

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2016**

	(Unaudited) 30 September 2016 RM' 000	(Audited) 30 June 2016 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	42,173	43,046
Land held for property development	5,946	5,930
Other investments	10	10
	48,129	48,986
Current assets		
Inventories	7,709	7,087
Trade receivables	17,088	17,888
Other receivables, deposits and prepayments	2,140	2,099
Accrued billings	305	305
Tax recoverable	928	734
Short term deposits with licensed banks (pledged)	1,012	1,012
Cash held pursuant to Housing Development Act	1,536	1,530
Investment securities	10	10
Cash and bank balances	842	2,000
	31,571	32,665
TOTAL ASSETS	79,700	81,651
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	(7,308)	(5,928)
TOTAL EQUITY	40,934	42,314
Non-current liabilities		
Lease payables	2,003	2,194
Term loans	784	1,289
Deferred tax liabilities	5,805	5,805
	8,593	9,288
Current liabilities		
Bank overdrafts	2,870	2,825
Term loans	2,830	2,100
Borrowings	5,727	5,766
Trade payables	7,016	6,194
Other payables and accruals	10,119	11,512
Progress billings	-	-
Amount due to related companies	45	45
Lease payables	1,558	1,594
Income tax payable	9	13
	30,174	30,049
TOTAL LIABILITIES	38,767	39,337
TOTAL EQUITY AND LIABILITIES	79,700	81,651
Net assets per share attributable to Equity Holders of the Company (RM)	0.85	0.88

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

	3 months Jul 16 to Sep 16 RM'000	3 months Jul 16 to Sep 16 RM'000
Revenue	11,735	11,735
Other income	212	212
Interest income	8	8
Changes in inventories of finished goods	452	452
Inventories purchased and raw materials consumed	(6,167)	(6,167)
Carriage outwards	(17)	(17)
Employee salaries and other benefits expenses	(2,830)	(2,830)
Depreciation of plant, property and equipment	(1,358)	(1,358)
Development costs	-	-
Other expenses	(3,134)	(3,134)
Operating (loss)/profit	<u>(1,099)</u>	<u>(1,099)</u>
Finance costs	(281)	(281)
(Loss)/Profit before tax	<u>(1,380)</u>	<u>(1,380)</u>
Income tax expense	-	-
(Loss)/Profit net of tax, representing total comprehensive income for the period	<u><u>(1,380)</u></u>	<u><u>(1,380)</u></u>
Total comprehensive income for the period		
(Loss)/Profit attributable to:		
Owners of the Company	<u><u>(1,380)</u></u>	<u><u>(1,380)</u></u>
Earning per share attributable to equity holders of the Company:		
Earnings/(loss) per share (sen)		
- Basic	<u><u>(2.87)</u></u>	<u><u>(2.87)</u></u>
- Diluted	<u><u>NA</u></u>	<u><u>NA</u></u>

No comparative figures are presented due to the change of financial year end from 31 December 2015 to 30 June 2016 (18 months).

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the period ended 30 June 2016 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 FIRST QUARTER ENDED 30 SEPTEMBER 2016**

	-----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 July 2016	48,092	150	(5,928)	42,314
Total Comprehensive Income	-	-	(1,380)	(1,380)
At 30 September 2016	48,092	150	(7,308)	40,934

No comparative figures are presented due to the change of financial year end from 31 December 2015 to 30 June 2016 (18 months).

The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the period ended 30 June 2016 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2016**

	30 September 2016
	RM'000
Profit/(Loss) before tax	(1,380)
Adjustments for :	
Depreciation of property, plant and equipment	1,358
Net gain on disposal of property, plant and equipment	(25)
Property, plant and equipment written off	8
Reversal of impairment loss on property, plant and equipment	(18)
Interest expenses	281
Interest income	(8)
Operating cash flows before working capital changes	216
Changes in working capital:	
Inventories	(622)
Receivables	759
Payables	(572)
Cash flows from operations	(219)
Interest received	8
Income tax paid, net of tax refunds	(198)
Net cash flows from operating activities	(409)
Investing activities	
Purchase of property, plant & equipment	(305)
Proceeds from disposal of property, plant & equipment	46
Subsequent expenditure on land held for development	(16)
Net cash flows from/ (used in) investing activities	(275)
Financing activities	
Proceeds from term loans	1,000
Repayment of loans and borrowings	(775)
Net change of short term borrowings	(39)
(Increase)/decrease in fixed deposits pledged	(7)
Interest paid	(281)
Repayment of lease payables	(417)
Net cash flows used in financing activities	(519)
Net increase/(decrease) in cash and cash equivalents	(1,203)
Cash and cash equivalents at 1 July	(825)
Cash and cash equivalents at 30 September	(2,028)
Analysis of cash and cash equivalents:	
Cash and bank balances	842
Bank overdrafts	(2,870)
	(2,028)

No comparative figures are presented due to the change of financial year end from 31 December 2015 to 30 June 2016 (18 months).

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the period ended 30 June 2016 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 financial period ended 30 June 2016. 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 financial period ended 30 June 2016..

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 2016 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’).

The Transitioning Entities are given an option to defer adoption of the new MFRS Framework and shall apply the MRFS framework for annual periods beginning on or after 1 January 2018.

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 30 June 2019.

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.

The Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 30 June 2019.

A3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Company and its subsidiaries for the financial period ended 30 June 2016 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 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

	Revenue	Profit/(Loss) before tax
	--- 3 months ended 30 Sep 2016 --- (Individual Quarter)	
SEGMENT	RM'000	RM'000
Gas	6,738	(375)
Concrete	4,997	(773)
Property	0	(97)
Others	0	(135)
Total	11,735	(1,380)

A9. Segmental Information (continued)

	Revenue	Profit/(Loss) before tax
	--- 3 months ended 30 Sep 2016 --- (Cumulative Quarter)	
SEGMENT	RM'000	RM'000
Gas	6,738	(375)
Concrete	4,997	(773)
Property	0	(97)
Others	0	(135)
Total	11,735	(1,380)

The Company changed its financial year end from 31 December 2015 to 30 June 2016, thus, no comparative figures are presented.

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 was no changes in the composition of the Group during the quarter ended 30 September 2016.

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

Capital expenditure of the Group approved and contracted for but not provided for as at 30 September 2016 in relation to property, plant and equipment amounted to RM0.291 million.

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

B1. Performance Review

On 25 June 2015, the Company announced the change of the Company's financial year end from 31 December 2015 to 30 June 2016. Thus, there will be no comparative figures for the current quarter for the three months ended 30 September 2016 and year to date 3 months ended 30 September 2016.

For the quarter under review, the Group reported a gross revenue of RM11.735 million.

For the quarter under review, the Group reported a loss before tax of RM1.380 million mainly due to low revenue.

- **Gas Division**

During the current quarter under review, the Gas Division recorded a gross revenue of RM6.738 million.

The division recorded a loss before tax of RM0.375 million for the current quarter ended 30 September 2016 mainly due to lower revenue.

The continued slowdown in the oil and gas industry had resulted major oil and gas players deferring their maintenance works and this had impacted on the performance of the Gas Division.

- **Concrete Division**

During the current quarter under review, the Concrete Division recorded a gross revenue of RM4.997 million, slight decrease compared with the last preceding quarter. The lower revenue was due to intense competition and lesser projects launched by the developers.

The Division recorded a loss before tax of RM0.773 million mainly due to lower revenue.

With fewer property launches in Sabah, the Group expects stiff competition and pricing pressures continue to pose a challenge to the Concrete Division.

- **Property Division**

No revenue was reported as all on-going projects were completed and new projects are in progress of planning approval.

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

Group Results	Current Quarter ended 30/09/2016	Preceding Quarter ended 30/06/2016
	(RM'000)	(RM'000)
Revenue	11,735	13,259
Profit/(Loss) Before Tax	(1,380)	(1,007)

Revenue for the current quarter under review was RM11.735 million as compared to RM13.259 million for the preceding quarter, a decrease of RM1.524 million or 11.49%. The lower revenue was due to no revenue was reported by the Property Division.

The Group recorded a loss before tax of RM1.380 million as compared to a loss before tax of RM1.007 million for the preceding quarter ended 30 June 2016. The higher loss was in line with lower revenue.

B3. Current Year Prospects

The business environment remains challenging due to the prevailing economic condition. The Board expects the economy and demand for our products continue to be slow and are anticipate that the current business may continue.

Having said that, the Board is mindful of the challenges ahead and is taking measures to improve the performance and costs control exercises to contain overheads and to improve operational efficiency and productivity.

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

The disclosure requirement is not applicable for the current quarter.

B5. Profit Forecast

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

B6. Taxation

	Current Year Quarter 30/09/16	Current Year To date 30/09/16
	(RM'000)	(RM'000)
Taxation comprises:		
Current tax	0	0
Deferred tax	0	0
Total	0	0

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 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 2016		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank overdraft	2,870	-	2,870
Bankers' acceptance and revolving credits	5,727	-	5,727
Term loans	99	2,731	2,830
Lease payables	1,558	-	1,558
Total	10,254	2,731	12,985

b) Long Term Borrowings

	30 September 2016		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	438	346	784
Lease payables	2,003	-	2,003
Total	2,441	346	2,787

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 ("Caveat") 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 the SPA and in the alternative for damages for breach of contract. BIGG refuted the claim as the 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 full trial at the High Court was held on 11 May 2015 and 12 May 2015. The High Court fixed the ruling date on 23 July 2015 which was re-scheduled to 17 August 2015. However, on 17 August 2015 and 15 September 2015, the High Court again scheduled the ruling date to 15 September 2015 and 18 November 2015 respectively.

The Bintulu High Court had again re-scheduled the ruling date to 28 December 2015 and later 4 February 2016. Subsequently on 4 February 2016, the ruling date was postponed to 26 February 2016. On 26 February 2016, the ruling date was again postponed to 18 March 2016.

On 18 March 2016, the High Court ruled as follows:

1. The Caveat to be withdrawn upon receipt of RM620,000.00 from BIGG;
2. No specific performance is granted against BIGG;
3. Global costs of RM55,000.00 payable to PWPSB;
4. BIGG to pay damages (to be assessed by Registrar) under Section 75 of Contract Act 1950 or Clause 6 of SPA.

BIGG had on 14 April 2016 filed an appeal to the Court of Appeal against the High Court decision.

The hearing is scheduled to be heard on 15 February 2017.

B10. Dividend Payable

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

B11. Earnings Per Share

	Current Quarter Ended 30/09/16	Current Period To-Date 30/09/16
a) Basic		
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	(1,380)	(1,380)
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092
Basic earnings/(loss) per share (sen)	(2.87)	(2.87)
b) Diluted		
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	N/A	N/A
Weighted average number of ordinary shares, in issue ('000)	N/A	N/A
Fully diluted earnings per share (sen)	N/A	N/A

B12. Realised and Unrealised Profits/Losses

	Current financial period ended 30/09/16	Financial period ended 30/06/16
	(RM'000)	(RM'000)
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	(718)	222
- Unrealised	(5,804)	(5,804)
	(6,522)	(5,582)
Less : Consolidation adjustments	(786)	(346)
(Accumulated losses) / revenue reserve as per financial statements	(7,308)	(5,928)