

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

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	(Unaudited) 30 June 2017 RM' 000	(Audited) 30 June 2016 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	38,000	43,046
Land held for property development	6,210	5,930
Other investments	10	10
	44,220	48,986
Current assets		
Inventories	7,143	7,087
Trade receivables	11,364	18,193
Other receivables, deposits and prepayments	1,602	2,099
Tax recoverable	1,642	734
Short term deposits with licensed banks (pledged)	1,035	1,012
Cash held pursuant to Housing Development Act	678	1,530
Investment securities	7	10
Cash and bank balances	1,188	2,000
	24,659	32,665
TOTAL ASSETS	68,879	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	(12,786)	(5,928)
TOTAL EQUITY	35,456	42,314
Non-current liabilities		
Lease payables	1,314	2,194
Term loans	356	1,289
Other Payable	3,274	-
Deferred tax liabilities	4,361	5,805
	9,306	9,288
Current liabilities		
Bank overdrafts	1,693	2,825
Term loans	934	2,100
Borrowings	5,325	5,766
Trade payables	5,184	6,194
Other payables and accruals	9,504	11,512
Amount due to related companies	45	45
Lease payables	1,424	1,594
Income tax payable	9	13
	24,118	30,049
TOTAL LIABILITIES	33,424	39,337
TOTAL EQUITY AND LIABILITIES	68,879	81,651
Net assets per share attributable to Equity Holders of the Company (RM)	0.74	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 FOURTH QUARTER ENDED 30 JUNE 2017**

	3 months Apr 17 to Jun 17 RM'000	12 months Jul 16 to Jun 17 RM'000
Revenue	8,949	43,214
Other income	1,111	1,735
Interest income	9	31
Changes in inventories of finished goods	174	181
Inventories purchased and raw materials consumed	(4,297)	(21,577)
Carriage outwards	(27)	(68)
Employee salaries and other benefits expenses	(2,562)	(10,877)
Depreciation of plant, property and equipment	(1,312)	(5,371)
Development costs	-	(190)
Other expenses	(4,827)	(14,540)
Operating (loss)/profit	(2,782)	(7,462)
Finance costs	(250)	(1,065)
(Loss)/Profit before tax	(3,032)	(8,527)
Income tax expense	1,669	1,669
(Loss)/Profit net of tax, representing total comprehensive income for the period	(1,363)	(6,858)
Total comprehensive income for the period		
(Loss)/Profit attributable to: Owners of the Company	(1,363)	(6,858)
Earning per share attributable to equity holders of the Company:		
Earnings/(loss) per share (sen)		
- Basic	(2.83)	(14.26)
- 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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	-----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 July 2016	48,092	150	(5,928)	42,314
Total Comprehensive Income	-	-	(6,858)	(6,858)
At 30 June 2017	48,092	150	(12,786)	35,456

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)
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017**

	30 June 2017
	RM'000
Profit/(Loss) before tax	(8,527)
Adjustments for :	
Depreciation of property, plant and equipment	5,371
Bad debts recovered	(13)
Bad debts written off	201
Net gain on disposal of property, plant and equipment	(455)
Impairment loss on property, plant and equipment	364
Impairment loss on trade receivables	429
Inventories written off	22
Property, plant and equipment written off	94
Reversal of impairment loss on property, plant and equipment	(22)
Reversal of impairment loss on trade receivables	(521)
Interest expenses	1,065
Interest income	(31)
Operating cash flows before working capital changes	(2,023)
Changes in working capital:	
Inventories	(78)
Receivables	7,231
Payables	255
Cash flows from operations	5,385
Interest received	31
Income tax paid, net of tax refunds	(687)
Net cash flows from operating activities	4,729
Investing activities	
Purchase of property, plant & equipment	(258)
Proceeds from disposal of property, plant & equipment	531
Net change of investment securities	3
Subsequent expenditure on land held for development	(279)
Net cash flows from/ (used in) investing activities	(3)
Financing activities	
Proceeds from term loans	1,000
Repayment of loans and borrowings	(3,099)
Net change of short term borrowings	(441)
(Increase)/decrease in fixed deposits pledged	828
Interest paid	(1,065)
Repayment of lease payables	(1,629)
Net cash flows used in financing activities	(4,406)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE FOURTH QUARTER ENDED 30 JUNE 2017
(Cont....)

	30 June 2017
	RM'000
Net increase/(decrease) in cash and cash equivalents	320
Cash and cash equivalents at 1 July	(825)
Cash and cash equivalents at 30 June	<u>(505)</u>
Analysis of cash and cash equivalents:	
Cash and bank balances	1,188
Bank overdrafts	(1,693)
	<u>(505)</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 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 Jun 2017 --- (Individual Quarter)	
SEGMENT	RM'000	RM'000
Gas	5,781	(1,429)
Concrete	3,168	(1,188)
Property	0	(243)
Others	0	(172)
Total	8,949	(3,032)

A9. Segmental Information (continued)

	Revenue	Profit/(Loss) before tax
	--- 12 months ended 30 Jun 2017 --- (Cumulative Quarter)	
SEGMENT	RM'000	RM'000
Gas	24,682	(3,413)
Concrete	18,142	(3,914)
Property	390	(550)
Others	0	(650)
Total	43,214	(8,527)

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

Except for the following, there was no changes in the composition of the Group during the quarter ended 30 June 2017:

On 27 March 2017, the Company announced that Linear Excellent Sdn. Bhd. ("Linear"), a wholly-owned subsidiary of the Company is applying for striking off its name from the Registry pursuant to Section 550 of the Companies Act 2016.

Linear is a non-operating company. It has no intention to carry out any business.

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 June 2017 in relation to property, plant and equipment amounted to RM0.253 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 June 2017 and year-to-date twelve months ended 30 June 2017.

For the quarter under review, the Group reported a gross revenue of RM8.949 million. Compared with preceding quarter, the revenue decreased by RM1.173 million, or 11.59%. The lower revenue was mainly due to lower revenue from Concrete Division.

For the current financial year, the Group reported a gross revenue of RM43.214 million.

For the current quarter and current financial year, the Group reported a loss before tax of RM3.032 million and RM8.527 million respectively. The higher losses was due to impairment of certain properties, plant and equipment and trade receivables.

• Gas Division

During the current quarter under review, the Gas Division recorded a gross revenue of RM5.781 million. Compared with the preceding quarter, revenue was slightly higher by RM0.111 million as demand for bulk sales is higher.

For the current financial year, the Gas Division recorded a gross revenue of RM24.682 million.

The division recorded a loss before tax of RM1.429 million for the current quarter ended 30 June 2017. The higher losses was attributable to impairment of property, plant and equipment of RM0.315 million and trade receivables of RM0.361 million.

For the current financial year, the Gas Division recorded a loss before tax of RM3.413 million.

• Concrete Division

During the current quarter under review, the Concrete Division recorded a gross revenue of RM3.168 million, a decrease of RM0.894 million compared with the preceding quarter. The lower revenue was mainly due to weaker demand of concrete products coupled with increased industry capacity and competitive pricing pressure.

For the current financial year, the Concrete Division recorded a gross revenue of RM18.142 million.

The Concrete Division recorded a loss before tax of RM1.188 million for the quarter under review. The losses was mainly attributable to weaker demand, competitive pricing pressure and impairment of trade receivables.

With fewer properties being launched in Sabah, the Group expects stiffer market competition and pricing pressure to continue.

- **Property Division**

No revenue from the Property Division for the current quarter under review.

The new project in Melalin is pending the earthworks and building plan approval.

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

Group Results	Current Quarter ended 30/06/2017	Preceding Quarter ended 31/03/2017
	(RM'000)	(RM'000)
Revenue	8,949	10,122
Profit/(Loss) Before Tax	(3,032)	(2,006)

Revenue for the current quarter under review was RM8.949 million as compared to RM10.122 million for the preceding quarter, a decrease of RM1.173 million or 11.59%. The decrease was mainly due to lower revenue from the Concrete Division.

The Group recorded a loss before tax of RM3.032 million as compared to a loss before tax of RM2.006 million for the preceding quarter ended 31 March 2017. The higher loss was attributable to impairment of properties, plant and equipment of RM0.363 million and trade receivables of RM0.428 million.

B3. Current Year Prospects

The outlook remains challenging for the Group. Although the crude oil prices have been stabilized but the overall market activities still remain weak. However, the Group is optimistic that activities will pick up towards the final quarter of 2017. Meanwhile, the Group will continue to focus on measures to manage costs and optimize operational efficiency.

The Concrete Division is expected to face challenge in the next two quarters due to fewer projects being launched coupled with continuous price competition. The Group expects the launching of government infrastructure projects and Pan Borneo Highway in Sabah region will improve the performance of the Concrete Division.

The new project in Melalin by the Property Division is in the progress of obtaining earthworks and building plan approval.

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 30/06/17 (RM'000)	Current Year To date 30/06/17 (RM'000)
Taxation comprises:		
Current tax	225	225
Deferred tax	1,444	1,444
Total	1,669	1,669

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

On 19 July 2017, the Company announced the proposal to undertake a private placement of up to 4,809,220 new B.I.G. Industries Berhad ("BIG") shares representing up to ten percent (10%) of the issued share capital of the Company to the third party investor(s) to be identified later and at an issue price to be determined at a later date ("Proposed Private Placement").

The Proposed Private Placement will be undertaken in accordance with the general mandate under Section 132D of the Companies Act, 1965 (currently Section 75 and 76 of the Companies Act 2016), the approval of which had been obtained from the shareholders of the Company at its last annual general meeting convened on 29 November 2016.

On 25 July 2017, Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter approved the listing and quotation of up to 4,809,220 new BIG shares subject to the following conditions:

1. BIG and SJ Securities Sdn. Bhd. ("SJ Securities") must fully comply with the relevant provisions under the Main Market Listing Requirements of Bursa Securities pertaining to the implementation of the Proposed Private Placement;
2. BIG and SJ Securities to inform Bursa Securities upon the completion of the Proposed Private Placement;
3. SJ Securities to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Private Placement is completed; and
4. BIG to furnish Bursa Securities with a certified true copy of the new resolution passed pursuant to Section 76 of the Companies Act 2016, in the event the existing authority has expired prior to the full implementation of the Proposed Private Placement.

B8. Borrowings

a) Short Term Borrowings

	30 June 2017		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Bank overdraft	1,693	-	1,693
Bankers' acceptance and revolving credits	5,325	-	5,325
Term loans	105	829	934
Lease payables	1,424	-	1,424
Total	8,547	829	9,376

b) Long Term Borrowings

	30 June 2017		
	Secured	Unsecured	Total
	RM'000	RM'000	RM'000
Term loans	356	-	356
Lease payables	1,314	-	1,314
Total	1,670	-	1,670

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.

On 15 May 2017, the High Court in Bintulu had allowed BIGG's application to stay the PWPSB's Notice for Directions for assessment of damages dated 16 March 2017 pending the final disposal of BIGG's Notice of Motion for leave to appeal to the Federal Court dated 14 March 2017.

The hearing of the Notice of Motion for Leave before Federal Court is fixed on 14 September 2017.

B10. Dividend Payable

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

B11. Earnings Per Share

	Current Quarter Ended 30/06/17	Current Period To-Date 30/06/17
a) Basic		
Profit/(Loss) net of tax, attributable to Equity Holders of the Company (RM'000)	(1,363)	(6,858)
Weighted average number of ordinary shares, in issue ('000)	48,092	48,092
Basic earnings/(loss) per share (sen)	(2.83)	(14.26)
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 30/06/17	Financial period ended 30/06/16
	(RM'000)	(RM'000)
Total revenue reserve / (accumulated losses) of the Company and its subsidiaries:		
- Realised	(7,639)	223
- Unrealised	(4,361)	(5,805)
	(12,000)	(5,582)
Less : Consolidation adjustments	(786)	(346)
(Accumulated losses) / revenue reserve as per financial statements	(12,786)	(5,928)