099	-	2,099
Total	2,662	10,500	13,162	3,067	18,500	21,567

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

B8. Changes in Material Litigations

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

1. On 26 June 2012, the Company's wholly-owned subsidiary, B.I.G. Industrial Gas Sdn. Bhd. ("BIGG") entered into a conditional Sale and Purchase Agreement ("SPA") with Pan Wijaya Property Sdn. Bhd. ("PWPSB") subject to the consent from the Director of Lands and Surveys for the disposal of a piece of vacant leasehold land held under Lot 2072, Block 26, Kemena Land District, Kidurong Industrial Area, Bintulu, Sarawak measuring approximately 1.2243 hectares in area for a cash consideration of RM3.1 million.

Director of Lands and Surveys, Sarawak via its letter dated 12 March 2013 rejected the application for consent to transfer ownership of land title held under Lot 2072. Accordingly, the conditional SPA dated 26 June 2012 on the proposed disposal was treated as cancelled, null and void.

B8. Changes in Material Litigations (cont'd)

On 5 February 2013, PWPSB created a caveat instrument registered as Instrument No.L703/2013 at Bintulu Land District on 5 February 2013 forbids the registration of any dealing with the estate or the interest of the land held under Lot 2072. In view of the cancellation of proposed disposal and refusal of PWPSB to remove the caveat, BIGG had on 26 July 2013 commenced a legal proceeding against PWPSB for the removal of the caveat. On 3 September 2013, PWPSB sued BIGG for specific performance of a SPA and in the alternative for damages for breach of contract. BIGG refuted the claim as Director of Lands and Surveys, Sarawak had refused to grant the consent and thus it was impossible to perform the SPA and therefore void. In the event the High Court ruled in favour of PWPSB, the financial impact to BIGG would be RM0.620 million as pre-estimated liquidated damages.

On 10 April 2014, the High Court has ordered:

- i) the removal of caveat and dismissal of BIGG's application to strike out the PWPSB's writ and statement of claim with costs; and
- ii) dismissal of PWPSB's application to strike out the counterclaim with costs.

B9. Dividend Payable

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

B10. Earnings Per Share

	Current Year Quarter 31/03/2014	Preceding Year Quarter 31/03/2013	Current Year To date 31/03/2014	Preceding Year To date 31/03/2013
a) Basic				
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	552	1,201	552	1,201
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	1.15	2.50	1.15	2.50
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 31/03/14	As at the financial year ended 31/12/13
	(RM'000)	(RM'000)
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	11,408	10,105
- Unrealised	(6,573)	(6,573)
	4,835	3,532
Less : Consolidation adjustments	(4,914)	(4,163)
(Accumulated losses) / revenue reserve as per financial statements	(79)	(631)