

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	<b>(Unaudited)</b> <b>31 December 2016</b> <b>RM' 000</b>	<b>(Audited)</b> <b>30 June 2016</b> <b>RM' 000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	40,962	43,046
Land held for property development	5,960	5,930
Other investments	10	10
	46,932	48,986
<b>Current assets</b>		
Inventories	6,939	7,087
Trade receivables	15,182	17,888
Other receivables, deposits and prepayments	1,879	2,099
Accrued billings	305	305
Tax recoverable	1,146	734
Short term deposits with licensed banks (pledged)	1,023	1,012
Cash held pursuant to Housing Development Act	662	1,530
Investment securities	10	10
Cash and bank balances	1,835	2,000
	28,982	32,665
<b>TOTAL ASSETS</b>	75,914	81,651
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to Equity Holders of the Company</b>		
Share capital	48,092	48,092
Share premium	150	150
(Accumulated losses)/ Revenue reserve	(9,417)	(5,928)
<b>TOTAL EQUITY</b>	38,825	42,314
<b>Non-current liabilities</b>		
Lease payables	1,936	2,194
Term loans	411	1,289
Deferred tax liabilities	5,805	5,805
	8,153	9,288
<b>Current liabilities</b>		
Bank overdrafts	2,287	2,825
Term loans	2,428	2,100
Borrowings	6,162	5,766
Trade payables	6,139	6,194
Other payables and accruals	10,296	11,512
Progress billings	-	-
Amount due to related companies	45	45
Lease payables	1,571	1,594
Income tax payable	9	13
	28,937	30,049
<b>TOTAL LIABILITIES</b>	37,090	39,337
<b>TOTAL EQUITY AND LIABILITIES</b>	75,914	81,651
<b>Net assets per share attributable to Equity Holders of the Company (RM)</b>	0.81	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.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**

	<b>3 months</b>	<b>6 months</b>
	<b>Oct 16 to Dec 16</b>	<b>Jul 16 to Dec 16</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	12,408	24,143
Other income	176	388
Interest income	7	15
Changes in inventories of finished goods	(794)	(342)
Inventories purchased and raw materials consumed	(5,850)	(12,017)
Carriage outwards	(12)	(29)
Employee salaries and other benefits expenses	(2,781)	(5,611)
Depreciation of plant, property and equipment	(1,359)	(2,717)
Development costs	-	-
Other expenses	(3,636)	(6,770)
<b>Operating (loss)/profit</b>	(1,841)	(2,940)
Finance costs	(268)	(549)
<b>(Loss)/Profit before tax</b>	(2,109)	(3,489)
Income tax expense	-	-
<b>(Loss)/Profit net of tax, representing total comprehensive income for the period</b>	(2,109)	(3,489)
<b>Total comprehensive income for the period</b>		
(Loss)/Profit attributable to:		
Owners of the Company	(2,109)	(3,489)
<b>Earning per share attributable to equity holders of the Company:</b>		
Earnings/(loss) per share (sen)		
- Basic	(4.39)	(7.25)
- Diluted	NA	NA

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.

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 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	-	-	(3,489)	(3,489)
At 31 December 2016	<u>48,092</u>	<u>150</u>	<u>(9,417)</u>	<u>38,825</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 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.

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE SECOND QUARTER ENDED 31 DECEMBER 2016**

	<b>31 December 2016</b>
	<b>RM'000</b>
Profit/(Loss) before tax	(3,489)
Adjustments for :	
Depreciation of property, plant and equipment	2,717
Net gain on disposal of property, plant and equipment	(38)
Property, plant and equipment written off	12
Reversal of impairment loss on property, plant and equipment	(18)
Interest expenses	549
Interest income	(15)
<b>Operating cash flows before working capital changes</b>	<b>(282)</b>
Changes in working capital:	
Inventories	147
Receivables	2,925
Payables	(1,271)
Cash flows from operations	1,519
Interest received	15
Income tax paid, net of tax refunds	(416)
<b>Net cash flows from operating activities</b>	<b>1,118</b>
<b>Investing activities</b>	
Purchase of property, plant & equipment	(461)
Proceeds from disposal of property, plant & equipment	63
Subsequent expenditure on land held for development	(30)
<b>Net cash flows from/ (used in) investing activities</b>	<b>(428)</b>
<b>Financing activities</b>	
Proceeds from term loans	1,000
Repayment of loans and borrowings	(1,549)
Net change of short term borrowings	395
(Increase)/decrease in fixed deposits pledged	857
Interest paid	(549)
Repayment of lease payables	(471)
<b>Net cash flows used in financing activities</b>	<b>(317)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>373</b>
<b>Cash and cash equivalents at 1 July</b>	<b>(825)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>(452)</b>
<b>Analysis of cash and cash equivalents:</b>	
Cash and bank balances	1,835
Bank overdrafts	(2,287)
	<b>(452)</b>

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.

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

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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**

	<b>Revenue</b>	<b>Profit/(Loss) before tax</b>
	<b>--- 3 months ended 31 Dec 2016 --- (Individual Quarter)</b>	
<b>SEGMENT</b>	<b>RM'000</b>	<b>RM'000</b>
Gas	6,493	(925)
Concrete	5,915	(865)
Property	0	(149)
Others	0	(170)
<b>Total</b>	<b>12,408</b>	<b>(2,109)</b>

**A9. Segmental Information (continued)**

	<b>Revenue</b>	<b>Profit/(Loss) before tax</b>
	<b>--- 6 months ended 31 Dec 2016 --- (Cumulative Quarter)</b>	
<b>SEGMENT</b>	<b>RM'000</b>	<b>RM'000</b>
Gas	13,231	(1,300)
Concrete	10,912	(1,638)
Property	0	(246)
Others	0	(305)
<b>Total</b>	<b>24,143</b>	<b>(3,489)</b>

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 31 December 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 31 December 2016 in relation to property, plant and equipment amounted to RM0.154 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 31 December 2016 and year-to-date six months ended 31 December 2016.

For the quarter under review, the Group reported a gross revenue of RM12.408 million. Compared with last quarter, the additional revenue was contributed by the Concrete Division.

For the quarter under review, the Group reported a loss before tax of RM2.109 million.

- **Gas Division**

During the current quarter under review, the Gas Division recorded a gross revenue of RM6.493 million.

The division recorded a loss before tax of RM0.925 million for the current quarter ended 31 December 2016 mainly due to the slowdown in the oil and gas, fabrication industry. Compared with last quarter, the revenue was down by RM0.245 million while the costs was held steady. 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 RM5.915 million, an increase of RM0.918 million compared with the preceding quarter. Lesser projects launches by developers, intense competition among the concrete industry players had resulted in lower margin.

The Division recorded a loss before tax of RM0.865 million mainly due to impairment loss on property, plant and equipment and doubtful debts written off.

With fewer property launches in Sabah, the Group expects a stiff competition and continued pricing pressures which would pose challenges to the Concrete Division.

- **Property Division**

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



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

<b>Group Results</b>	<b>Current Quarter ended 31/12/2016</b>	<b>Preceding Quarter ended 30/09/2016</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Revenue	12,408	11,735
Profit/(Loss) Before Tax	(2,109)	(1,380)

Revenue for the current quarter under review was RM12.408 million as compared to RM11.735 million for the preceding quarter, an increase of RM0.673 million or 5.73%. The higher revenue was contributed by the Concrete Division.

The Group recorded a loss before tax of RM2.109 million as compared to a loss before tax of RM1.380 million for the preceding quarter ended 30 September 2016. The higher loss for the current quarter was due to impairment loss on property, plant and equipment and doubtful debts written off.

**B3. Current Year Prospects**

Despite the challenging business environment, oil prices are on the upward trend. Petronas is committed to increase its investment in the oil and gas business. There is potential for industrial gas business to benefit from these developments.

There are opportunities for the supply of liquid and gases to hospitals, fabricators and shipbuilders.

The development of the Pan Borneo Highway in the Sabah Region will require the supply of concrete products.

As for the property industry, it is expected to bottom up. It is therefore opportune time to proceed with the development of commercial property.

**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**

	<b>Current Year Quarter 31/12/16</b>	<b>Current Year To date 31/12/16</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
<b>Taxation comprises:</b>		
Current tax	0	0
Deferred tax	0	0
<b>Total</b>	<b>0</b>	<b>0</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 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**

	<b>31 December 2016</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Bank overdraft	2,287	-	2,287
Bankers' acceptance and revolving credits	6,162	-	6,162
Term loans	101	2,327	2,428
Lease payables	1,571	-	1,571
<b>Total</b>	<b>10,121</b>	<b>2,327</b>	<b>12,448</b>

**b) Long Term Borrowings**

	<b>31 December 2016</b>		
	<b>Secured</b>	<b>Unsecured</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Term loans	411	-	411
Lease payables	1,936	-	1,936
<b>Total</b>	<b>2,347</b>	<b>-</b>	<b>2,347</b>

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 Court of Appeal hearing was held on 15 February 2017 and the judgement was 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. BIGG to pay damages (to be assessed by Registrar) under Section 75 of Contract Act 1950 or Clause 6 of SPA; and
4. Each party to bear their own costs.

BIGG will seek legal advice for next course of action.

#### **B10. Dividend Payable**

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

## B11. Earnings Per Share

	<b>Current Quarter Ended 31/12/16</b>	<b>Current Period To-Date 31/12/16</b>
<b>a) Basic</b>		
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	(2,109)	(3,489)
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092
Basic earnings/(loss) per share (sen)	<b>(4.39)</b>	<b>(7.25)</b>
<b>b) Diluted</b>		
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

	<b>Current financial period ended 31/12/16</b>	<b>Financial period ended 30/06/16</b>
	<b>(RM'000)</b>	<b>(RM'000)</b>
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	(2,827)	222
- Unrealised	(5,804)	(5,804)
	(8,631)	(5,582)
Less : Consolidation adjustments	(786)	(346)
(Accumulated losses) / revenue reserve as per financial statements	(9,417)	(5,928)