

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

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statements of Financial Position**as at 30 September 2014**

	30 September 2014	31 December 2013
	RM' 000	RM' 000
	(Unaudited)	(Audited)
ASSETS		
Non-current assets		
Intangible asset	841	841
Property, plant and equipment	45,736	44,877
Land use rights	6,999	7,173
Other investments	75	75
Land held for property development	5,176	5,176
	58,827	58,142
Current assets		
Property development costs	2,045	5,359
Inventories	7,034	9,437
Trade receivables	25,459	25,017
Other receivables, deposits and prepayments	4,983	3,502
Tax recoverable	374	261
Fixed deposits with licensed banks and financial institutions	1,437	3,955
Cash and bank balances	4,433	6,248
	45,766	53,779
TOTAL ASSETS	104,593	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	(780)	(631)
TOTAL EQUITY	47,462	47,611
Non-current liabilities		
Lease payables	4,492	2,214
Term loans	5,970	11,195
Deferred tax liabilities	6,574	6,574
	17,037	19,983
Current liabilities		
Bank overdrafts	-	566
Term loans	7,085	8,388
Borrowings	7,229	8,951
Trade payables	12,564	9,363
Other payables and accruals	11,404	15,450
Amount due to related companies	45	45
Lease payables	1,659	1,390
Income tax payable	108	174
	40,095	44,327
TOTAL LIABILITIES	57,132	64,310
TOTAL EQUITY AND LIABILITIES	104,593	111,921
Net assets per share attributable to Equity Holders of the Company (RM)	0.99	0.99

The condensed consolidated statements of financial position 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.

B. I. G. INDUSTRIES BERHAD (195285-D)
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**Unaudited Condensed Consolidated Statements of Comprehensive Income
for the third quarter ended 30 September 2014**

	3 months ended 30 Sep.		9 months ended 30 Sep.	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Revenue	19,371	20,299	60,038	69,052
Other income	399	174	647	1,318
Interest income	8	5	29	32
Changes in inventories of finished goods	(731)	(92)	(2,314)	(1,337)
Inventories purchased and raw materials consumed	(8,194)	(10,612)	(24,239)	(31,591)
Carriage outwards	(136)	(188)	(445)	(435)
Employee salaries and other benefits expenses	(3,049)	(2,549)	(9,043)	(7,968)
Depreciation of plant, property and equipment	(1,357)	(1,330)	(3,955)	(3,916)
Amortisation of land use rights	(44)	(40)	(131)	(131)
Development costs	(2,263)	405	(6,403)	(7,741)
Other expenses	(4,639)	(4,356)	(12,440)	(12,138)
Operating (loss)/profit	(635)	1,716	1,744	5,145
Finance costs	(448)	(540)	(1,340)	(1,974)
(Loss)/Profit before tax	(1,083)	1,176	404	3,171
Income tax expense	(184)	(847)	(553)	(1,020)
(Loss)/Profit net of tax, representing total comprehensive income for the period	(1,267)	329	(149)	2,151
Total comprehensive income for the period				
(Loss)/Profit attributable to:				
Owners of the Company	(1,267)	329	(149)	2,151
Earning per share attributable to equity holders of the Company:				
Earnings/(loss) per share (sen)				
- Basic	(2.63)	0.68	(0.31)	4.47
- Diluted	NA	NA	NA	NA

The condensed consolidated statements of comprehensive income 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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**Unaudited Condensed Consolidated Statements of Changes in Equity
for the third quarter ended 30 September 2014**

	-----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 2014	48,092	150	(631)	47,611
Total Comprehensive Income	-	-	(149)	(149)
At 30 September 2014	<u>48,092</u>	<u>150</u>	<u>(780)</u>	<u>47,462</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 2013	48,092	150	(4,503)	43,739
Total Comprehensive Income	-	-	2,151	2,151
At 30 September 2013	<u>48,092</u>	<u>150</u>	<u>(2,352)</u>	<u>45,890</u>

The condensed consolidated statements of changes in equity 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.

B. I. G. INDUSTRIES BERHAD (195285-D)
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Unaudited Condensed Consolidated Statements of Cash Flows for the third quarter ended 30 September 2014

	30 September 2014	30 September 2013
	RM'000	RM'000
Profit/(Loss) before tax	404	3,171
Adjustments for :		
Amortisation of land use rights	131	131
Depreciation of property, plant and equipment	3,955	3,916
Bad debts recovered	(16)	(9)
Bad debts written off	26	1
Net gain on disposal of land use rights	(104)	(889)
Net gain on disposal of property, plant and equipment	(259)	(65)
Property, plant and equipment written off	102	15
Impairment loss on other investments	-	362
Impairment loss on trade receivables	-	179
Reversal of allowance for impairment of trade receivables	(280)	-
Interest expenses	1,336	1,974
Interest income	(29)	(40)
Operating cash flows before working capital changes	5,266	8,746
Changes in working capital:		
Property development costs	3,314	(1,446)
Inventories	2,402	3,467
Receivables	(1,653)	5,755
Payables	(845)	(2,944)
Cash flows from operations	8,484	13,578
Interest received	29	40
Income tax paid, net of tax refunds	(732)	(84)
Net cash flows from operating activities	7,781	13,534
Investing activities		
Purchase of property, plant & equipment	(1,128)	(670)
Proceeds from disposal of property, plant & equipment	337	111
Proceeds from disposal of land use rights	147	1,100
Net cash flows from/ (used in) investing activities	(644)	541
Financing activities		
Repayment of loans and borrowings	(6,528)	(4,999)
Net change of short term borrowings	(1,721)	1,295
(Increase)/decrease in fixed deposits pledged	2,518	(100)
Interest paid	(1,336)	(1,974)
Repayment of lease payables	(1,318)	(1,813)
Net cash flows used in financing activities	(8,385)	(7,591)
Net increase/(decrease) in cash and cash equivalents	(1,248)	6,484
Cash and cash equivalents at 1 January	5,681	(1,521)
Cash and cash equivalents at 30 September	4,433	4,963
Analysis of cash and cash equivalents:		
Cash and bank balances	4,433	5,799
Bank overdrafts	-	(836)
	4,433	4,963

The condensed consolidated statements of cash flows 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 FRS, 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 Framework (“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 the financial statements for the year ended 31 December 2014 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 flows during the current quarter under review.

A6. Changes in Estimates

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and year-to-date 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

SEGMENT	Revenue		Profit/(Loss) before tax	
	---- 3 months ended 30 Sep (Individual Quarter) ----			
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gas	8,945	7,971	1,348	422
Concrete	7,553	11,247	(2,111)	551
Property	2,873	1,081	10	666
Others	0	0	(330)	(463)
Total	19,371	20,299	(1,083)	1,176

SEGMENT	Revenue		Profit/(Loss) before tax	
	---- 9 months ended 30 Sep (Cumulative Quarter) ----			
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Gas	25,262	24,781	2,158	1,716
Concrete	26,265	33,527	(2,048)	978
Property	8,511	10,744	856	1,272
Others	0	0	(562)	(795)
Total	60,038	69,052	404	3,171

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 Register 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 30 September 2014 was RM0.977 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 RM19.371 million for the third quarter ended 30 September 2014 as compared to RM20.299 million recorded in the preceding year corresponding quarter, a decrease of RM0.928 million or 4.57%. The decrease in revenue was mainly due to a decline in sales of the Concrete Division, of RM3.694 million.

For the current financial year-to-date, the Group reported a revenue of RM60.038 million as compared to RM69.052 million recorded in the preceding year corresponding period, a decrease of RM9.014 million or 13.05%.

The Group registered a loss before tax of RM1.083 million for the third quarter ended 30 September 2014 as compared to a profit before tax of RM1.176 million for the preceding year corresponding quarter. The loss was mainly due to the Concrete Division, which registered a loss of RM2.111 million.

For the current financial year-to-date, the Group registered a profit before tax of RM0.404 million as compared to a profit before tax of RM3.171 million for the preceding year corresponding period mainly attributable to the poor performance of the current quarter. The higher profit reported in 2013 was mainly contributed by RM0.889 million of gain on disposal of land use rights.

- **Gas Division**

During the current quarter under review, the Gas Division recorded a revenue of RM8.945 million as compared to RM7.971 million for the preceding year corresponding quarter mainly due to securing of more external shut down and maintenance works in the oil and gas industry.

The division recorded a profit before tax of RM1.348 million for the current quarter ended 30 September 2014 compared to a profit before tax of RM0.422 million for the preceding year corresponding quarter. The higher profit was mainly due to higher gas sales, equipment rental and transport charges income and gain on disposal of property, plant and equipment of RM0.244 million.

For the current financial year-to-date, the division recorded a profit before tax of RM2.158 million as compared to RM1.716 million for the preceding year corresponding period due to higher margin from its rental of equipment and transport charges income.

- **Concrete Division**

During the current quarter under review, the Concrete Division recorded a revenue of RM7.553 million as compared to RM11.247 million recorded in the preceding year corresponding quarter. The lower revenue for current quarter was due to less jobs secured as most of the developers put their new projects on hold because of market uncertainty and intense competition.

For the current financial year-to-date, the Concrete Division recorded a revenue of RM26.265 million as compared to RM33.527 million recorded in the preceding year corresponding period as there were less new property projects launches in Sabah.

The division recorded a loss before tax of RM2.111 million as compared to a profit before tax of RM0.551 million for the preceding year corresponding quarter mainly attributable to lower revenue.

Consequently for the current financial year-to-date, the Concrete Division recorded a loss before tax of RM2.048 million as compared to a profit before tax of RM0.978 million recorded in the preceding year corresponding period.

- **Property Division**

During the current quarter under review, the Property Division recorded a revenue of RM2.873 million as compared to RM1.081 million for the preceding year corresponding quarter, an increase of RM1.792 million.

For the current financial year-to-date, the Property Division recorded a revenue of RM8.511 million as compared to a revenue of RM10.744 million recorded in the preceding year corresponding period. The lower revenue was mainly due to the completion of the last phase of the Luyang projects.

The division recorded a profit before tax of RM0.010 million against a profit before tax of RM0.666 million in the preceding year comparative quarter as the current quarter recognized the balance costs on the completion of the Luyang projects.

For the current financial year-to-date, the division recorded a profit before tax of RM0.856 million as compared to RM1.272 million recorded in the preceding year corresponding period.

B2. Comparison of Material Change with Preceding Quarter's Results

Group Results	Current Quarter ended 30/09/2014	Preceding Quarter ended 30/06/2014
	(RM'000)	(RM'000)
Revenue	19,371	18,578
Profit/(Loss) Before Tax	(1,083)	788

Revenue for the current quarter under review was RM19.371 million compared to RM18.578 million for the preceding quarter, an increase of RM0.793 million or 4.27%. The Property and Gas Divisions recorded higher revenue of RM0.968 million and RM0.527 million respectively.

For the current quarter, the Group recorded a loss before tax of RM1.083 million as compared to a profit before tax of RM0.788 million for the preceding quarter ended 30 June 2014 mainly due to loss suffered by the Concrete Division.

B3. Current Year Prospects

The global economy is expected to remain uncertain and foreign exchange rates to continue volatile. As the Group's business is driven by the domestic demand, we expect the current operating environment to be in tandem with the growth of the Malaysian economy.

With the encouraging performance of the Gas Division for the current quarter, we expect the momentum will spill to the next quarter.

The Board expects the current year's performance to be satisfactory.

B4. Statement of the Board of Directors' Opinion on Achievement of Forecast or Target

The disclosure requirements are not applicable for the current quarter and financial year-to-date.

B5. Profit Forecast

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

B6. Taxation

	Current Year Quarter 30/09/14 (RM'000)	Preceding Year Quarter 30/09/13 (RM'000)	Current Year To date 30/09/14 (RM'000)	Preceding Year To date 30/09/13 (RM'000)
Taxation comprises:				
Current tax	184	847	553	1,020
Deferred tax	0	0	0	0
Total	184	847	553	1,020

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.

B7. Corporate Proposals

There are no pending corporate proposals as at the date of this report.

B8. Borrowings

a) Short Term Borrowings

	30 September 2014			30 September 2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Bank overdraft	-	-	-	836	-	836
Bankers' acceptance and revolving credits	7,229	-	7,229	14,365	-	14,365
Term loans	85	7,000	7,085	520	5,500	6,020
Lease payables	1,659	-	1,659	1,483	-	1,483
Total	8,973	7,000	15,973	17,204	5,500	22,704

b) Long Term Borrowings

	30 September 2014			30 September 2013		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Term loans	633	5,337	5,970	725	14,500	15,225
Lease payables	4,492	-	4,492	1,954	-	1,954
Total	5,125	5,337	10,462	2,679	14,500	17,179

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

B9. Changes in Material Litigations

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

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.

On 5 February 2013, PWPSB created a caveat instrument registered as Instrument No.L703/2013 at Bintulu Land District on 5 February 2013 forbidding 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 had ordered (“Court Order”):

- i) the removal of the said caveat from the Register of the Department of Lands and Surveys Bintulu Division (“DLS-Bintulu”) with costs; and
- ii) BIGG was entitled to damages subject to proofs.

On 11 August 2014, the solicitors of BIGG had sent a sealed copy of the Court Order to the DLS-Bintulu for the aforesaid removal of caveat.

On 10 September 2014, PWPSB filed an appeal against the High Court’s ruling of 10 April 2014 and on 17 October 2014, the Court of Appeal had ordered for a full hearing at the High Court.

The High Court had fixed the trial dates on 16 March 2015 and 17 March 2015.

B10. Dividend Payable

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

B11. Earnings Per Share

	Current Year Quarter 30/09/2014	Preceding Year Quarter 30/09/2013	Current Year To date 30/09/2014	Preceding Year To date 30/09/2013
a) Basic				
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	(1,267)	329	(149)	2,151
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092	48,092	48,092
Basic earnings/(loss) per share (sen)	(2.63)	0.68	(0.31)	4.47
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

B12. Realised and Unrealised Profits/Losses

	As at 30/09/14 (RM'000)	As at 31/12/13 (RM'000)
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	11,656	10,105
- Unrealised	(6,573)	(6,573)
	5,083	3,532
Less : Consolidation adjustments	(5,563)	(4,163)
(Accumulated losses) / revenue reserve as per financial statements	(480)	(631)