



# B.I.G. INDUSTRIES BERHAD

(Incorporated in Malaysia) (195285-D)



# Annual Report 2009

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# CORPORATE PROFILE

## History and Business

B.I.G. Industries Berhad (BIG) was incorporated in 1990 in Kuala Lumpur. BIG was listed on KLSE Second Board in 1995 and transferred to Main Market in 2009. BIG is the largest supplier & industrial gases in Sarawak - 60% market share with a smaller share in Sabah.

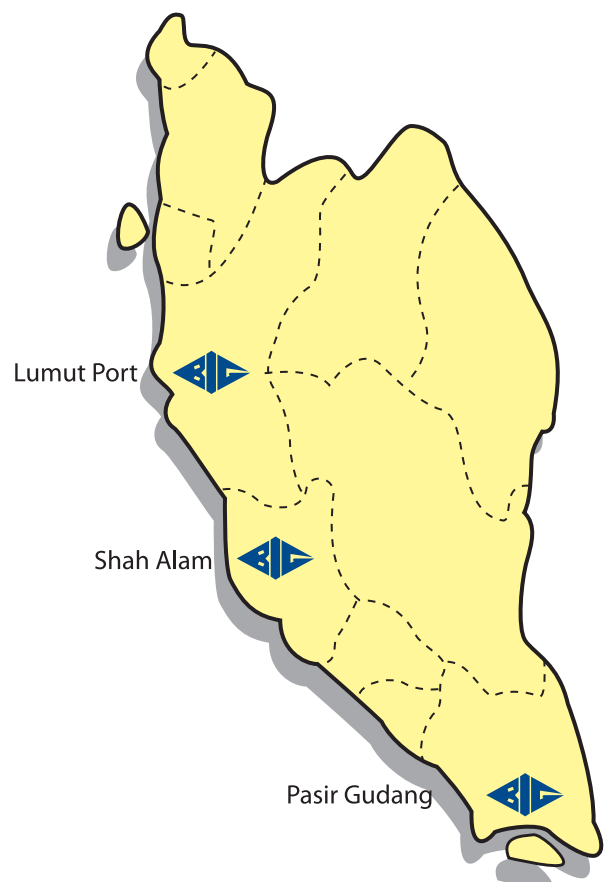
The principal activities of BIG Group are manufacture, distribute and market industrial gases; provides services and maintenance to the oil, gas and petrochemical industry; producing quarry products for the industries; ready mix concrete; contractor; project management and property developer.

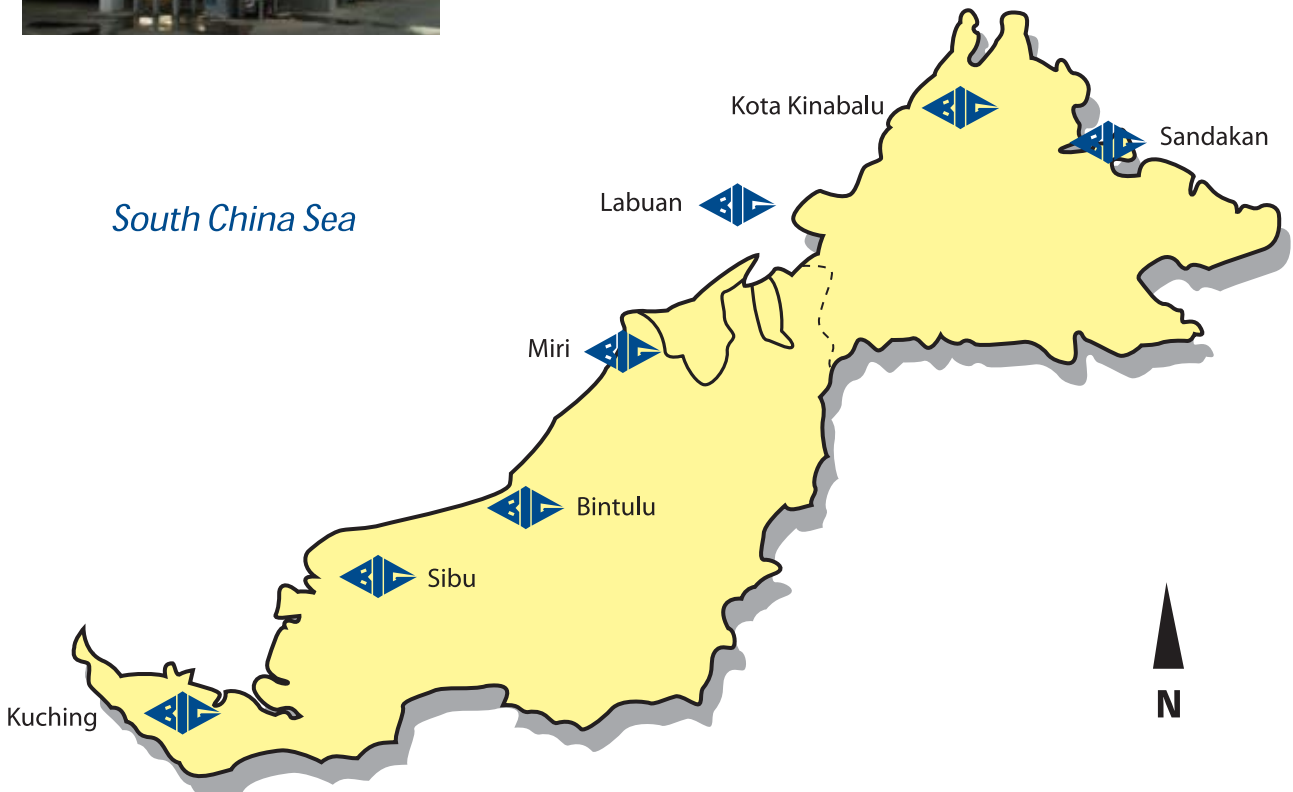


BIG has become the largest manufacturer of Acetylene gas, Liquid Nitrogen (LN2), Gaseous Nitrogen (N2), Liquid Oxygen (LO2), Gaseous Oxygen (O2) and Carbon Dioxide (CO2) in East Malaysia. BIG branches are located in East Malaysia (Kuching, Sibul, Bintulu, Miri, Labuan and Kota Kinabalu) and now in West Malaysia (Lumut, Shah Alam and Pasir Gudang).

BIG has received Food Grade Certification for the highest purity CO2 & F&N Coca-Cola in East Malaysia and was rewarded the ECO Green Manufacturing Certificate in 2002 and MS ISO 9001:2000 certification from SIRIM QAS Sdn. Bhd.

Today, BIG is proud to be established as the "ONE-STOP INDUSTRIAL GAS SOLUTION PROVIDER" in East & West Malaysia. In years to come, BIG aspires to be the leading local oil & gas solution provider with sound management and special attention to provide the best quality products and solutions.





## NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at Four Points by Sheraton Kuching, Lot 3186-3187, Block 16 KCLD, Jalan Lapangan Terbang Baru, 93350 Kuching, Sarawak on Monday, 28 June 2010 at 11.00 a.m. to transact the following matters:

### AGENDA

#### AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2009 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM78,520 in respect of the financial year ended 31 December 2009.
3. To re-elect the following Directors who retire by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offer themselves for re-election:
  - i. Ms. Yong Siew Kat
  - ii. Mr. Lau Keat Hoo
4. To elect Datuk Sawaludin Bin Md Din who retires pursuant to Article 114 of the Company's Articles of Association and being eligible offers himself for election.
5. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.

**Resolution 1**

**Resolution 2**

**Resolution 3**

**Resolution 4**

**Resolution 5**

**Resolution 6**

#### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modifications, as Ordinary and Special Resolutions of the Company:

6. **ORDINARY RESOLUTION NO. 1**  
**Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares**

**Resolution 7**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("the Act") and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company."

## NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

### 7. ORDINARY RESOLUTION NO. 2 Proposed Renewal of Share Buy Back Authority

#### Resolution 8

“THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of the Bursa Securities and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company (“Proposed Renewal of Share Buy Back Authority”) as may be determined by the Directors of the Company provided that the aggregate number of shares purchased and/or held as Treasury Shares pursuant to this resolution does not exceed RM4,809,220 comprising of 4,809,220 ordinary shares of RM1.00 each in the Company, representing ten percent (10%) of the total issued and paid up capital of the Company.

Based on the latest unaudited financial statements for the financial period ended 31 March 2010, the retained profits and share premium account of the Company were approximately RM2,264,804 and RM150,113 respectively, amounting to a total of RM2,414,917.

THAT upon completion of the purchase by the Company of its own Shares, the Directors are authorised to deal with the Shares in the following manner:

- (i) cancel the Shares so purchased; or
- (ii) retain the Shares so purchased as Treasury Shares; or
- (iii) retain part of the Shares so purchased as Treasury Shares and cancel the remainder; or
- (iv) if held as Treasury Shares, to resell the Treasury Shares on the Bursa Securities and/or distribute the Treasury Shares as dividends to the Company’s shareholders and/or subsequently cancel the Treasury Shares or a combination of the three,

and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the Main Market Listing Requirements of the Bursa Securities and any other relevant authority for the time being in force.

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in general meeting,

whichever is earlier and the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things deem fit and expedient in the interest of the Company to give full effect to the Proposed Renewal of Share Buy Back Authority contemplated and/or authorised by this Ordinary Resolution.”

## NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONT'D)

### 8. SPECIAL RESOLUTION

#### Proposed Amendments to the Articles of Association of the Company

#### Resolution 9

"THAT the amendments to the Articles of Association of the Company as set out in the Circular to Shareholders dated 3 June 2010, be and are hereby approved."

9. To transact any other business of which due notice shall have been given in accordance with the Company's Articles of Association and the Act.

### BY ORDER OF THE BOARD

#### JENNIE CHUA LAY CHIN (LS 0009403)

Company Secretary

Kuching, Sarawak.  
3 June 2010

#### Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.
3. An instrument appointing a proxy shall be in writing under the hand of the appointor or if the appointor is a corporation either under its common seal or under the hand of an attorney duly authorised. Where a member appoints two proxies, the appointments shall be invalid unless the number of shares to be represented by each proxy is specified.
4. An instrument appointing a proxy or representative must be deposited at the Registered Office of the Company at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia not less than 48 hours before the time appointed for holding the meeting.

#### Explanatory Notes on Special Business

##### (a) Resolution Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 7 proposed under Agenda 6, if passed, will give the Directors authority to allot and issue shares from the unissued capital of the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. This authority, unless revoked or varied by the shareholders of the Company in a General Meeting, will expire at the conclusion of the next AGM.

No shares had been issued and allotted by the Company since obtaining the said authority from its shareholders at the Last Annual General Meeting held on 25 June 2009.

##### (b) Proposed Renewal of Share Buy Back Authority

The Ordinary Resolution 8 proposed under Agenda 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM. For further information on the Proposed Renewal of Share Buy Back Authority, please refer to the Circular to Shareholders dated 3 June 2010, which is despatched together with this Annual Report 2009.

##### (c) Proposed Amendments to the Articles of Association of the Company

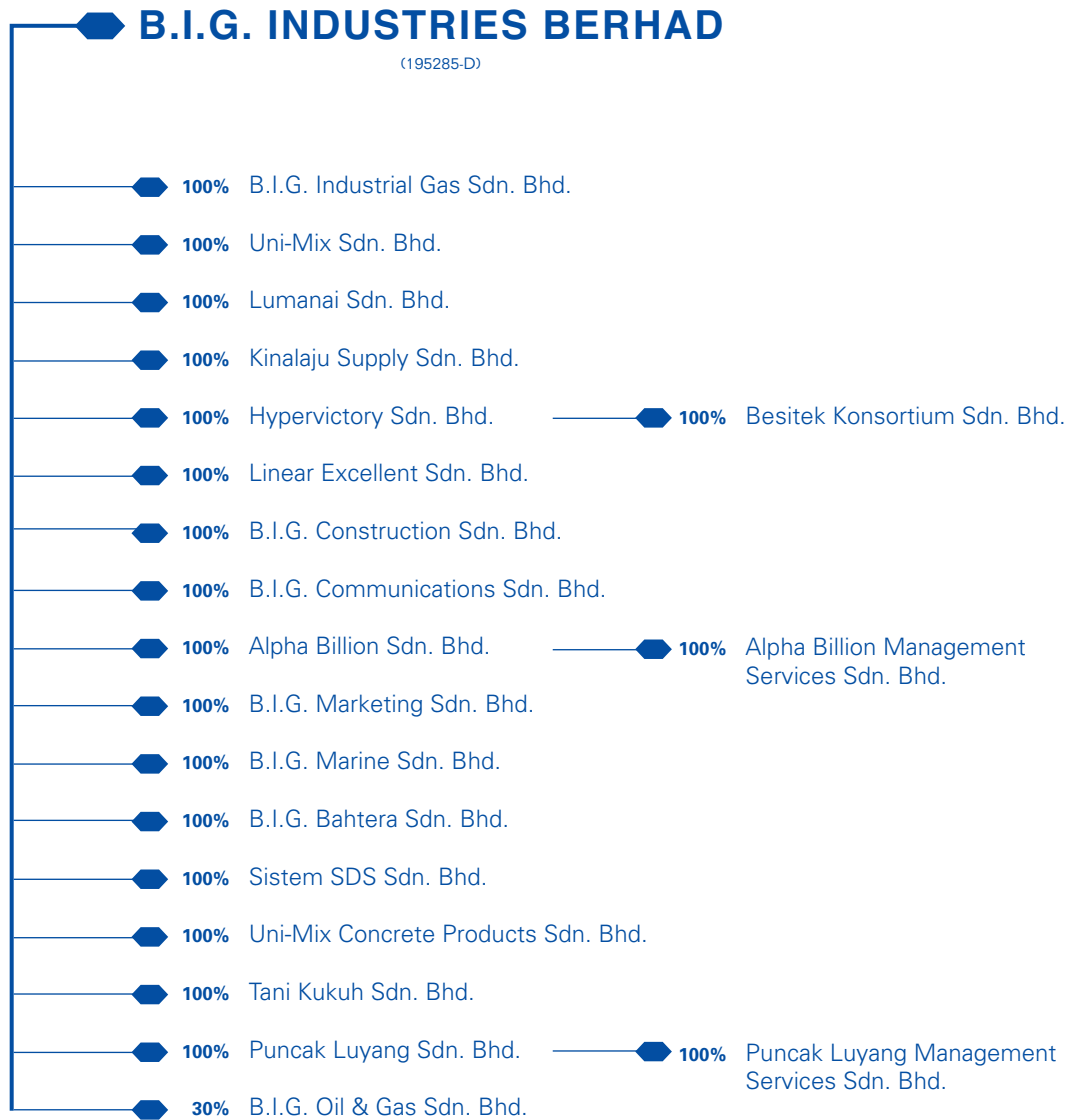
The Special Resolution 9 proposed under Agenda 8, if passed, will allow the Company to incorporate certain amendments to its Articles of Association in compliances with the implementations of the Electronic Dividend payment system pursuant to the directive issued by the Bursa Securities dated 19 February 2010. The details of this proposal are set out in the Circular to Shareholders dated 3 June 2010.

## STATEMENT ACCOMPANYING NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

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Details for the Directors who are standing for re-election at this Annual General Meeting are set out on page 10 and page 11 of this Annual Report. Further details of the Director who is standing for election, namely, Datuk Sawaludin Bin Md Din, is set out on page 12 of this Annual Report and the details of the Directors' interest in the securities of the Company are disclosed on page 96 of this Annual Report.

## GROUP CORPORATE STRUCTURE



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf  
@ Mohd Yusof  
(Executive Chairman)

Lau Keat Hoo  
(Executive Director)

Yong Siew Kat  
(Senior Independent Non-Executive Director)

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
(Independent Non-Executive Director)

Datuk Sawaludin Bin Md Din  
(Independent Non-Executive Director)

### AUDIT COMMITTEE

Chairman  
Yong Siew Kat

Members  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Datuk Sawaludin Bin Md Din

### NOMINATION COMMITTEE

Chairman  
Yong Siew Kat

Members  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Datuk Sawaludin Bin Md Din

### REMUNERATION COMMITTEE

Chairman  
Yong Siew Kat

Members  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Datuk Sawaludin Bin Md Din

### COMPANY SECRETARY

Jennie Chua Lay Chin (LS 0009403)

### REGISTERED & PRINCIPAL OFFICE

Lot 2225, Section 66, Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel: 082-486 321/082-487 151  
Fax: 082-336 933

### CORPORATE OFFICE

19D, 4th Floor, Block 2  
Worldwide Business Centre  
Jalan Tinju 13/50, Section 13  
40675 Shah Alam, Selangor Darul Ehsan  
Tel: 03-5512 9999  
Fax: 03-5512 9282

### SHARE REGISTRAR

Tricor Investor Services Sdn. Bhd.  
(Formerly known as Tenaga Koperat Sdn. Bhd.)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883  
Fax: 03-2282 1886

### AUDITORS

Ernst & Young (AF 0039)  
Chartered Accountants  
Room 300-303, 3rd Floor  
Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak  
Tel: 082-243 233  
Fax: 082-421 287

### PRINCIPAL BANKERS

AmBank Berhad  
HSBC Bank (M) Berhad  
Malayan Banking Berhad  
Standard Chartered Bank Malaysia Berhad

### PRINCIPAL SOLICITORS

A. I. Nathan

### STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market  
Stock Name : BIG  
Stock Code : 7005

## PROFILE OF THE BOARD OF DIRECTORS

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### **Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF**

*Executive Chairman*

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Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF, aged 47, a Malaysian, was appointed to the Board of the Company as Independent Non-Executive Director on 16 July 1999 and was re-designated as Non-Independent Non-Executive Director on 15 March 2004. Subsequently, he was re-designated as Executive Chairman of the Company on 27 December 2006. Currently, he is also an Independent Non-Executive Chairman of Ngju Kee Corporation (M) Berhad.

Y. Bhg. Dato' Haji Mohd Fauzi holds a B.A Architecture, RIBA Part I, Hull School of Architecture, U.K. (1984) and a Dip. in Architecture, RIBA Part II, Hull School of Architecture, U.K (1987). He is a Corporate Member of Pertubuhan Arkitek Malaysia since 1991 and a Chartered Member of Royal Institute of British Architects since 1989. He is also a Registered Architect with Lembaga Arkitek Malaysia since 1991.

Y. Bhg. Dato' Haji Mohd Fauzi served with several notable architectural consultancy firms in the United Kingdom and his work can be witnessed in parts of Leicestershire, Yorkshire, Humberside and Lincolnshire in England.

Y. Bhg Dato' Haji Mohd Fauzi returned to Malaysia in 1990 and was in charged of a few housing projects with established developers in the Klang Valley. He currently manages F. I. Group Sdn. Bhd., a development & consultancy firm which handles a variety of projects around the country.

Y. Bhg. Dato' Haji Mohd Fauzi has attended all the five (5) Board Meetings held during the financial year ended 31 December 2009.

He is deemed to have an interest in the Company by virtue of his interest in Pristine Corporation Sdn. Bhd. Save for the aforesaid, he does not have any family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

### **LAU KEAT HOO**

*Executive Director*

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MR. LAU KEAT HOO, aged 48, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 15 February 2007 and was re-designated as Non-Independent Non-Executive Director on 13 March 2007. Subsequently, he was re-designated to Executive Director on 25 April 2008.

He holds a Master in Business Administration from University of Hull, United Kingdom and a Bachelor in Civil Engineering (Hons) from University of Malaya. He started his career as a Site Engineer, and later promoted to Project Manager, Senior Project Manager, General Manager and is currently the Director in charge of various property development projects in Malaysia.

He has attended all the five (5) Board Meetings held during the financial year ended 31 December 2009.

He does not have any family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

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### **MS. YONG SIEW KAT**

*Senior Independent Non-Executive Director*

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MS. YONG SIEW KAT, aged 57, a Malaysian, was appointed to the Board of the Company on 2 August 1999 and was re-designated as Senior Independent Non-Executive Director on 15 March 2004. Ms. Yong is also a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Presently, she is the Director and Chief Executive Officer of Ngiu Kee Corporation (M) Berhad.

Ms. Yong holds a Master in Management and is a graduate from Malaysia Institute of Chartered Secretaries and Administrators (MAICSA). She has vast experience in corporate banking, treasury and corporate finance exercise in new IPOs and other debt and equity-linked capital fund raising exercises. She was previously the General Manager of Corporate Planning in Lion Group as well as the General Manager of Corporate Finance in Arab Malaysian Securities Sdn. Bhd.

Ms. Yong has attended all the five (5) Board Meetings held during the financial year ended 31 December 2009.

Ms. Yong does not have any family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. She does not have any conviction for any offences within the past ten (10) years.

### **Y. BHG. TAN SRI DATO' DR. LAU BAN TIN**

*Independent Non-Executive Director*

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Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 54, a Malaysian, was appointed to the Board of the Company on 18 November 1998. Y. Bhg. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Other public company in which he is a Director is Ngiu Kee Corporation (M) Berhad.

Y. Bhg. Tan Sri is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants. He is a fellow member of several professional bodies, which include the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants (U.K.). He obtained his MBA and DBA from the Southern Cross University of Australia.

Y. Bhg. Tan Sri was a pioneer in setting up Tawakal Hospital in Kuala Lumpur and was also the financial consultant for the Bandar Tun Razak Project under DBKL. Currently, he is an active Patron to Persatuan Penjagaan Kanak-Kanak Cacat Klang and a member of World President Organisation, a member of Adjunct Faculty, University of Tunku Abdul Rahman and an adviser for Klang Chinese Chamber of Commerce and Industry. He is also currently actively involved in township property development in the vicinity of Shah Alam and Klang.

Y. Bhg. Tan Sri Dato' Dr. Lau has attended all the five (5) Board Meetings held during the financial year ended 31 December 2009.

He does not have any family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

## PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

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### **DATUK SAWALUDIN BIN MD DIN**

*Independent & Non Executive Director*

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DATUK SAWALUDIN BIN MD DIN, aged 60, a Malaysian, was appointed to the Board of the Company on 25 August 2009. Datuk Sawaludin Bin Md Din is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Datuk Sawaludin holds a Masters of Business Administration in General Management from Pacific Western University, USA and a Bachelor of Science (Economics) from University of Monash, Melbourne, Australia. He joined an international corporation in 1974 and spent the next 17 years overseas. On his return to Malaysia, he held the position of General Manager, Senior General Manager and Executive Director in several companies such as Mezzanine Capital Sdn. Bhd., Wembley Industries Holdings Berhad and IMPSA (Malaysia) Sdn. Bhd.

Datuk Sawaludin was also elected as Vice President of Perdasama (Malay Businessmen and Industrialists Association of Malaysia) and Chairman Economics and Agriculture Industries Bureau.

Datuk Sawaludin has attended two (2) out of five (5) Board Meetings held during the financial year ended 31 December 2009 since his appointment on 25 August 2009.

Datuk Sawaludin does not have any family relationship with any Directors and/or Major Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

## STATEMENT ON CORPORATE GOVERNANCE

The Statement on Corporate Governance by the Board of Director has been set out in accordance with the Main Market Listing Requirements of the Bursa Securities.

The Board of Directors recognises the importance of practising the highest standards of corporate governance throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholders value and the financial performance of the Group.

The Board is pleased to report on the application of the principles of Corporate Governance contained in the Malaysia Code of Corporate Governance ("The Code") and the extent of compliance with the best practices of the Code as required under the Main Market Listing Requirements of the Bursa Securities by the Company. These principles and best practices have been applied by the Group throughout the financial year ended 31 December 2009.

### BOARD OF DIRECTORS

#### The Board and its Responsibilities

The Group is headed by an effective Board which leads and controls in the Group in the discharge of its stewardship responsibilities.

The Board is primarily entrusted with the responsibility of charting the direction of the Group and focus mainly on strategies, financial performance and critical business issues, including the following areas:

- Reviewing the Group's strategic action plans and policies
- The conduct of the Group's business to ensure that it is being properly managed
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Appointing, training, fixing the compensation of, and where appropriate, replacing senior management
- Developing and implementing an investor relations programme and shareholder communications policy for the Company; and
- Reviewing the adequacy and the integrity of the Group's system of internal control and management information systems, including system for compliance with applicable laws, regulation, rules, directives and guidelines

#### Board Compositions and Balance

The Board comprises five (5) members of whom one (1) is an Executive Chairman, three (3) are Independent Non-Executive Directors and one (1) is Executive Director. The size of Independent Non-Executive Directors forms three over five (3/5) of the entire Board structure and the biographical details of the members of the Board on Page 10 to Page 12 demonstrate the diverse range of knowledge, experience and ability to make independent judgement. The Executive Chairman undertakes the running of the Board and general managers are responsible for running the Group's business and resources.

The Board fulfills the requirement to have at least one third of the Board comprising of Independent Non-Executive Directors. In the event of any vacancy in the Board of Directors, resulting in non-compliance of the Main Market Listing Requirements of the Bursa Securities pertaining to composition of the Board of Directors, the Company shall within three months of that event fill the vacancy.

The Board is satisfied that the current composition of Directors provides an appropriate balance and size to promote all shareholder interests and to grown the Group effectively. It also fairly represents the ownership structure of the Company with appropriate representations of minority interest through the Independent Directors. This balance ensures that all matters brought before the Board are fully and objectively discussed, taking into account the interest of shareholders as a whole including in particular, those of minority shareholders.

The Board is led by Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof who is the Executive Chairman and the executive management of the Group is led by Mr. Lau Keat Hoo as Executive Director. The role and responsibilities of the Chairman and the Executive Director are clearly defined and separated so as to ensure a balance of power and authority. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non financial matters to enable them to participate actively in the Board's decisions. The Directors are professionals and entrepreneurs with diverse mix of skills and expertise ranging from management, accounting, corporate finance, business administration, engineering, property development and architecture. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the overall strategic direction of the Company.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD OF DIRECTORS (cont'd)

#### Board Compositions and Balance (cont'd)

All members of the Board comply with the limitation of directorship requirements under the Main Market Listing Requirements of the Bursa Securities.

#### Board Meetings and Supply of Information

The Board Meetings are held at least quarterly and more frequently as and when the business or operational needs arise. Board Meetings are also held whenever necessary to discuss various corporate matters including corporate exercises, new major investments and significant changes in regulatory requirement that affect the Group. The quarterly Board Meetings are held to discuss and review the quarterly results of the Group for announcement to the Bursa Securities and annual meetings are held to discuss and approve the Group's annual budget and business plans.

There were five (5) Board Meetings held during the financial year. The Board record its deliberations in terms of issues discussed and the conclusions in discharging its duties and responsibilities.

The number of meetings attended by each Director during the financial year was as follows:

Directors	Number of meetings attended	Percentage of attendance (%)
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	5	100%
Mr. Lau Keat Hoo	5	100%
Ms. Yong Siew Kat	5	100%
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	5	100%
Datuk Sawaludin Bin Md Din (Appointed on 25 August 2009)	2	40%
Encik Samsul Ariff Bin Idris (Resigned on 25 August 2009)	2	40%

Prior to the Board meeting, all Directors receive an agenda and a board report containing information relevant to the business of the meeting, including information on financial, operational and corporate matters as well as activities and performance of the Company. The board reports are circulated in timely manner to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

The Directors are also informed of the impending restriction in dealing with the securities of the Company at least one month prior to the release of the quarterly financial announcement.

Directors have access to all information within the Company whether as full board or in their individual capacity, in furtherance of their duties.

Directors have access to the advice and services of the Company Secretary and may seek independent advice should the need arises. Nevertheless, the Board does not have any agreed procedure for Directors whether as a full Board or in their individual capacity, in furtherance of their duties to seek independent professional advice at the Company's expenses. Any need for professional advice comes under the purview of the Board who will deliberate the matter on a consensual basis.

### BOARD COMMITTEES

The Board had established various Board Committees to assist with the discharging of duties and responsibilities, in which the Board Committees operate within clearly defined terms of reference. There are three (3) Board Committees established to assist the Board in the discharge of its duties namely Audit Committee, Nomination Committee and Remuneration Committee.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD COMMITTEES (cont'd)

- **Audit Committee – Appointments to the Board**

The Audit Committee is currently made up of three (3) members comprising of wholly Independent Non-Executive Directors appointed by the Board of Directors with written terms of reference clearly setting out its authority and duties.

The Committee reports to the Board on the effectiveness of the Group's internal control system. Each year the Chairman of the Committee conducts a review of the Committee's effectiveness based on a process established by the Board. The summary of the activities and terms of reference of the Audit Committee are set out on pages 23 to 27.

- **Nomination Committee – Appointments to the Board**

The Nomination Committee comprises exclusively of Non-Executive Directors and is chaired by Ms. Yong Siew Kat and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Datuk Sawaludin Bin Md Din. Members of the Nomination Committee abstain from participating in matters concerning their appointments. The Committee has available to it the services of external advisers, at the Group's expense, as and when it deems necessary. The terms of reference of the Nomination Committee are:

- To annually review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board for it to function efficiently and effectively
- To carry out and document annually the process to assess the effectiveness of the Board as a whole and the contribution of each and individual Director
- To recommend to the Board candidates for all directorships whilst considering the skills, knowledge, expertise, experience, professionalism and integrity of the candidates. For the consideration of position of Independent Non-Executive Directors, the Board also evaluates their ability to discharge responsibilities or functions as expected from Independent Non-Executive Directors
- To consider in making its recommendations, candidates for directorships proposed by Executive Chairman and within the boundaries of practicality, by any senior executive or any Director or shareholder
- To recommend to the Board, Directors to sit on Board Committee
- To provide an orientation and education program for the new recruits to the Board

The Committee sat twice (2) times during the financial year ended 31 December 2009.

- **Remuneration Committee – Directors' Remuneration**

(a) *Level and Make-up of Remuneration*

The Remuneration Committee determines the remuneration of each Director. The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. It is the Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Directors play no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration. The Committee is authorised by the Board to appoint external advisers if it considers to be beneficial.

Fees payable to Directors are proposed by the Board and thereafter will be tabled to the shareholders for approval at the Company's Annual General Meeting prior to making any payment to the Directors.

The Remuneration Committee is chaired by Ms. Yong Siew Kat and its current members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Datuk Sawaludin Bin Md Din.

The Committee met once during the financial year under review.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

## BOARD COMMITTEES (cont'd)

- Remuneration Committee – Directors' Remuneration (cont'd)

*(b) Procedures*

The Remuneration Committee meets as and when required to determine all aspects of remuneration and terms and conditions of service of all the Directors of the Company.

The Remuneration Committee reviews and recommends the remuneration package for the Executive Directors in all its forms, drawing from outside advice whenever necessary prior to making the relevant recommendation to the Board such that the level of remuneration is sufficient to attract and retain the Director needed to run the Company successfully. In the case of Independent Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the respective Non-Executive Director concerned and is determined by the Board, taking into the consideration the recommendation of the Remuneration Committee.

The policy of the Remuneration Committee is in line with the Group's overall practice on remuneration packages, compensation and benefits. The Group provides a bonus and incentive scheme for all employees, including the Executive Directors which are dependent on the financial performance of the Group based on an established formula.

*(c) Disclosure of Remuneration*

The remuneration paid to Executive Directors and Non-Executive Directors of the Company by category and in the bands of RM50,000 as set out in the Notes to the Financial Statement on Page 65 of this Annual Report.

The remuneration paid to Executive Directors and Non-Executive Directors of the Company are disclosed as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Executive Directors</b>				
Fees	24,000	24,000	24,000	24,000
Salaries, allowances and bonus	72,780	71,460	1,320	-
Defined contribution plan	7,920	8,640	-	-
Social security contributions	177	619	-	-
	104,877	104,719	25,320	24,000
<b>Non-Executive Directors</b>				
Fees	52,000	48,000	52,000	48,000
Overprovision in prior year	-	(3,000)	-	(3,000)
Other emoluments	1,200	-	1,200	-
	158,077	149,719	78,520	69,000

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### DIRECTORS TRAINING

All Directors have completed the Mandatory Accreditation Programme ("MAP") as required under the Main Market Listing Requirements of the Bursa Securities. The Directors are mindful that training is essential to all Directors and they should continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure.

During the year, the Company Secretary, External Auditors and Consultants engaged by the Company provided updates to the Board on relevant governance matters and on new legislation and regulations concerning the Group and the Directors' duties and obligations. The Audit Committee regularly considers new accounting developments from the management and the External Auditors. Non-Executive Directors increase their understanding of the business and sector through regular presentations given by the management on issues, innovations and market intelligence related to the industry and business.

Respective Directors have also attended the following training programmes and seminars to further broaden their skills, knowledge, and perspectives to keep them abreast with new and relevant developments. During the year, the Directors attended the following training/courses:

1. The Inside Story of the Annual Report: What You Need to Know
2. Towards Boardroom Excellence: Managing Related Party Transaction & Conflict of Interest
3. Seminar on the Current Global Financial Crisis-its Causes and Impact on Asia
4. Global Economic Meltdown: Implication & How to Cope with It, Opportunities Behind Crisis
5. Global Financial Crisis
6. Building Corporate Resilient via Effective Emergency Risk Management and Global Financial Crisis: the Story and Solution

### ELECTION/RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed during the year are subject to retire and seek election by shareholders at the next Annual General Meeting ("AGM"). The Articles also provided that at least one third (1/3) of the existing Directors are subject to retire and seek re-election at regular intervals at every AGM, at least once every three (3) years.

### RELATIONSHIPS WITH SHAREHOLDERS – COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

The Board discloses information on the performances of the Company, corporate strategies and other matters affecting shareholders and investors through timely dissemination of information via the Bursa Link, Annual Reports, Circulars to shareholders and press releases. Enquiries by shareholders are promptly dealt as practicable as possible.

In addition, Ms. Yong Siew Kat acts as the Senior Independent Non-Executive Director and thus, any matters concerning the Group may be conveyed to her.

### ANNUAL GENERAL MEETING ("AGM")

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports in CD-ROM form are despatched to shareholders at least twenty-one (21) days before the date of the AGM. At the AGM, the Chairman of the meeting would present the financial results and business activities for the year under review.

At each AGM, the Board encourages shareholders to participate in the question and answer session. The Chairman, or where appropriate, the Directors would respond to all relevant enquiries in relation to the Group during the AGM.

For election/re-election of Directors, the Board ensures that full information are disclosed through the notice of meetings on all Directors seeking election/re-election at the AGM.

In addition, an explanatory statement accompanying items of special business is included in the notice of the AGM to facilitate full understanding and evaluation of the issues involved.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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### **ACCOUNTABILITY AND AUDIT – FINANCIAL REPORTING**

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act, 1965. The Board is responsible to ensure that the financial statements of the Group present a balanced and understandable assessment on the state of affairs of the Group. The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy, adequacy and completeness.

### **INTERNAL CONTROL**

The information on the Group's internal control is presented in the Statement on Internal Control as set out on page 21 to 22 of this Annual Report.

### **EXTERNAL AUDIT**

The Group's independent External Auditors carry out an essential role for the shareholders by enhancing the reliability of the Group's financial statements and giving assurance of that reliability to users of these financial statements.

The External Auditors have an obligation to highlight any significant defects in the Group's system of control and non-compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board accordingly. This includes the communication of fraud.

### **RELATIONSHIP WITH EXTERNAL AUDITORS**

The role of the Audit Committee in relation to the External Auditors are set out in the Report on Audit Committee on Page 23 to 27 of this Annual Report. The Company has always maintained a formal and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

### **STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE**

The Board will continuously review the principles and practices in corporate governance in achieving the highest standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

### **DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS**

Pursuant to the Companies Act, 1965, Directors are required to prepare the audited financial statements to give a true and fair view of the state of affairs of the results and cash flows of the Group and of the Company for the said financial year under review.

In preparing the audited financial statements of the Group and the Company for the year ended 31 December 2009, the Directors have ensured that the appropriate accounting policies have been adopted and applied consistently; reasonable and prudent judgements and estimates were made; and the applicable approved accounting standards in Malaysia have been applied.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act, 1965.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

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### CORPORATE SOCIAL RESPONSIBILITY

#### Environmental Friendly

The Company strongly respects and values the environment and committed to greener future. Over the years, the Company strives to reduce the environmental impact from daily routine such as i) minimize the usage of paper via increased used of emails ii) minimize electrical consumption and takes measure to ensure that it is not wasted iii) the Company purchased only paper contain recycled content and recycles office paper. The Company consistently communicates with the employees and creates awareness of environmental policy to ensure that all levels of employees working towards the same objectives.

#### Employees

The Company recognized that employees are the most valuable assets and acknowledged their invaluable contributions to the Company. The Company understands that long-term sustainability depends on the ability to attract and retain talented, dedicated employees. The Company aims to be an employer of choice by offering competitive compensation and benefits and also rewarding opportunity for professional growth and development. The Company strongly believed that stimulating and challenging working environment can encouraged the employees to perform of their best.

#### Health and Safety

The Company takes responsibility to provide highest standard of safe and healthy working environment for its employees. It is the Company's policy that employees' safety and health in the workplace are of the priority that should not be compromised. Therefore, the Company consistently takes all reasonably practicable measures to prevent personal injury, damages to property and to protect all its employees from work hazards.

#### Healthy Life Style and Balance Work-life

To promote healthy life style and work-life balance, the Company consistently organized and sponsored for various sports activities for the staff. Despite hectic schedule, the Company strongly encouraged all staff to participate in the sport activities in order to achieve a balance and healthy life style.

#### Community

The Company believes that contributing to the local community is not just something out of choice but is actually vital part of the business. The Company plays an active role in contributing to these communities through direct financial support, gifts in kind and employees' voluntarism.

In support for the effort to enhance the quality of life for underprivileged children and also bring joy, happiness to them, the Company has organized a charity event in Handicapped and Disabled Children's Association of Klang Selangor. The event was successful organized with voluntary involvement and support from all level of staff.

### OTHER INFORMATION

#### Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposal during the financial year.

#### Share Buybacks

There were no shares buyback exercised during the financial year.

#### Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities issued or exercised during the financial year.

## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### OTHER INFORMATION (cont'd)

#### Depository Receipt ("DR") Programme

The Company did not sponsor any DR programme during the financial year.

#### Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies during the financial year.

#### Non-Audit Fees

There was no non-audit fees paid by the Company and its subsidiaries to the external auditors, Messrs. Ernst and Young during the financial year.

#### Variance from Profit Estimate, Forecast or Projection

There is a variance of RM 777,419 or 12.25% between the audited loss after taxation and minority interest of RM7,124,646 and the unaudited loss after taxation and minority interest of RM6,347,227 for the financial year ended 31 December 2009. The differences was mainly attributable to adjustments made relating to inclusion of expenses inadvertently omitted and originating and reversal of temporary timing differences of deferred taxation and revenue undertaken up.

The reconciliation of the variance is tabulated as follows:

	RM'000
Unaudited loss after taxation and minority interest as per announcement on 24 February 2010	(6,347)
Revenue undertaken up	673
Expenses inadvertently omitted	(750)
Originating and reversal of temporary differences of deferred taxation	(700)
Audited loss after taxation and minority interest	(7,124)

#### Profit Guarantees

There were no profit guarantees given by the Company during the financial year under review.

#### Material Contracts

During the financial year there were no material contracts (not being contracts entered into in the ordinary course of business) entered by the Company or its subsidiaries involving the interests of the Directors and major shareholders.

#### Contracts relating to Loans

There were no contracts relating to loans by the Company in respect of the material contracts involving Directors and major shareholders.

#### Revaluation of Landed Properties

The Company's policy is to revalue landed properties as and when the Directors deemed necessary. However, no revaluation has been carried out on the landed properties during the financial year under review.

#### Internal Audit Function

Internal audit function is performed in-house and reports directly to the Audit Committee of the Company.

## STATEMENT ON INTERNAL CONTROL

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The Board presents the Group's statement of Internal Control, made in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of the Bursa Securities which has been reviewed by the External Auditor, Messrs. Ernst & Young.

The Board of Directors acknowledges its responsibility for the Group's system of internal control that aims to safeguard shareholders' investments and the Group's assets. The Board recognises that it is their responsibility to review the adequacy and integrity of system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, such a system by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

During the financial year, the Board has undertaken steps in reviewing the Group's system of internal control against the requirements outlined in the Statement on Internal Control: Guidance for Directors of Public Listed Companies' (the Guidance) issued by the Bursa Securities' Task Force on Internal Control. The Board confirms that there is an on-going process for identifying, evaluating, managing and reporting the significant risks faced by the Group as follows:

- The Group's Internal Audit Department has been in existence throughout the financial year and is independent of the activities it audits. Its role is to perform regular reviews and examinations of existing selected activities, in compliance with the Group's policies, procedures and guidelines and to ensure that the system of internal controls remains effective, efficient and is being monitored adequately and enhanced as and when the need arises.
- The Group's Internal Audit Department conducts audit visits on a planned basis and issues audit reports. Operating Management is required to respond to the lack of non-compliance and to the auditor's recommendations. Subsequently, the audit reports and the Operating Management's responses are circulated to the Audit Committee, Directors and the relevant Head of Departments.
- The Audit Committee is briefed on the audit reports issued and on the issues raised by the Internal Auditors on various aspects of the system in operation, practices and procedures and internal controls. Special notice is taken of significant issues raised by the Internal Auditors in the audit reports.
- A management structure exists with clearly defined lines of accountability and appropriate authority which sets out the decisions that need to be taken at various levels of management which include matters that require the Board's approval.
- There is annual budgeting and target setting processes including forecast for each area of business with detailed reviews at all levels of operation.
- Operational Management Conference/Review (QMC) meetings are held on a quarterly basis with the Operating Management to critically review the business performances and the results against the budget and to take appropriate actions and to chart new direction/strategy if necessary.
- Adequate financial and operational informations systems are in place to capture and present timely and pertinent internal business information. Clear reporting structure ensures financial and operational reports are prepared and presented to the Management and Board for review on a timely basis.
- Policies, procedures and guidelines on issues concerning responsibilities and authority for crucial business and operational matters are clearly defined.

## STATEMENT ON INTERNAL CONTROL (CONT'D)

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### THE INTERNAL AUDIT DEPARTMENT

The Audit Committee, assisted by the Internal Audit Department, provides the Board with the assurance it requires on the adequacy and integrity of the system on internal controls and reports to the Audit Committee on a quarterly basis. The Internal Audit Department whose principal responsibility is to undertake regular and systematic reviews of the systems of controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Company and in the Group. The Department is also responsible for the conduct of regular and systematic reviews of environmental and safety issues in the Company and in the Group. The attainment of such objectives involves the following activities being carried out by the Department:

- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- Ascertaining the extent to which the Group's and the Company's assets are accounted for and safeguarded from losses of all kinds;
- Appraising the reliability and usefulness of information developed within the Group and the Company for management;
- Recommending improvements to the existing systems of controls;
- Carrying out audit work in liaison with the External Auditors to maximise the use of resources and for effective coverage of audit risks;
- Carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company;
- Carrying out environmental and safety audits on the Company and the Group; and
- Identifying opportunities to improve the operations of business processes in the Company and the Group.

The Internal Audit activities were conducted inhouse. The total incurred in managing the internal audit activities during the financial year 2009 was RM162,600.

The Board is pleased to report that there were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

## AUDIT COMMITTEE REPORT

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### COMPOSITION

#### MEMBERS OF THE AUDIT COMMITTEE

##### *Chairman*

Ms. Yong Siew Kat

*(Senior Independent Non-Executive Director)*

##### *Members*

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin

*(Independent Non-Executive Director)*

Datuk Sawaludin Bin Md Din

*(Independent Non-Executive Director)*

### TERMS OF REFERENCE

#### 1. COMPOSITION OF AUDIT COMMITTEE

The Committee shall be appointed by the Board of Directors from among its members which fulfils the following requirements:

- (a) the Audit Committee shall consists of no fewer than three (3) members;
- (b) All Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (c) at least one (1) member of the Audit Committee:
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
    - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfils such other requirements as prescribed or approved by the Bursa Securities.
- (d) Alternate Director is not allowed to be appointed as a member of the Audit Committee.

The Committee shall elect a Chairman from among its members who is an Independent Non-Executive Director.

The terms of office and performance of the Committee and each of its members shall be reviewed by the Board no less than one every three (3) years. However, the appointment terminates when a member ceases to be a Director.

In the event that a member of the Audit Committee resigned, passed away or for any other reason ceased to be a member and as a result, the number of members are reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

## AUDIT COMMITTEE REPORT (CONT'D)

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### 2. OBJECTIVES

The primary objectives of the Audit Committee are to:

- (i) provide assistance to the Board in fulfilling its fiduciary responsibilities, particularly in the areas relating to the Company and its subsidiary companies' accounting and management controls, financial reporting and business ethics policies.
- (ii) provide greater emphasis on the audit function by serving as the focal point for communication between non-committee Directors, the External Auditors, Internal Auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's External Auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- (iii) monitor compliance with the Group's policies and procedures in order to provide assurance on the effectiveness of the Group's internal control, policies and procedures.
- (iv) undertake such additional duties as may be appropriate and necessary to assist the Board.
- (v) serve as an independent and objective party in the review of the financial information presented by the Management for distribution to shareholders and the general public.

### 3. AUTHORITY

The Committee is authorised by the Board to investigate within any activities within its terms of reference. It shall have:

- (i) full and unrestricted access to any information pertaining to the Company and its subsidiary companies.
- (ii) direct communication channels with both the External Auditors and Internal Auditors;
- (iii) full access to any employee or member of the management.

The Committee is also authorised by the Board to obtain legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

### 4. DUTIES AND RESPONSIBILITIES

In fulfilling its primary objectives, the Audit Committee will need to undertake the following duties and responsibilities as summarised below and to report the same to the Board accordingly:

- (i) To review the Group's quarterly financial statements and the Group's and the Company's annual financial statements before submission to the Board.

The review shall focus on:

- any change in accounting policies and practices
- major judgemental areas
- significant adjustments and issues arising from the audit
- the going concern assumption
- compliance with the applicable approved accounting standards
- compliance with stock exchange, legal and regulatory requirements

## AUDIT COMMITTEE REPORT (CONT'D)

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### 4. DUTIES AND RESPONSIBILITIES (cont'd)

- (ii) To review with the External Auditors the following:
- the audit plan, scope and nature of the audit for the Company and the Group
  - the evaluation of the system of internal controls
  - audit report
  - problems and reservations arising from their interim and final audits
  - the assistance given by employees of the Company or Group to the External Auditors
- (iii) To review the internal audit functions on the following:
- adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work
  - the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function
  - internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings
- (iv) To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.
- (v) To review any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (vi) To review:
- any letter of resignation from the External Auditors of the Company or Group
  - whether there is reason (support by grounds) to believe that the Company's or Group's External Auditor is not suitable for re-appointment
  - any recommendation on the nomination of a person or persons as External Auditors
- (vii) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the External Auditors' management letters and management response.
- (viii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- (ix) To report to the Board its activities, significant results and findings.

### 5. MEETINGS AND REPORTING PROCEDURES

#### Number of Meetings

The Committee shall meet at least four (4) times in a year. The Chairman shall also convene a meeting of the Committee if requested to do so by any member, the management or the Internal or External Auditors to consider any matter within the scope and responsibilities of the Committee.

## AUDIT COMMITTEE REPORT (CONT'D)

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### 5. MEETINGS AND REPORTING PROCEDURES (cont'd)

#### Attendance of Meetings

The Group Financial Controller, Internal Auditors and Representatives of the External Auditors shall normally be invited to attend meetings of the Committee. The Committee may also invite other Directors and employees to attend any of its meetings to assist in resolving and clarifying matters as and when necessary.

#### Quorum

A quorum shall consist of a majority of Independent Non-Executive Directors and shall not be less than two (2).

### 6. SECRETARY TO AUDIT COMMITTEE AND MINUTES

The Company Secretary shall be the secretary of the Committee and as a reporting procedure, the minutes of each meeting shall be kept and circulated to the members of the Committee and also to all members of the Board for noting and action, where necessary.

### 7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2009 to review the Company and its subsidiaries' quarterly and annual financial statements prior to the approval of the Board.

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities during the financial year ended 31 December 2009 include the following:

- (i) reviewed the internal audit findings and reports.
- (ii) reviewed the External Auditors' scope of work, audit plan and fees structure.
- (iii) reviewed the External Auditors' reports, findings, recommendations, management letter on the results of their audit, accounting issues, accounting standards, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- (iv) reviewed the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2009 before it was tabled to the Board for adoption and approval.
- (v) reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2009 before tabling at the Board Meeting for approval before released to the Bursa Securities and Securities Commission.
- (vi) reviewed and discussed on any related party transactions that may arise to ensure compliance with the relevant regulatory requirements.
- (vii) reviewed and recommended to the Board of Directors for approval of the Circular to Shareholders, the Statements on the Audit Committee Reports and Internal Controls for inclusion in this Annual Report.
- (viii) monitor other legal regulatory requirements and good governance.

## AUDIT COMMITTEE REPORT (CONT'D)

### 8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2009. The attendance record of each member is as follows:

Audit Committee Members	Total number of meetings	Number of meetings attended
Ms. Yong Siew Kat ( <i>Chairman</i> )	5	5
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	5	5
Encik Samsul Ariff Bin Idris ( <i>Resigned on 25 August 2009</i> )	5	2
Datuk Sawaludin Bin Md Din ( <i>Appointed on 25 August 2009</i> )	5	2

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2009 to the date of Directors' Report. The attendance record of each member is as follows:

Audit Committee Members	Total number of meetings	Number of meetings attended
Ms. Yong Siew Kat (Chairman)	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	2
Datuk Sawaludin Bin Md Din	2	2

### 9. INTERNAL AUDIT FUNCTION

The Internal Audit Function of the Group is assumed by the Internal Audit Department of the Company to assist the Audit Committee in discharging its duties and responsibilities. The Internal Audit Department is independent of the activities or operations of the operating units.

The principal role of the Internal Audit Department is to undertake regular and systematic reviews of the systems of internal controls as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit Department to provide the Audit Committee with independent and objective reports on the state of internal control of the various operating units within the Group and the extent of compliance of the operating units with established policies and procedures as well as relevant statutory requirements.

Audit reports, which incorporate audit recommendations and management's response in respect of system and control weaknesses, are issued to the Audit Committee members for review and to the respective management for their necessary action. Internal Audit also monitors the implementation and disposition of all significant findings and management actions.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of B.I.G. Industries Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2009.

### REVIEW OF RESULTS

During the year ended 31 December 2009, the Group recorded a turnover of RM85,465,000 as against RM92,789,000 recorded for the previous year, a decrease of RM7,324,000 or 8.6%. The decrease in turnover, is mainly attributed by the slow down in construction activities in Sabah Region from ready mixed cement, concrete piles and quarry division. The Group recorded a loss before taxation for the current year at RM5,420,000 over profit before taxation of RM3,470,000 recorded for the previous year.

In the face of challenging times, noting the current financial and economic crisis, the Group made the prudent decision to provide an impairment of other investments and mobilization and quarry development expenditure of RM4,500,000 and RM2,233,000 respectively and foreseeable losses on property development of RM626,000. Nevertheless, the Group continues to emphasized on good management control, focusing on cost optimization and moving towards lower gearing for the Group and its subsidiaries.

- **Industrial Gas Division**

The industrial gas division recorded a growth in turnover for the current year of RM773,000 or 2% to RM38,807,000 as compared to RM38,034,000 recorded for the previous year. Profit before taxation for the industrial gas division amounted to RM4,567,000 for the year under review, a decrease of RM794,000 or 17.39% over RM5,361,000 recorded for the previous year.

- **Ready Mixed Cement, Concrete Piles And Quarry Division**

During the year under review, the ready mixed cement, concrete piles and quarry division recorded a turnover of RM41,892,000 as against RM46,823,000 recorded for the previous year. This division recorded a loss before taxation of RM1,643,000 for the current year as against a loss before taxation of RM1,236,000 recorded for the previous year.

- **Property Development Division**

Turnover for the property development division recorded for the current year was RM4,762,000 over RM7,711,000 recorded for the previous year. Loss before taxation for this division was recorded at RM3,491,000 for the current year as compared to loss before taxation of RM660,000 recorded for the previous year.

### OPERATING ENVIRONMENT

- **Industrial Gas Division**

Malaysia economy has developed over many years from an agricultural based economy to our current industrialized economy. This is a significant mile stone that has very important economic significance for Malaysia in the growing competitiveness of the international market place.

For more than 28 years, BIG Industrial Gas has supported Malaysia low and high technology industries with our professional customer oriented services and high quality gas products. BIG Industrial Gas is strategically positioned in Malaysia's growing industrialization that is growing rapidly in size and economic importance.

Over the decades, Malaysia has attracted many new high technology manufacturing industries such as electronics, silicon wafers, solar cells, etc that continues to demand quality industrial gas products. Steel mills and steel structure fabricators too are embracing high end technology that requires higher quality gases for their production and fabrication projects.

Each new developmental step in high technology requires more consistently purified and mixed gases for their sensitive high tech machineries. Thus, the quality industrial gas products will be from companies that continue to innovate and develop mixed gases according to the quality demanded by the high tech industries and users.

## CHAIRMAN'S STATEMENT (CONT'D)

### OPERATING ENVIRONMENT (cont'd)

- **Industrial Gas Division (cont'd)**

We believe that the industrial gas market will remain dynamic in the years to follow. This means that industrial gas companies will have to continually develop and innovate to respond actively to the industries high technology changes in the medical, food & beverage, manufacturing, steel fabrications, Oil & Gas, etc.

The potential growth of the industrial gas market is still bright and promising.

- **Ready Mixed Cement, Concrete Piles And Quarry Division**

Concrete related industries are expected to be as competitive as before with new entry of competitors into the business. Unimix in Sabah, however, continues to maintain a strong presence in respect to market share and leadership roles. Being a regional forerunner in ready mixed concrete, precast concrete pile and cement distribution industries, Unimix is able to secure high confidence among consultants and contractors alike in Sabah as a quality assured supplier.

In recent years, tourism in Sabah contributes quite a significant spinoff to fuel local construction activities, which is directly beneficial to concrete suppliers like Unimix. On that footing, more shopping and lodging facilities are in the pipeline for construction in order to sustain the local booming demand of the tourism market.

On another front, with palm oil prices continue to do well, many palm oil plantation owners in Sabah have abundant leverage to invest in properties. Kota Kinabalu has seen some unprecedented boom in high-end residential properties propelled by this niche segment of investors. In addition, the Second Home Program that caters for foreign retirees has also chipped in to sustain local property market by way of increased demand for rented residential premises.

We foresee Sabah construction related industry will do better in 2010 compared a year before, and Unimix is standing to reap the opportunity with its well-established set up and capacity.

- **Property Development Division**

Property development in West Malaysia is still very regulated and mature while in East Malaysia, it is slowly catching up with West Malaysia and are implementing tighter regulations where housing development is concerned. Gone are the days where land owners with small parcels of land become developers overnight and start off their development with minimum working capital using the sales collection to finance the construction and sometimes without external financing if the location is good.

Our Government has over time been revising the Housing Development (Control and Licensing) Act and had managed to reduce abandoned projects. These days property development is a big boys' game involving huge investment in land and high holding cost where you calculate the cost of land purchase up to the approval stage and only the bigger companies are able to sustain in the long run.

Last year's world economic crisis which started from the US housing bubble did not affect the entire sector of the property market in Malaysia. There was a shrinkage in demand in high end condominiums especially in the KLCC and Sri Hartamas area due to the crisis in the US and Europe and these are the areas where the expatriates were the most abundant. Rental yield had also dropped considerably since the expatriate's housing allowance had dropped for example from RM12,000 to RM8,000 a month (33%) putting pressure on house prices in those areas.

Our target markets are middle income families and we are developers of affordably priced properties. During the economic crisis last year, we were not affected and though we were cautious we managed to continue with our business as usual.

With the recovery of the economy in the Asian region we are optimistic that this is the right time to carry out new project launches and with the relatively low interest rate our purchasers will still be able to service their loans. This outlook will also be shared by other fellow developers and we expect many project launches this year as developers who had hold back their project launches last year will restart their project again this year. We can expect a very competitive environment with more choices for the purchasers.

## CHAIRMAN'S STATEMENT

### OPERATING ENVIRONMENT (cont'd)

- **Property Development Division (cont'd)**

The Government in trying to cool the property market had unexpectedly re-implemented the Real Property Gains Tax which will reduce speculative purchase and quick gains from short-term purchasers. Bank Negara had also increased the interest rate by 25 basis points twice this year and all these factors will add to a very competitive environment for the property market.

### DIVIDEND

The Board of Directors do not recommend any dividend be declared for the financial year ended 31 December 2009.

We trust shareholders will appreciate the need for this prudent measure to conserve cash resources of the Group for the immediate future.

### SIGNIFICANT EVENT

On 29 December 2009, the Company announced that its wholly-owned subsidiaries and associate companies stated below are in the process of applying to strike off their names from the register of Companies Commission of Malaysia pursuant to Section 308 of the Companies Act, 1965 in order for the Company to streamline and align entities within the Group and to create a leaner, more efficient and flexible corporate structure:

#### *Wholly-owned subsidiaries*

1. B.I.G. Ferry Services Sdn. Bhd.
2. B.I.G. Offshore Services Sdn. Bhd.
3. Matang Billion Sdn. Bhd.
4. Beta Billion Sdn. Bhd.

#### *Associate Companies*

1. B.I.G. Kidurong Sdn. Bhd.
2. B.I.G. Samudra Sdn. Bhd.

### CORPORATE DEVELOPMENT

On 27 April 2010, the Company announced that it will be seeking shareholders' approval on the following proposals at its forthcoming Annual General Meeting to be convened:

- i) Proposed Renewal of Share Buy Back Authority; and
- ii) Proposed Amendments to Articles of Association of the Company to facilitate the implementation of the Electronics Dividend payment system pursuant to the directive issued by the Bursa Securities dated 19 February 2010.

### FUTURE OUTLOOK

- **Industrial Gas Division**

With Malaysia expecting economic growth for 2010, BIG Industrial Gas has expanded and improved our service, product quality, and range of products. Strict implementation of ISO 9001 has improved customer service as well as our product safety and quality.

The Oil & Gas and related industries outlook for Sarawak is improving. The demand for industrial gases will continue to grow in Sarawak with the Federal and State Government pushing for more investment through S.C.O.R.E (Sarawak Corridor for Renewable Energy).

The State of Sarawak has attracted large corporations involved in solar cells manufacturing, aluminum processing, electronic, etc. These industries require large volumes of industrial gases for their operations.

BIG Industrial Gas operations will stand to benefit from this economic growth in Sarawak. We have and are upgrading our plants and equipment to cater for the expected growth in services, product variety, etc.

New products such as mixed and purified gases are already in production and, are well accepted by our customers. These types of gases compliment our core gases such as Oxygen, Nitrogen, Argon, Carbon Dioxide and Dissolved Acetylene.

## CHAIRMAN'S STATEMENT (CONT'D)

### FUTURE OUTLOOK (cont'd)

- **Industrial Gas Division (cont'd)**

In Peninsula Malaysia, BIG Industrial Gas branches located in Lumut, Perak and Pasir Gudang, Johore are making inroads into the industrial gas market. Our BIG's name is now known among the industrial gas users in Peninsula Malaysia.

A fully integrated computerized system, designed for use in our daily compressed gas production, products delivering operations, sales & marketing and accounting was implemented in November 2009. Our new computerized system will facilitate faster, more accurate and on time information access for more efficient daily business management.

We are expecting further growth in 2010 with the better economic outlook for Malaysia Oil & Gas and related industries. The preparation for further expansion of BIG Industrial Gas in Malaysia is on track. We are optimistic that BIG Industrial Gas will grow beyond the boundary of Malaysia into the international market.

- **Ready Mixed Cement, Concrete Piles And Quarry Division**

The outlook of the industry in 2010 is foreseen to be better in view of the improved economic situation in the region. Ready mixed concrete division will continue to expand through the setting up of two (2) more on-site batching plants in Sabah. The precast concrete division will maintain its strong presence in the piling industry while venturing into other new precast products. Box culvert and U-drain are already in the production pipeline, which will provide further platform for business development in the current year's operations. To be wholesome in the Group's business synergy, the plan to operate a new quarry is also in the current year's strategic planning program.

As a Group, we are optimistic that with these innovative and prudent plans, the current year's overall performance is therefore expected to be another satisfactory year of growth.

- **Property Development Division**

Financial Year 2009 will be remembered as the worst global economic meltdown that started in the US and spread around the world. Malaysia especially the property sector was somewhat spared especially for local developers who target the affordable housing sector.

The Demak Laut area in Kuching has matured and the prominent and completed Kuching Convention Centre and the upcoming Kuching Tower is only 3.3 km away from our project. Our Kuching double terrace houses at Demak Laut are selling well with Phase 1 and 2 totally sold. We are currently selling our Phase 3 double storey terrace houses and we expect good sales since we are targeting the local market and is affordably priced with a modern and attractive design.

The Kota Kinabalu property especially our Condominium in Luyang saw a good take up rate and we expect to launch another phase next year.

With the relatively current low interest rate and improving economy we expect 2010 to be a boom time for property developers and also a challenging time for us as there will be more choices for the buyers.

### ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend a special note of thanks to Encik Samsul Ariff Bin Idris, who resigned from the Board on 25 August 2009, for his valuable contributions throughout his tenure as Director.

I would like to welcome our new member, Datuk Sawaludin Bin Md Din who is appointed to the Board on 25 August 2009.

I also would like to extend my gratitude to the Management, staff of the Group for their hard work and commitment; to our valued customers, suppliers, shareholders, financial institutions and business associates for their continuous support.

**DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF**  
Executive Chairman

3 June 2010

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2009.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 16 to the financial statements.

There have been no significant changes in the nature of these activities of the Group and of the Company during the current financial year.

### FINANCIAL RESULTS

	Group RM	Company RM
Loss for the year	7,124,646	4,536,854
Attributable to: Equity holders of the Company	7,124,646	4,536,854

There were no material transfers to or from reserves or provisions during the financial year other than disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

### DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2009.

### DIRECTORS

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof  
Lau Keat Hoo  
Yong Siew Kat  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Datuk Sawaludin Bin Mohd Din  
Shamsul Ariff Bin Idris

*(appointed on 25 August 2009)*

*(resigned on 25 August 2009)*

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1.00 each			
	At 1.1.2009	Acquired	Disposed	At 31.12.2009
<b>The Company</b>				
Direct interest:				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	400,000	-	(400,000)	-
Indirect interest:				
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	8,289,086	-	-	8,289,086
	Number of Options Over Ordinary Shares of RM1.00 each			
	1.1.2009	Granted	Exercised	Expired

#### The Company

Lau Keat Hoo	120,000	-	-	(120,000)	-
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By virtue of their interest in shares of B.I.G. Industries Berhad pursuant to Section 6A(4) of the Companies Act, 1965, Y. Bhg. Dato' Haji Mohd Fauzi bin Yusuf @ Mohd Yusof is also deemed interested in the shares of the subsidiary companies of B.I.G. Industries Berhad to the extent that B.I.G. Industries Berhad has an interest.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

### SHARE BUY BACK

The shareholders of the Company had renewed their approval for the proposed purchase by the Company of up to ten percent (10%) of its own shares at the Annual General Meeting (AGM) held on 25 June 2009. The aforesaid approval is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM unless such approval is renewed by an ordinary resolution passed at the AGM.

As at the date of this Report, the Company has not purchased any of its own shares.

## DIRECTORS' REPORT (CONT'D)

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### EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

#### Warrants 2004/2009

The salient features of the Warrants 2004/2009 are disclosed in Note 26 to the financial statements.

### OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

## DIRECTORS' REPORT (CONT'D)

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### OTHER STATUTORY INFORMATION (cont'd)

- (f) In the opinion of the Directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet its obligations when they fall due except that the Group's current liabilities exceeded the current assets by RM12,215,750 and therefore the ability of the Group to meet its obligations is dependent upon the continuous financial support of the Group's bankers and creditors as disclosed in Note 2 to the financial statements;
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2010.

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof

Lau Keat Hoo

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof** and **Lau Keat Hoo**, being two of the Directors of **B.I.G. Industries Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 39 to 93 are drawn up in accordance with the provision of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2010.

**Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof**

**Lau Keat Hoo**

## STATUTORY DECLARATION

### PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Lau Keat Hoo**, being the Director primarily responsible for the financial management of **B.I.G. Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 93 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by  
the abovenamed **Lau Keat Hoo**  
at Shah Alam  
in Selangor Darul Ehsan  
on 27 April 2010

**Lau Keat Hoo**

Before me,  
Jamilah Radzi  
Commissioner for Oaths

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF B.I.G. INDUSTRIES BERHAD

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of B.I.G. Industries Berhad, which comprise the balance sheets as at 31 December 2009 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 93.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies Act 1965 and Financial Reporting Standards in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with the Companies Act 1965 the Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2009 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding the Group's current liabilities exceed its current assets by RM12,215,750 as at 31 December 2009.

## INDEPENDENT AUDITORS' REPORT (CONT'D)

### TO THE MEMBERS OF B.I.G. INDUSTRIES BERHAD

#### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

#### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**ERNST & YOUNG**  
AF: 0039  
Chartered Accountants

**YONG NYET YUN**  
2708/04/12 (J)  
Chartered Accountant

Kuching, Malaysia.  
Date:

## INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
Revenue	4	85,465,485	92,788,904	258,000	258,000
Other income	5	1,215,767	1,614,218	3,429,479	3,773,320
Changes in inventories of finished goods		(1,806,405)	1,333,269	-	-
Inventories purchased and raw materials consumed		(43,797,713)	(53,328,165)	-	-
Carriage outwards		(593,980)	(951,175)	-	-
Employee benefits expense	8	(8,664,835)	(8,872,156)	(25,320)	(24,000)
Depreciation of property, plant and equipment		(3,936,180)	(3,738,755)	-	-
Amortisation of prepaid land lease payment		(194,847)	(297,897)	-	-
Development cost		(6,588,499)	(2,731,437)	-	-
Foreseeable loss		(626,207)	-	-	-
Other expenses		(15,489,726)	(17,924,388)	(247,965)	(170,335)
<b>Operating profit</b>		<b>4,982,860</b>	<b>7,892,418</b>	<b>3,414,194</b>	<b>3,836,985</b>
Finance costs	6	(3,670,094)	(4,400,815)	(3,451,048)	(4,304,570)
Impairment of other investment		(4,500,000)	-	(4,500,000)	-
Impairment of quarry development and mobilisation expenditure		(2,232,569)	-	-	-
Share of loss of associate companies		(483)	(21,684)	-	-
<b>(Loss)/profit before tax</b>	7	<b>(5,420,286)</b>	<b>3,469,919</b>	<b>(4,536,854)</b>	<b>(467,585)</b>
Income tax expense	10	(1,704,360)	471,406	-	-
<b>(Loss)/profit for the year</b>		<b>(7,124,646)</b>	<b>3,941,325</b>	<b>(4,536,854)</b>	<b>(467,585)</b>
Attributable to:					
Equity holders of the Company		(7,124,646)	3,941,325	(4,536,854)	(467,585)
Minority interests		-	-	-	-
		(7,124,646)	3,941,325	(4,536,854)	(467,585)
<b>(Loss)/earnings per share attributable to equity holders of the Company:</b>	11				
Basic, for (loss)/profit from the year (sen)		(14.8)	8.2		
Diluted, for (loss)/profit from the year (sen)		(14.8)	8.2		

The accompanying notes form an integral part of these financial statements.

## BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible asset	12	840,968	843,485	-	-
Property, plant and equipment	13	55,025,233	55,361,528	-	-
Prepaid land lease payments	14	8,127,720	8,350,998	-	-
Quarry development expenditure	15	-	1,019,087	-	-
Investment in subsidiary companies	16	-	-	41,401,427	41,401,443
Investment in associate companies	17	-	13,181	96,000	126,003
Other investments	18	525,537	5,025,537	-	4,500,000
Land held for property development	19	5,140,883	5,102,363	-	-
Investment property	20	5,981,084	4,000,000	-	-
Deferred tax assets	31	-	167,000	-	-
		75,641,425	79,883,179	41,497,427	46,027,446
<b>Current assets</b>					
Property development costs	19	23,877,409	28,800,893	-	-
Inventories	21	8,522,882	11,217,609	-	-
Trade receivables	22	22,814,896	29,828,639	-	-
Other receivables, deposits and prepayments	23	9,070,888	9,754,481	62,906	152,430
Amount due from related companies	24	-	-	53,169,108	57,307,855
Fixed deposits with licensed banks and financial institutions	25	837,362	774,343	-	-
Cash and bank balances		6,113,803	5,288,184	191,018	208,601
		71,237,240	85,664,149	53,423,032	57,668,886
<b>TOTAL ASSETS</b>		<b>146,878,665</b>	<b>165,547,328</b>	<b>94,920,459</b>	<b>103,696,332</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	26	48,092,200	48,092,200	48,092,200	48,092,200
Reserves	28	7,158,291	14,282,937	1,632,077	6,168,931
<b>Total equity</b>		<b>55,250,491</b>	<b>62,375,137</b>	<b>49,724,277</b>	<b>54,261,131</b>

**BALANCE SHEETS (CONT'D)****AS AT 31 DECEMBER 2009**

	Note	Group		Company	
		2009 RM	2008 RM	2009 RM	2008 RM
<b>Non-current liabilities</b>					
Lease payables	29	6,636,375	8,749,519	-	-
Term loans	30	728,495	259,941	-	-
Deferred tax liabilities	31	810,314	543,466	-	-
		8,175,184	9,552,926	-	-
<b>Current liabilities</b>					
Bank overdrafts	32	5,743,446	6,076,409	10,835	20,017
Term loans	30	38,722,913	45,231,208	38,500,000	45,000,000
Short term borrowings	33	13,125,467	15,907,790	1,600,000	2,500,000
Trade payables	34	15,287,093	14,885,531	-	-
Other payables and accruals	35	7,075,321	8,713,538	38,545	396,360
Amount due to related companies	24	44,642	77,772	5,046,802	1,518,824
Lease payables	29	2,699,569	2,727,017	-	-
Tax payable		754,539	-	-	-
		83,452,990	93,619,265	45,196,182	49,435,201
<b>Total liabilities</b>		91,628,174	103,172,191	45,196,182	49,435,201
<b>TOTAL EQUITY AND LIABILITIES</b>		146,878,665	165,547,328	94,920,459	103,696,332

The accompanying notes form an integral part of these financial statements.

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company			Total RM
	Share capital RM	Share premium reserve RM	Distributable Revenue reserve RM	
<b>Group</b>				
<b>At 1 January 2008</b>	48,092,200	150,113	10,191,499	58,433,812
Profit for the year representing total recognised income and expense during the year	-	-	3,941,325	3,941,325
<b>At 31 December 2008</b>	48,092,200	150,113	14,132,824	62,375,137
Loss for the year representing total recognised income and expense during the year	-	-	(7,124,646)	(7,124,646)
<b>At 31 December 2009</b>	48,092,200	150,113	7,008,178	55,250,491

## STATEMENTS OF CHANGES IN EQUITY (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2009

	Attributable to equity holders of the Company			Total RM
	Share capital RM	Share premium reserve RM	Distributable Revenue reserve RM	
<b>Company</b>				
<b>At 1 January 2008</b>	48,092,200	150,113	6,486,403	54,728,716
Loss for the year, representing total recognised income and expense for the year	-	-	(467,585)	(467,585)
<b>At 31 December 2008</b>	48,092,200	150,113	6,018,818	54,261,131
Loss for the year, representing total recognised income and expense for year	-	-	(4,536,854)	(4,536,854)
<b>At 31 December 2009</b>	48,092,200	150,113	1,481,964	49,724,277

The accompanying notes form an integral part of these financial statements.

## CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from operating activities</b>				
(Loss)/profit before tax	(5,420,286)	3,469,919	(4,536,854)	(467,585)
Adjustments for:				
Allowance for doubtful debts	-	1,353,753	-	20,848
Allowance for doubtful debt written back	-	(171,544)	-	-
Amortisation of prepaid lease payment	194,847	297,897	-	-
Bad debts written off	601	40,299	-	-
Depreciation of property, plant and equipment	3,936,180	3,738,755	-	-
Gain on disposal of property, plant and equipment	(269,288)	(206,181)	-	-
Gain on disposal of subsidiary companies	(683)	-	-	-
Interest expense	3,670,094	4,400,815	3,451,048	4,304,570
Interest income	(194,585)	(68,427)	(3,429,479)	(3,765,753)
Inventories written off	11,606	73,226	-	-
Investment in associated company written off	-	-	30,003	-
Loss on disposal of associate companies	6,698	-	-	-
Reversal of inventories written off	-	(50,551)	-	-
Impairment on other investment	4,500,000	-	4,500,000	-
Share of loss in an associated company	483	21,684	-	-
Investment in subsidiary companies written off	-	-	16	-
Impairment on quarry development and mobilisation expenditure	2,232,569	-	-	-
Property, plant and equipment written off	22,266	-	-	-
Unrealised gain on foreign exchange	(62,279)	-	-	-
Operating profit before working capital changes	8,628,223	12,899,645	14,734	92,080
Changes in working capital:				
Property development costs	3,132,394	725,811	-	-
Inventories	2,585,121	(1,728,747)	-	-
Receivables	6,591,349	(5,299,397)	100,525	225,962
Payables	(1,243,936)	4,219,714	(357,815)	(29,654)
Related companies	(65,182)	42,190	7,666,725	1,713,915
Land held under development	(130,514)	1,963,290	-	-
Cash generated from operations	19,497,455	12,822,506	7,424,169	2,002,303
Interest received	194,585	68,427	3,429,479	3,765,753
Tax paid, net of refund	(533,818)	(65,017)	(11,001)	(11,682)
Net cash generated from operating activities	19,158,222	12,825,916	10,842,647	5,756,374

## CASH FLOW STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 DECEMBER 2009

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(4,059,348)	(7,026,886)	-	-
Additional investment in an associated company	-	-	-	(6,000)
Proceeds from disposal of property, plant and equipment	980,561	693,945	-	-
Net cash used in investing activities	(3,078,787)	(6,332,941)	-	(6,000)
<b>Cash flows from financing activities</b>				
Decrease in bank borrowings	(8,822,064)	(1,089,410)	(7,400,000)	(400,000)
Proceeds from lease creditors	68,266	361,942	-	-
Increase in fixed deposits pledged	(63,019)	(186,987)	-	-
Interest paid	(3,670,094)	(4,400,815)	(3,451,048)	(4,304,570)
Repayment of lease payables	(2,454,503)	(2,467,578)	-	-
Net cash used in financing activities	(14,941,414)	(7,782,848)	(10,851,048)	(4,704,570)
<b>Net increase/(decrease) in cash and cash equivalents</b>	1,138,021	(1,289,873)	(8,401)	1,045,804
<b>Effects of exchange rate changes on the balances of cash held in foreign currency</b>	20,561	-	-	-
<b>Cash and cash equivalents at the beginning of the year</b>	(788,225)	501,648	188,584	(857,220)
<b>Cash and cash equivalents at the end of the year</b>	370,357	(788,225)	180,183	188,584
<b>Analysis of cash and cash equivalents:</b>				
Cash and bank balances	6,113,803	5,288,184	191,018	208,601
Bank overdrafts (Note 32)	(5,743,446)	(6,076,409)	(10,835)	(20,017)
	370,357	(788,225)	180,183	188,584

The accompanying notes form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

### 1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 16 of the financial statements. There have been no significant changes in the nature of these activities of the Group and of the Company during the current financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2010.

### 2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2009, the Group's current liabilities exceed its current assets by RM12,215,750.

The financial statements of the Group and the Company have been prepared under the going concern basis. The validity of this basis is dependent on the continuous financial support of the Group's bankers and creditors. The financial statements of the Group and the Company do not include any adjustments that would result if it is not able to operate on a going concern basis.

The management is of the opinion that the Group and the Company will continue to obtain financial support from its bankers and creditors and refinancing arrangement made by the Group and the Company can be concluded successfully to enable the Group and the Company to operate as going concerns. Accordingly, the management considers it appropriate for the financial statements to be prepared using the going concern basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards (FRS or FRSs) in Malaysia.

The financial statements of the Group and of the Company have also been prepared on a historical basis, except for investment properties that have been measured at their fair values.

The financial statements are presented in Ringgit Malaysia (RM).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies

##### (a) Subsidiary Companies and Basis of Consolidation

###### (i) *Subsidiary Companies*

Subsidiary companies are entities over in which the Group has ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

###### (ii) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiary companies are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (b) Associate Companies

Associate companies are entities in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not in control or joint control over those policies.

Investments in associate companies are accounted for in the consolidated financial statements using the equity method of accounting. Under the equity method, the investment in associate company is carried in the consolidated balance sheet at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate company. The Group's share of the net profit or loss of the associate is recognised in the consolidated profit or loss. Where there has been a change recognised directly in the equity of the associate company, the Group recognises its share of such changes. In applying the equity method, unrealised gains and losses on transactions between the Group and the associate company are eliminated to the extent of the Group's interest in the associate company. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate company. The associate company is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate company.

Goodwill relating to an associate company is included in the carrying amount of the investment and is not amortised. Any excess of the Group's share of the net fair value of the associate company's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate company's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate company equals or exceeds its interest in the associate company, including any long-term interests that, in substance, form part of the Group's net investment in the associate company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate company.

The most recent available audited financial statements of the associate companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associate companies are stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (c) Intangible Assets

###### *Goodwill*

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

##### (d) Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

###### (i) *Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

###### (ii) *Provision of Services and Maintenance, Engineering Products and Marine Transportation*

Revenue is recognised upon performance of services or delivery of goods and customer acceptance and is stated net of sales taxes and discounts, if any.

###### (iii) *Sale of Properties*

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

###### (iv) *Construction Contracts*

Profits from construction contracts are recognised based on percentage of completion basis when construction work has progressed to a stage that profit recognition can be reasonably measured. When the outcome of a contract cannot be reasonably measured, revenue is recognised only to the extent of cost incurred that is recoverable and cost is recognised as an expense as incurred. In all cases, anticipated losses are provided in full.

Percentage of completion is measured by reference to the proportion of construction costs incurred for work performed to date to the estimated total construction costs.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (d) Revenue Recognition (cont'd)

###### (v) *Transportation and Handling Fees*

Revenue is recognised upon delivery of products and customer acceptance, or performance of services, and is stated net of sales taxes and discounts, if any.

###### (vi) *Dividends*

Dividends is recognised when the shareholder's right to receive the payment is established.

###### (vii) *Management Fee*

Management fees are recognised when services are rendered.

###### (viii) *Interest Income*

Interest income is recognised on an accrual basis using the effective interest method.

##### (e) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2 (i).

Depreciation is calculated on the straight line method to write off the cost or valuation of property, plant and equipment over their estimated useful lives as follows:

Buildings	4 – 10 years
Plant and machinery	10 – 20 years
Motor vehicles	5 – 10 years
Furniture, fixtures and equipment	10 years

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (e) Property, Plant and Equipment and Depreciation (cont'd)

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these property, plant and equipment.

##### (f) Quarry Development Expenditure

Quarry development expenditure comprises direct cost of development, cost of site infrastructure and other related expenses.

Amortisation of quarry development expenditure is calculated based on the proportion of the output of stone for the year to the estimated total stone output for the period of the quarry life. The estimated quarry life is 10 years.

##### (g) Investments in Subsidiary and Associate Companies

The Company's investments in subsidiary and associated companies are stated at cost less impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(i).

Income arising on these investments is included in the income statement when the shareholders' right to receive the payment is established.

##### (h) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

##### (i) Impairment of Non-financial Assets

The carrying amounts of assets other than investment property, property development costs, and inventories are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (i) Impairment of Non-financial Assets (cont'd)

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

##### (j) Land Held for Property Development and Property Development Costs

###### (i) Land Held for Property Development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (j) Land Held for Property Development and Property Development Costs (cont'd)

###### (ii) *Property Development Costs*

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue are recognised in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in the income statement over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the income statement is classified as progress billings within trade payables.

##### (k) **Financial Instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

###### (i) *Cash and Cash Equivalents*

Cash and cash equivalents in the Cash Flow Statements represent short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short term borrowings repayable on demand.

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances and fixed deposits, not pledged, net of outstanding bank overdrafts.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (k) Financial Instruments (cont'd)

###### (ii) *Other Non-current Investments*

Non-current investments other than investments in subsidiary and associate companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.2(i).

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged or credited to the income statement.

###### (iii) *Receivables*

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

###### (iv) *Payables*

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

###### (v) *Interest-bearing Loans and Borrowings*

Interest-bearing bank loans and overdrafts are recorded at the fair value of the considerations received, less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

###### (vi) *Equity Instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (l) Leases

###### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, with the following exceptions:

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 3.2(p)); and
- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

###### (ii) Finance Leases - the Group as Lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 3.2(e).

###### (iii) Operating Leases – the Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (l) Leases (cont'd)

##### *(iii) Operating Leases – the Group as Lessee (cont'd)*

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

##### (m) Employees Benefits

##### *(i) Short Term Benefits*

Wages, salaries and bonuses are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### *(ii) Defined Contribution Plans*

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

##### *(iii) Share Based Compensation*

The Executive Share Options Scheme ("ESOS"), an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (m) Employees Benefits (cont'd)

###### (iii) Share Based Compensation (cont'd)

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

##### (n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

##### (o) Foreign Currencies

###### (i) Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (o) Foreign Currencies (cont'd)

###### (ii) *Foreign Currency Transactions*

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

##### (p) Investment Property

Investment property is property which is held either to earn rental or for capital appreciation or for both. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value. Fair value is arrived at by reference to market evidence of transaction prices for similar properties.

Gains or losses arising from changes in the fair values of investment property is recognised in profit or loss in the year in which it arises.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property is recognised in profit or loss in the year in which it arises.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs

##### (a) Standards and Interpretations Issued and Effective

There are no new standards and interpretations issued and effective for the current financial year.

##### (b) Standards and Interpretations Issued but not yet Effective

At the date of authorisation of these financial statements, the following new FRSs and Interpretations, and amendments to certain Standards and Interpretations were issued but not yet effective and have not been applied by the Company, which are:

###### *Effective for financial periods beginning on or after 1 July 2009*

- FRS 8: Operating Segments

###### *Effective for financial periods beginning on or after 1 January 2010*

- FRS 4: Insurance Contracts
- FRS 7: Financial Instruments: Disclosures
- FRS 101: Presentation of Financial Statements (revised)
- FRS 123: Borrowing Costs
- FRS 139: Financial Instruments: Recognition and Measurement
- Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and FRS 127: Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 2: Share-based Payment – Vesting Conditions and Cancellations
- Amendments to FRS 132: Financial Instruments: Presentation
- Amendments to FRS 139: Financial Instruments: Recognition and Measurement, FRS 7: Financial Instruments: Disclosures and IC Interpretation 9: Reassessment of Embedded Derivatives
- Amendments to FRSs 'Improvements to FRSs (2009)'
- IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 10: Interim Financial Reporting and Impairment
- IC Interpretation 11: FRS 2 – Group and Treasury Share Transactions
- IC Interpretation 13: Customer Loyalty Programmes
- IC Interpretation 14: FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)

##### (b) Standards and Interpretations Issued but not yet Effective (cont'd)

*Effective for financial periods beginning on or after 1 March 2010*

- Amendments to FRS 132: Classification of Rights Issues

*Effective for financial periods beginning on or after 1 July 2010*

- FRS 1: First-time Adoption of Financial Reporting Standards
- FRS 3: Business Combinations (revised)
- FRS 127: Consolidated and Separate Financial Statements (amended)
- Amendments to FRS 2: Share-based Payment
- Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations
- Amendments to FRS 138: Intangible Assets
- Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives
- IC Interpretation 12: Service Concession Arrangements
- IC Interpretation 15: Agreements for the Construction of Real Estate
- IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation
- IC Interpretation 17: Distributions of Non-cash Assets to Owners

*Effective for financial periods beginning on or after 1 January 2011*

- Amendments to FRS 1: Limited Exemption from Comparatives FRS 7 Disclosures for First-time Adopters
- Amendments to FRS 7: Improving Disclosures about Financial Instruments

The Company is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and FRS 139.

The other new FRSs and Interpretations, and amendments to certain Standards and Interpretations above are expected to have no significant impact on the financial statements of the Company upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

#### 3.4 Significant accounting estimates

##### Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### (i) *Property Development*

The Group recognises property development revenue and expenses in the income statement by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

One of the main composition of property development costs is construction materials, which are sensitive to price fluctuations, thus affecting the stage of completion, carrying amount of property development costs and liabilities. The carrying amount of property development costs and liabilities of the Group as at 31 December 2009 are RM23,877,409 (2008: RM28,800,893) and RM9,285,531 (2008: RM7,123,160) respectively.

##### (ii) *Impairment of Goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2009 was RM840,968.

### 4. REVENUE

Revenue of the Group comprises sales of goods stated after allowance for sales returns and trade discounts, provision of services and maintenance, engineering products and marine transportation, sales of development properties, contract income, transportation and handling fees and hiring of plant and machinery.

Revenue of the Company comprises dividends received, management fee and realised gain in quoted shares.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 4. REVENUE (cont'd)

The significant categories of revenue during the year are analysed as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Sales of goods and provision of services and maintenance	77,931,656	81,808,140	-	-
Sales of development properties	4,762,109	7,710,676	-	-
Transportation and handling fees	2,753,480	3,122,704	-	-
Hiring of plant and machinery	18,240	147,384	-	-
Administrative fee charged to subsidiary companies	-	-	258,000	258,000
	85,465,485	92,788,904	258,000	258,000

## 5. OTHER INCOME

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Allowance for doubtful debts written back	-	171,544	-	-
Gain on disposal of property, plant and equipment	269,288	206,181	-	-
Gain on disposal of subsidiary companies	683	-	-	-
Gain in foreign exchange				
– realised	139,592	57,470	-	-
– unrealised	62,279	-	-	-
Interest income	194,585	68,427	3,429,479	3,765,753
Rental income	409,640	559,973	-	-
Reversal of inventories written off	-	50,551	-	-
Sundry income	139,700	500,072	-	7,567
	1,215,767	1,614,218	3,429,479	3,773,320

## 6. FINANCE COSTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Interest expense on:				
Bank borrowings	2,905,584	3,722,906	3,451,048	4,296,135
Hire purchase	764,480	669,464	-	-
Others	30	8,445	-	8,435
Total interest expense	3,670,094	4,400,815	3,451,048	4,304,570

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 7. (LOSS)/PROFIT BEFORE TAX

In addition to amounts disclosed in Notes 5 and 6, the following amounts have been included in arriving at (loss)/profit before tax:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Employee benefits expense (Note 8)	8,664,835	8,872,156	25,320	24,000
Non-executive directors' remuneration:				
– current year (Note 9)	53,200	48,000	53,200	48,000
– overprovision in prior year	-	(3,000)	-	(3,000)
Allowance for doubtful debts	-	1,353,753	-	20,848
Amortisation of prepaid land lease payment	194,847	297,897	-	-
Auditors' remuneration:				
– statutory audits:				
– current year	123,024	116,460	13,000	13,000
– under/(over)provision in prior year	2,938	(1,089)	-	(2,000)
Bad debts written off	601	40,299	-	-
Depreciation of property, plant and equipment	3,936,180	3,738,755	-	-
Inventories written off	11,606	73,226	-	-
Property, plant and equipment written off	22,266	-	-	-
Impairment on other investment	4,500,000	-	4,500,000	-
Rental expenses	391,102	402,389	-	-
Investment in associated companies written off	-	-	30,003	-
Investment in subsidiary companies written off	-	-	16	-
Impairment on quarry development and mobilisation expenditure	2,232,569	-	-	-
Loss on disposal of investment	6,698	-	-	-

## 8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Wages and salaries	7,678,978	8,000,323	24,000	24,000
Social security contributions	60,499	55,815	-	-
Contributions to defined contribution plan	647,238	613,099	-	-
Other benefits	278,120	202,919	1,320	-
	8,664,835	8,872,156	25,320	24,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM104,877 (2008: RM104,719) and RM 25,320 (2008: RM24,000) respectively as further disclosed in Note 9.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 9. DIRECTORS' REMUNERATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive directors' remuneration (Note 8):				
Fees	24,000	24,000	24,000	24,000
Other emoluments	80,877	80,719	1,320	-
	104,877	104,719	25,320	24,000
Non-executive directors' remuneration (Note 7):				
Fees	52,000	48,000	52,000	48,000
Overprovision in prior year	-	(3,000)	-	(3,000)
Other emoluments	1,200	-	1,200	-
	53,200	45,000	53,200	45,000
Total directors' remuneration including benefits-in-kind (Note 38(b))	158,077	149,719	78,520	69,000

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Executive:				
Salaries and other emoluments	72,780	71,460	1,320	-
Fees	24,000	24,000	24,000	24,000
Defined contribution plan	7,920	8,640	-	-
Social security contributions	177	619	-	-
	104,877	104,719	25,320	24,000
Non-Executive:				
Fees	52,000	48,000	52,000	48,000
Overprovision in prior year	-	(3,000)	-	(3,000)
Other emoluments	1,200	-	1,200	-
	53,200	45,000	53,200	45,000
Total directors' remuneration	158,077	149,719	78,520	69,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 9. DIRECTORS' REMUNERATION (cont'd)

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2009	2008
Executive directors:		
RM Nil – RM50,000	1	1
RM50,001 – RM100,000	1	1
RM100,001 – RM150,000	-	-
Non-executive directors:		
RM Nil – RM50,000	4*	3

\* Include a director who has resigned

## 10. INCOME TAX EXPENSE

	Group		Company	
	2009	2008	2009	2008
	RM	RM	RM	RM
Current income tax:				
Malaysian income tax	1,192,775	131,224	-	-
Under/(over) provision in prior years	77,737	(107,088)	-	-
	1,270,512	24,136	-	-
Deferred tax: (Note 31)				
Relating to origination and reversal of temporary differences	452,389	(1,434,233)	-	-
Relating to reduction in Malaysia income tax rate	(20,998)	(19,415)	-	-
Under provision in prior years	2,457	958,106	-	-
	433,848	(495,542)	-	-
	1,704,360	(471,406)	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2008: 26%) of the estimated assessable profit for the year.

In the prior year, certain subsidiary companies of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income	:	20%
In excess of RM500,000 of chargeable income	:	26%

However, pursuant to paragraph 2B, Schedule 1 of the Income Tax Act, 1967 that was introduced to the effect from the year of assessment 2009, these subsidiary companies no longer qualify for the above preferential tax rates.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 10. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to (loss)/profit before taxation at the statutory income rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
(Loss)/profit before tax	(5,420,286)	3,469,919	(4,536,854)	(467,585)
Taxation at Malaysian Statutory rate of 25% (2008: 26%)	(1,355,073)	902,178	(1,134,214)	(121,572)
Effect of lower income tax rate	(52,303)	(52,638)	-	-
Effect on opening deferred tax of reduction in income tax rate	(20,998)	(19,415)	-	-
Expenses not deductible for tax purposes	1,759,274	492,403	1,264,444	189,104
Income not subject to tax	(32,388)	(4,063)	-	-
Tax deduction claimed on expenses capitalised	-	(2,753,438)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances and tax losses	(219,346)	(219,274)	(130,230)	(67,532)
Deferred tax assets not recognised during the year	1,545,000	804,647	-	-
Deferred tax assets recognised on reinvestment allowance	-	(472,824)	-	-
Under provision of deferred tax in prior years	2,457	958,106	-	-
Under/(over) provision of income tax in prior years	77,737	(107,088)	-	-
Income tax expense for the year	1,704,360	(471,406)	-	-

## 11. EARNINGS PER SHARE

## (a) Basic

Basic earnings per share amounts are calculated by dividing the (loss)/profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year:

	2009	2008
(Loss)/profit attributable to ordinary equity holders of the Company (RM)	(7,124,646)	3,941,325
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Basic (loss)/earnings per share for (loss)/profit for the year (sen)	(14.8)	8.2

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 11. EARNINGS PER SHARE (cont'd)

## (b) Diluted

For the purpose of calculating diluted earnings per share, the (loss)/profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees and Warrants:

	2009	2008
(Loss)/profit attributable to ordinary equity holders of the Company (RM)	(7,124,646)	3,941,325
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Effects of dilution:		
Warrants	-	-
Options	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	48,092,200	48,092,200
Diluted (loss)/earnings per share for (loss)/profit for the year (sen)	(14.8)	8.2

## 12. INTANGIBLE ASSET

	Goodwill RM
<b>Group</b>	
<b>Cost</b>	
At 1 January 2008	843,485
Acquisition of subsidiary	-
At 31 December 2008 and 1 January 2009	843,485
Disposal of subsidiary companies	(2,517)
At 31 December 2009	840,968
<b>Accumulated amortisation and impairment</b>	
At 1 January 2008	-
Amortisation	-
At 31 December 2008 and 1 January 2009	-
Amortisation	-
At 31 December 2009	-
<b>Net carrying amount</b>	
At 31 December 2008	843,485
At 31 December 2009	840,968

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 13. PROPERTY, PLANT AND EQUIPMENT

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
At 1 January 2009	180,210	9,014,308	68,456,329	24,946,574	406,395	103,003,816
Additions	4,817	832,034	1,840,301	1,754,454	-	4,431,606
Disposals/written off	-	(497,610)	(2,210,424)	(95,083)	-	(2,803,117)
Reclassification	-	-	(41,323)	(85,290)	-	(126,613)
At 31 December 2009	185,027	9,348,732	68,044,883	26,520,655	406,395	104,505,692
<b>Accumulated depreciation</b>						
At 1 January 2009	-	4,271,546	41,645,642	1,725,100	-	47,642,288
Charge for the year	-	400,875	3,113,163	422,142	-	3,936,180
Disposals/written off	-	(15,148)	(2,050,197)	(4,233)	-	(2,069,578)
Reclassifications	-	-	(28,431)	-	-	(28,431)
At 31 December 2009	-	4,657,273	42,680,177	2,143,009	-	49,480,459
Net carrying amount	185,027	4,691,459	25,364,706	24,377,646	406,395	55,025,233

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
At 1 January 2008	178,964	8,655,085	62,482,890	13,837,074	3,910,589	89,064,602
Additions	1,246	691,919	4,146,801	11,404,999	-	16,244,965
Disposals/written off	-	(332,696)	(369,936)	(295,499)	-	(998,131)
Reclassification	-	-	2,196,574	-	(3,504,194)	(1,307,620)
At 31 December 2008	180,210	9,014,308	68,456,329	24,946,574	406,395	103,003,816
<b>Accumulated depreciation</b>						
At 1 January 2008	-	4,028,038	39,014,755	1,371,107	-	44,413,900
Charge for the year	-	382,614	2,979,552	376,589	-	3,738,755
Disposals/written off	-	(139,106)	(348,665)	(22,596)	-	(510,367)
Reclassifications	-	-	-	-	-	-
At 31 December 2008	-	4,271,546	41,645,642	1,725,100	-	47,642,288
Net carrying amount	180,210	4,742,762	26,810,687	23,221,474	406,395	55,361,528

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 13. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group	
	2009 RM	2008 RM
Plant, machinery and motor vehicles	15,435,390	13,581,075

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings are as follows:

	Group	
	2009 RM	2008 RM
Buildings	854,804	1,090,375
Plant, machinery and motor vehicles	-	153,554
	854,804	1,243,929

- (c) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM4,431,606 (2008: RM16,244,965) of which RM372,258 (2008: RM9,218,079) were acquired by means of hire purchase arrangement.

### 14. PREPAID LAND LEASE PAYMENTS

	Group	
	2009 RM	2008 RM
At 1 January	8,350,998	7,341,275
Amortisation for the year	(194,847)	(297,897)
Reclassification	(28,431)	1,307,620
At 31 December	8,127,720	8,350,998
Analysed as:		
Short term leasehold lands	769,638	4,315,539
Long term leasehold lands	7,358,082	4,035,459
At 31 December	8,127,720	8,350,998

- (a) The net carrying amounts of prepaid land lease payments pledged as securities for borrowings are RM3,607,875 (2008: RM3,321,824).
- (b) Certain long leasehold land of the Group with net carrying amounts of RM2,610,513 (2008: RM2,446,943) are held in trust by third parties, who are former Director or staff of a subsidiary company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 15. QUARRY DEVELOPMENT EXPENDITURE

	Group	
	2009 RM	2008 RM
At 1 January	1,019,087	1,019,087
Impairment	(1,019,087)	-
	-	1,019,087

## 16. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2009 RM	2008 RM
Unquoted shares at cost	41,401,427	41,401,443

The details of the Group's subsidiary companies, which are incorporated and domiciled in Malaysia, are set out as follows:

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2009	2008
<i>Held by the Company:</i>			
B.I.G. Industrial Gas Sdn. Bhd. *	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd. *	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd. *#	Quarry operations	100%	100%
Lumanai Sdn. Bhd. *#	Provision of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd. *#	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd. *#	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd. *#	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd. *	General trading	100%	100%
B.I.G. Construction Sdn. Bhd. *#	Construction contractor	100%	100%
Linear Excellent Sdn. Bhd. *#	Contractor	100%	100%
Tani Kukuh Sdn. Bhd. *#	Investment holding	100%	100%

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 16. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2009	2008
<i>Held by the Company:</i>			
Sistem SDS Sdn. Bhd. *#	Trading and distribution of electrical home appliances, consumer durables and other related products on credit instalment scheme	100%	100%
B.I.G. Marine Sdn. Bhd. *	Ship owner and vessel chartering	100%	100%
B.I.G. Bahtera Sdn. Bhd. *	Money lending	100%	100%
B.I.G. Offshore Services Limited *#	Inactive	100%	100%
B.I.G. Ferry Services Sdn. Bhd. *#^	Inactive	-	100%
Uni-Mix Concrete Products Sdn. Bhd. *#	Manufacturing and trading of reinforced concrete tiles	100%	100%
Matang Billion Sdn. Bhd. *#^	Inactive	-	100%
Beta Billion Sdn. Bhd. *#^	Inactive	-	100%
Puncak Luyang Management Services Sdn. Bhd. * #	Inactive	100%	100%
B.I.G. Offshore Services Sdn. Bhd. *^	Inactive	-	100%
Puncak Luyang Sdn. Bhd. **	Project management and property developer.	100%	100%
<i>Held through subsidiary companies:</i>			
<b>Subsidiary company of Alpha Billion Sdn. Bhd.</b>			
Alpha Billion Management Services Sdn. Bhd. *#	Inactive	100%	100%
<b>Subsidiary company of Hypervictory Sdn. Bhd.</b>			
Besitek Konsortium Sdn. Bhd. * #	Inactive	100%	100%

\* Audited by Ernst &amp; Young, Malaysia

\*\* Audited by firms other than Ernst &amp; Young

# The financial statements of these subsidiary companies have been prepared using the going concern basis in view of the continuing financial support from the Company.

^ Application for deregistration has been submitted during the year

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 17. INVESTMENT IN ASSOCIATE COMPANIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Unquoted shares at cost	96,000	126,003	96,000	126,003
Less: Share of post-acquisition reserves	(96,000)	(112,822)	-	-
	-	13,181	96,000	126,003

The details of the Group's associate companies, which are incorporated and domiciled in Malaysia, are set out as follows:

Name of associate companies	Principal activities	Proportion of ownership interest	
		2009	2008
B.I.G. Oil and Gas Sdn. Bhd.	Sale of industrial gases	30%	30%
B.I.G. Kidurong Sdn. Bhd. <sup>^</sup>	Inactive	-	30%
B.I.G. Samudra Sdn. Bhd. <sup>^</sup>	Inactive	-	30%

<sup>^</sup> Application for deregistration has been submitted during the year.

The summarised financial information of the associate companies are as follows:

	2009 RM	2008 RM
<b>Assets and liabilities</b>		
Current assets	50,481	81,139
Current liabilities	132,830	124,444
<b>Results</b>		
Revenue	-	-
Loss for the year	(17,176)	144,039

## 18. OTHER INVESTMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Unquoted investments:</b>				
Unquoted shares at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(1,777,120)	(1,777,120)	-	-
	450,537	450,537	-	-
Golf and country club membership at cost	75,000	75,000	-	-
Junior Bond	-	4,500,000	-	4,500,000
	525,537	5,025,537	-	4,500,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 19. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

## (a) Land Held for Property Development

	Leasehold land RM
<b>Group</b>	
<b>At 31 December 2009:</b>	
<b>Cost</b>	
At 1 January 2009	5,102,363
Addition	38,520
	<hr/>
At 31 December 2009	5,140,883
	<hr/>
<b>At 31 December 2008:</b>	
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	5,102,363
	<hr/>

## (b) Property Development Costs

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>At 31 December 2009</b>			
<b>Cumulative Property Development costs:</b>			
At 1 January 2009	6,114,450	40,936,127	47,050,577
Cost incurred during the year	-	4,212,745	4,212,745
Reversal of completed project	-	(1,981,084)	(1,981,084)
	<hr/>	<hr/>	<hr/>
At 31 December 2009	6,114,450	43,167,788	49,282,238
	<hr/>	<hr/>	<hr/>
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2009	1,250,327	16,999,357	18,249,684
Recognised during the year	1,847,607	4,681,331	6,528,938
Foreseeable lost recognised	183,318	442,889	626,207
	<hr/>	<hr/>	<hr/>
At 31 December 2009	3,281,252	22,123,577	25,404,829
	<hr/>	<hr/>	<hr/>
Property development costs at 31 December 2009	2,833,198	21,044,211	23,877,409
	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 19. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)

## (b) Property Development Costs (cont'd)

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>At 31 December 2008</b>			
<b>Cumulative Property Development costs:</b>			
At 1 January 2008	7,088,091	42,393,049	49,481,140
Cost incurred during the year	-	4,727,972	4,727,972
Reversal of completed project	(897,575)	(5,707,513)	(6,605,088)
Unsold units transferred to inventories	(76,066)	(477,381)	(553,447)
At 31 December 2008	6,114,450	40,936,127	47,050,577
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2008	1,171,270	16,266,430	17,437,700
Recognised during the year	1,155,852	6,186,800	7,342,652
Reversal of completed project	(1,076,795)	(5,453,873)	(6,530,668)
At 31 December 2008	1,250,327	16,999,357	18,249,684
Property development costs at 31 December 2008	4,864,123	23,936,770	28,800,893

## 20. INVESTMENT PROPERTY

	Group	
	2009 RM	2008 RM
At 1 January	4,000,000	4,000,000
Transfer from property development cost	1,981,084	-
At 31 December	5,981,084	4,000,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 21. INVENTORIES

	Group	
	2009 RM	2008 RM
<b>At cost:</b>		
Industrial gases	1,527,325	2,228,765
Welding equipment and construction materials	2,937,241	3,979,530
Raw materials	1,513,125	2,349,653
Spare parts and consumables	719,978	799,662
Stone	1,236,298	1,236,298
Goods in transit	63,669	455
	7,997,636	10,594,363
<b>At net realisable value:</b>		
Properties held for sale	525,246	623,246
	8,522,882	11,217,609

## 22. TRADE RECEIVABLES

	Group	
	2009 RM	2008 RM
Trade receivables	25,900,333	32,916,708
Less: Allowance for doubtful debts	(3,085,437)	(3,088,069)
	22,814,896	29,828,639

The Group's normal credit term ranges from 14 to 180 days. Other credit terms are assessed and approved on a case by case basis.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

**Material Litigation**

- (a) The Company's wholly owned subsidiary Uni-Mix Sdn. Bhd. had on 17 January 2007 issued a notice pursuant to Section 218 of the Companies Act 1965 for the recovery of RM817,877.76 from its trade debtor Dapan Construction Sdn. Bhd.. Upon expiry of the said notice, the Company's winding up petition was presented on 30 April 2007 in the High Court of Sabah and Sarawak at Kota Kinabalu. The winding up petition was heard on 27 August 2007 where the learned judge allowed the winding up petition against Dapan Construction Sdn. Bhd..

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 22. TRADE RECEIVABLES (cont'd)

#### Material Litigation (cont'd)

- (a) Following the judge's decision on the Section 218 matter, on 29 August 2007, Dapan Construction Sdn. Bhd. proceeded to make an application for review and rescind the winding up order or stay all proceedings until the Civil Suit No. K22-29 of 2007 was disposed of before the High Court in Kota Kinabalu under Sections 243 and 307 of the Companies Act 1965 but the Court dismissed their application with cost on 19 September 2007.

On 25 September 2007, Dapan Construction Sdn. Bhd. had filed an appeal again for the said application and on 27 February 2008, the Court of Appeal dismissed with cost on our winding up petition against Dapan Construction Sdn. Bhd..

On 26 March 2008, Uni-Mix Sdn. Bhd. applied for leave to appeal to the Federal Court of Malaysia against the decision of the Court of Appeal in dismissing the winding up petition against Dapan Construction Sdn. Bhd..

On 13 October 2008, the Court of Appeal, Putrajaya delivered judgement based on the material in the appeal record, Dapan Construction Sdn. Bhd. was not entitled to have Uni-Mix Sdn. Bhd. wound up as the debt asserted was bona fide disputed on substantial grounds.

- (b) The Company's wholly owned subsidiary company Hypervictory Sdn. Bhd. had on 27 March 2007 commenced legal proceedings against its trade debtor Dapan Construction Sdn. Bhd. for the recovery of RM64,628.21 in the Sessions Court at Kota Kinabalu. The case is still pending.
- (c) In response to (a) above, on 26 March 2007 Dapan Holdings Sdn. Bhd., Dapan Construction Sdn. Bhd. and Zillion Rank Sdn. Bhd. commenced legal proceedings in the High Court of Sabah and Sarawak at Kota Kinablu against Uni-Mix Sdn. Bhd. and Hypervictory Sdn. Bhd. for inter-alia a declaration that the sub-contract agreement for the quarrying activities was validly terminated, damages to be assessed for breach of the sub-contract and/or rectification works on the damaged roads and retention ponds and an injunction for the removal of all such plant, equipment and/or machinery from the site.

Hypervictory Sdn. Bhd. had since obtained judgement in default of RM667,067.15 against Dapan Holdings Sdn. Bhd. for roadworks carried out at Bandar Sierra and Uni-Mix Sdn. Bhd. had filed a counter-claim of RM817,877.76 against Dapan Construction Sdn. Bhd. for supply of ready mixed cement. The case is still pending.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 23. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other receivables	8,179,966	7,758,618	77,080	66,078
Less: Allowance for doubtful debts	(1,351,025)	(116,695)	(20,848)	(20,848)
	6,828,941	7,641,923	56,232	45,230
Deposits	1,299,679	1,160,188	6,674	12,885
Prepayments	799,282	816,227	-	94,315
Current tax assets	142,986	136,143	-	-
	9,070,888	9,754,481	62,906	152,430

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or group of debtors.

## 24. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Amount due from subsidiary companies	-	-	53,167,694	57,307,855
Amount due from associated company	-	-	1,414	-
	-	-	53,169,108	57,307,855
Amount due to subsidiary companies	-	-	(5,046,802)	(1,491,694)
Amount due to associated company	(44,642)	(77,772)	-	(27,130)
	(44,642)	(77,772)	(5,046,802)	(1,518,824)
	(44,642)	(77,772)	48,122,306	55,789,031

Certain amounts due from/(to) the related companies are unsecured, interest free and under no fixed term of repayment. Certain amounts due from subsidiary companies bear interest rate at 6.27% (2008: 6.27% ) per annum and are repayable on demand.

## 25. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group	
	2009 RM	2008 RM
Fixed deposits with licensed banks:		
– Pledged	837,362	774,343

The fixed deposits pledged to the banks are given as security for banking facilities granted to certain subsidiary companies.

The weighted average interest rates during the financial year ranged from 2.15% to 4% (2008: 4.0%) and the maturities of deposits as at 31 December 2009 is 365 days (2008: 365 days).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 26. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each		Share capital (issued and fully paid)	
			2009	2008
			2009 RM	2008 RM
At 1 January and 31 December	48,092,200	48,092,200	48,092,200	48,092,200

**Warrants 2004/2009**

Pursuant to the Rights Issue with Warrants of the Company ("BIG"), the Company issued 19,218,000 new ordinary shares of RM1.00 each together with 19,218,000 free detachable Warrants 2004/2009 attached on the basis of one (1) free Warrants for every one (1) ordinary share subscribed, at the subscription price of RM0.63 per Rights Share. Pursuant to the conditions stipulated in the Deed Poll dated 2 December 2003, each Warrant shall entitle the registered holder of the Warrants, at any time during the period of five (5) years commencing from 5 February 2004 to 4 February 2009, to subscribe for one (1) new ordinary share of RM1.00 each at the exercise price of RM1.00 per share.

The salient features of the Warrants 2004/2009 are as follows:

Terms	Details
<b>"Transferability"</b>	The Warrants shall be transferable by an instrument of transfer in any usual or common form or such other form as may be approved by the Directors, Bursa Malaysia Depository Sdn. Bhd. and the Bursa Malaysia Securities Berhad ("Bursa Securities"). Subject to the provisions of the Central Depositories Act and the Rules, no person shall be recognised by the Company as having title to a Warrant entitling the Warrantheader thereof to subscribe for a fractional part of a New Share or otherwise than as the holder of the entirety of such New Shares. Each Warrantheader shall be deemed to remain the registered holder of the Warrant registered in his name until the name of the transferee is entered into the Record of Depositors in the manner provided under the Central Depositories Act and the Rules.
<b>"Tenure"</b>	Five (5) years from the date of issuance of the Warrants.
<b>"Exercise Period"</b>	means the period commencing on and including the date of issue of the Warrants and ending at the close of business at 5.00 p.m. in Malaysia on a date being five (5) years from the Issue Date of the Warrants to be determined at the discretion of the Company subject to the approval of the relevant authorities, the shareholders of the Company and the Warrantheaders, in accordance to the procedure set out by this Deed and/or the laws.
<b>"Exercise Price"</b>	RM1.00 payable in full upon the exercise of each Warrant.
<b>"Expiry Date"</b>	means the date falling on the fifth (5th) year from the Issue Date of the Warrants.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 26. SHARE CAPITAL (cont'd)

#### Warrants 2004/2009 (cont'd)

Terms	Details
<b>“Entitlement”</b>	Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder during the Exercise Period to subscribe for one (1) new BIG Share at the Exercise Price of RM1.00.
<b>“Mode of Exercise”</b>	The registered holder of the Warrants must complete and sign the Exercise Form and deliver the same to the Registrar together with a remittance in Malaysian currency for the amount equal to the subscription monies when subscribing for new BIG Shares.
<b>Board Lot</b>	For the purposes of trading on the Bursa Securities, a Board Lot for the Warrants shall be One Hundred (100) Warrants carrying the right at the date of issue of the Warrants, to subscribe for One Hundred (100) New Shares.
<b>Ranking of the new BIG Shares from exercise of Warrants</b>	The new BIG Shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up capital of BIG, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new BIG Shares to be issued pursuant to the exercise of the Warrants.

The following is the movement in the number of Warrants 2004/2009 to take up un-issued ordinary shares of RM1.00 each in the Company during the financial year:

	Number of Warrants 2004/2009
At 1 January 2009	19,170,800
Expired during the financial year	(19,170,800)
At 31 December 2009	-

The Warrants expired on 4 February 2009.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 27. EMPLOYEE BENEFITS

#### Employee Share Options Scheme ("ESOS")

The Company's Employees Share Option Scheme ("ESOS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 16 June 2003. The ESOS was implemented on 26 February 2004 and is to be in force for a period of five (5) years from the date of implementation and has expired on 25 February 2009.

The salient features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Company.
- (ii) Subject to the discretion of the ESOS Committee, any full time employee (including Executive Director) as at the date of offer, whose employment has been confirmed and have completed one year of service within the Company or its subsidiaries (which are not dormant) shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed ten percent (10%) of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to Directors and other senior management of the Group. In addition, not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual eligible employee or Executive Director of the Group, who either singly or collectively through his/her associates, hold twenty percent (20%) or more of the issued and paid-up capital of the Company and no option shall be granted for less than one hundred (100) shares.
- (iv) The option price for each share shall be the 5-day weighted average market price of the Company's shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately prior to the Date of Offer, if the ESOS Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM1.00, whichever is higher.
- (v) All new ordinary shares issued and allotted upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not rank for any rights, dividends, allotment and/or distributions declared which entitlement date precedes the date of exercise of the said options and will be subject to the provisions of the Articles of Association of the Company.
- (vi) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 27. EMPLOYEE BENEFITS (cont'd)

## Employee Share Options Scheme ("ESOS") (cont'd)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Outstanding at 1 January	Granted	Exercised	Forfeited	Expired	Adjusted at 31 December	Outstanding at 31 December	Exercisable at 31 December
<b>2009</b>								
2004 options	1,419,000	-	-	-	(1,419,000)	-	-	-
WAEP	2.72	-	-	-	2.72	-	-	-
<b>2008</b>								
2004 options	1,401,000	-	-	(57,000)	-	75,000	1,419,000	1,419,000
WAEP	2.72	-	-	2.72	-	2.72	2.72	2.72

## Details of share options outstanding at the end of the year:

	Number of share options	WAEP RM	Exercised period
<b>2009</b>			
2004 options	-	-	-
<b>2008</b>			
2004 options	1,266,000	2.72	8/3/2004 - 25/2/2009
	135,000	2.83	10/4/2004 - 25/2/2009

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 31 DECEMBER 2009

#### 28. RESERVES

Movements in reserves are shown in the statements of changes in equity.

In the past, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividend paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders ("single tier system"). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance locked-in as at 31 December 2007 to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at balance sheet date, the Company has sufficient credit in the Section 108 balance and sufficient tax exempt profits to pay distribute dividends out of its entire retained profits without incurring any additional tax liability.

#### 29. LEASE PAYABLES

	Group	
	2009	2008
	RM	RM
<b>Future minimum lease payments:</b>		
Not later than 1 year	3,250,709	3,441,420
Later than 1 year and not later than 2 years	3,108,441	3,164,631
Later than 2 years and not later than 5 years	4,087,637	6,586,924
Total future minimum lease payments	10,446,787	13,192,975
Less: Future finance charges	(1,110,843)	(1,716,439)
Present value of finance lease liabilities	9,335,944	11,476,536
<b>Analysis of present value of finance lease liabilities:</b>		
Not later than 1 year	2,699,569	2,727,017
Later than 1 year and not later than 2 years	2,762,119	2,645,613
Later than 2 years and not later than 5 years	3,874,256	6,103,906
	9,335,944	11,476,536
Less: Amount due within 12 months	(2,699,569)	(2,727,017)
Amount due after 12 months	6,636,375	8,749,519

The lease payables bear interest at rates ranging from 2.35% to 6.0% (2008: 2.35% to 6.0%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 30. TERM LOANS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Secured	951,408	491,149	-	-
Unsecured	38,500,000	45,000,000	38,500,000	45,000,000
	39,451,408	45,491,149	38,500,000	45,000,000
Repayable within 12 months	38,722,913	45,231,208	38,500,000	45,000,000
Repayable after 12 months	728,495	259,941	-	-
	39,451,408	45,491,149	38,500,000	45,000,000

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 13. The weighted average interest rates for term loans are as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Term loans	4.0% – 8.15%	4.0% – 8.15%	8.15%	8.15%

Included in term loans is an unsecured term loan of the Company and of the Group amounting to RM38,500,000 which is presented as repayable within 12 months as the Company is currently negotiating with the lenders to extend the repayment due date to 3 June 2011. As at balance sheet date, the agreement for the extension of time has not been executed by the lenders.

## 31. DEFERRED TAXATION

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
At 1 January	376,466	872,008	-	-
Recognised in income statement (Note 10)	431,391	(1,453,648)	-	-
Under provided in prior year (Note 10)	2,457	958,106	-	-
At 31 December	810,314	376,466	-	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Deferred tax assets	-	(167,000)	-	-
Deferred tax liabilities	810,314	543,466	-	-
	810,314	376,466	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 32. BANK OVERDRAFTS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Secured	5,743,446	6,076,409	10,835	20,017

The weighted average effective interest rates for the Group were 7.75% to 8.25% (2008: 7.75% to 8.25%) respectively.

The secured bank overdrafts of the Group are secured by certain assets of the Group and of the Company as disclosed in Note 13.

## 33. SHORT TERM BORROWINGS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
<b>Secured:</b>				
Bill payables	3,290,467	2,476,790	-	-
Revolving credits	2,900,000	4,100,000	-	-
	6,190,467	6,576,790	-	-
<b>Unsecured:</b>				
Bill payables	2,335,000	2,781,000	-	-
Revolving credits	4,600,000	6,550,000	1,600,000	2,500,000
	6,935,000	9,331,000	1,600,000	2,500,000
<b>Total borrowings:</b>				
Bill payables	5,625,467	5,257,790	-	-
Revolving credits	7,500,000	10,650,000	1,600,000	2,500,000
	13,125,467	15,907,790	1,600,000	2,500,000

The weighted average effective interest rates during the financial year for borrowings were as follows:

	Group		Company	
	2009	2008	2009	2008
Bill payables	1% to 4.02%	1% to 4.02%	-	-
Revolving credits	4.8% to 8.5%	3.2% to 8.5%	4.83%	6.57%

The secured revolving credits, trust receipts and term loans of the Group are secured by certain assets of the Group as disclosed in Note 13.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 34. TRADE PAYABLES

	Group	
	2009 RM	2008 RM
Trade payables	6,001,562	7,762,371
Progress billings in respect of property development costs	9,285,531	7,123,160
	15,287,093	14,885,531

The normal credit term granted to the Group ranges from 30 days to 180 days.

### 35. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Other payables	2,095,170	2,461,154	15,460	48,789
Deposit	1,539,491	3,653,739	-	-
Accruals	3,440,660	2,598,645	23,085	347,571
	7,075,321	8,713,538	38,545	396,360

### 36. CONTINGENT LIABILITIES

	Company	
	2009 RM	2008 RM
Corporate guarantees granted to banks in respect of the subsidiary companies' outstanding banking facilities as at 31 December 2009	26,343,607	25,617,860

The gross amount of corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities totalled RM60,768,054 (2008: RM55,159,000).

### 37. SEGMENT INFORMATION

#### (a) Business Segments

The Group is organised into three major business segments:

- (i) Industrial Gas;
- (ii) Ready Mix Concrete (RMC) / Reinforced concrete pile (RCP)/Quarry; and
- (iii) Property development and construction.

Other business segments include transportation and provision of management services, none of which are of a sufficient size to be reported separately.

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on mutually agreed terms and conditions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 37. SEGMENT INFORMATION (cont'd)

## Business Segments

The following table provides an analysis of the Group's revenue, assets, liabilities and other information by business segment:

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
<b>31 December 2009</b>						
<b>Revenue</b>						
Sales to external customers	38,806,874	41,891,735	4,762,109	4,767	-	85,465,485
Inter-segment sales	-	17,374,835	-	258,000	(17,632,835)	-
Total revenue	38,806,874	59,266,570	4,762,109	262,767	17,632,835	85,465,485
<b>Results</b>						
Segment results						(1,749,709)
Finance cost, net						(3,670,094)
Share of results of associated companies						(483)
Loss before tax						(5,420,286)
Income tax expense						(1,704,360)
Net loss for the year						(7,124,646)
<b>Assets</b>						
Segment assets	69,658,712	35,756,328	48,494,463	97,100,858	(104,131,695)	146,878,666
Investment in associated companies	-	-	-	96,000	(96,000)	-
Total assets						146,878,666
<b>Liabilities</b>						
Segment liabilities	35,621,600	30,050,993	42,592,152	46,794,022	(63,430,593)	91,628,174
<b>Other segment information</b>						
Amortisation	133,810	61,037	-	-	-	194,847
Depreciation	2,638,452	1,285,244	12,484	-	-	3,936,180

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 37. SEGMENT INFORMATION (cont'd)

## Business Segments (cont'd)

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
<b>31 December 2008</b>						
<b>Revenue</b>						
Sales to external customers	38,033,634	46,822,797	7,710,676	221,797	-	92,788,904
Inter-segment sales	-	18,224,451	-	258,000	(18,482,451)	-
Total revenue	38,033,634	65,047,248	7,710,676	479,797	(18,482,451)	92,788,904
<b>Results</b>						
Segment results						7,892,418
Finance cost, net						(4,400,815)
Share of results of associated companies						(21,684)
Profit before tax						3,469,919
Income tax expense						471,406
Net profit for the year						3,941,325
<b>Assets</b>						
Segment assets	73,900,182	41,703,686	51,806,795	106,957,963	(108,834,479)	165,534,137
Investment in associated companies	-	-	-	126,003	(112,822)	13,181
Total assets						165,547,328
<b>Liabilities</b>						
Segment liabilities	42,958,614	34,122,244	42,413,739	51,790,649	(68,113,055)	103,172,191
<b>Other segment information</b>						
Amortisation	211,201	86,696	-	-	-	297,897
Depreciation	2,389,936	1,331,664	16,443	712	-	3,738,755

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 37. SEGMENT INFORMATION (cont'd)

#### (b) Geographical Segments

No geographical analysis has been presented as the Group's business interest is predominantly located in Malaysia.

### 38. RELATED PARTY DISCLOSURES

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the year:

	Company	
	2009	2008
	RM	RM
<b>(a) Transactions with Subsidiary Companies</b>		
<b>Income</b>		
Administrative fee from:		
– Alpha Billion Sdn. Bhd.	24,000	24,000
– B.I.G. Bahtera Sdn. Bhd.	42,000	42,000
– B.I.G. Construction Sdn. Bhd.	6,000	6,000
– B.I.G. Industrial Gas Sdn. Bhd.	72,000	72,000
– B.I.G. Marketing Sdn. Bhd.	6,000	6,000
– Hypervictory Sdn. Bhd.	18,000	18,000
– Kinalaju Supply Sdn. Bhd.	6,000	6,000
– Linear Excellent Sdn. Bhd.	6,000	6,000
– Lumanai Sdn. Bhd.	18,000	18,000
– Sistem SDS Sdn. Bhd.	42,000	42,000
– Uni-Mix Sdn. Bhd.	18,000	18,000
Interest income from:		
– Alpha Billion Sdn. Bhd.	1,354,619	1,353,445
– B.I.G. Communication Sdn. Bhd.	317,048	298,617
– B.I.G. Constructions Sdn. Bhd.	128,569	120,730
– B.I.G. Ferry Services Sdn. Bhd.	105	107
– B.I.G. Industrial Gas Sdn. Bhd.	774,949	783,930
– B.I.G. Marketing Sdn. Bhd.	3,481	2,914
– B.I.G. Offshore Services Sdn. Bhd.	279	288
– Besitek Konsortium Sdn. Bhd.	6,396	6,600
– Beta Billion Sdn. Bhd.	98	160
– Hypervictory Sdn. Bhd.	473,183	444,003
– Kinalaju Sdn. Bhd.	18,655	26,753
– Lumanai Sdn. Bhd.	130,659	152,654
– Matang Million Sdn. Bhd.	96	158
– Puncak Luyang Management Services Sdn. Bhd.	96	158
– Puncak Luyang Sdn. Bhd.	87,866	257,936
– Sistem SDS Sdn. Bhd.	105,174	116,934
– Tani Kukuh Sdn. Bhd.	3,221	3,003
– Uni-Mix Concrete Products Sdn. Bhd.	22,232	158,707
– Alpha Billion Management Services Sdn. Bhd.	30	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 38. RELATED PARTY DISCLOSURES (cont'd)

	Company	
	2009 RM	2008 RM
<b>(a) Transactions with Subsidiary Companies (cont'd)</b>		
Expenditure		
Interest paid to Uni-Mix Sdn. Bhd. – B.I.G. Industrial Gas Sdn. Bhd.	-	94,077

The Directors are of the opinion that the above transactions were entered into with the subsidiary companies in the normal course of business and under mutually agreed terms.

**(b) Compensation of Key Management Personnel**

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2009 RM	2008 RM	2009 RM	2008 RM
Short term employee benefits	429,947	379,954	78,520	69,000
Post-employment benefits:				
Defined contribution plan	41,412	37,308	-	-
	471,359	417,262	78,520	69,000
Included in the total key management personnel are:				
Directors' remuneration (Note 9)	158,077	149,719	78,520	69,000

Director of the Group have been granted the following number of options under the Employee Share Options Scheme ("ESOS").

	Group	
	2009 RM	2008 RM
At 1 January/31 December	-	120,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 39. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks, foreign currency risks, liquidity risk and credit risk. The Group operates within defined guidelines and the Group's policy is not to engage in speculative transactions.

#### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2009. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

#### (c) Foreign Currency Risk

The Group is predominantly exposed to two foreign currencies namely, Singapore Dollar and Brunei Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

During the year, the Group has not entered into any hedging transactions.

The net unhedged financial assets and liabilities of the Group at the end of the financial year that are not denominated in the functional currency of Ringgit Malaysia are as follows:

	Brunei Dollar Equivalent RM	Total RM
<b>Functional currency</b>		
At 31 December 2009:		
Trade receivables <i>Ringgit Malaysia</i>	483,795	483,795
Cash and bank balances <i>Ringgit Malaysia</i>	236,777	236,777
At 31 December 2008:		
Trade receivables <i>Ringgit Malaysia</i>	552,047	552,047
Cash and bank balances <i>Ringgit Malaysia</i>	177,422	177,422

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

## 39. FINANCIAL INSTRUMENTS (cont'd)

## (d) Liquidity Risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

## (e) Credit Risk

Credit risk, or the risk of counterparties defaulting, is controlled by the application of credit approvals, limits and monitoring procedures. Credit risk is minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Receivables are monitored on an ongoing basis via the Group's management reporting procedures.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

## (f) Fair Values

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximated their fair values except for the following:

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>					
At 31 December 2009:					
Investment in golf club membership	18	75,000	*	-	-
Investment in unquoted shares	18	450,537	*	-	-
Investment in bond	18	-	*	-	-
At 31 December 2008:					
Investment in golf club membership	18	75,000	*	-	-
Investment in unquoted shares	18	450,537	*	-	-
Investment in bond	18	4,500,000	*	4,500,000	*
<b>Financial liabilities</b>					
At 31 December 2009:					
Term loans	30	39,451,408	**	38,500,000	**
At 31 December 2008:					
Term loans	30	45,491,149	**	45,000,000	**

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 DECEMBER 2009

### 39. FINANCIAL INSTRUMENTS (cont'd)

#### (f) Fair Values (cont'd)

- \* It is not practical to estimate the fair values of the Group's investments in golf club membership, unquoted shares and junior bond because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.
- \*\* The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient liability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments have been disclosed in Note 30.

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheet at the end of the financial year are:

	Note	Company Nominal/ notional amount RM	Net fair value RM
At 31 December 2009:			
Contingent liabilities	36	26,343,607	***
At 31 December 2008:			
Contingent liabilities	36	25,617,860	***

- \*\*\* It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome.

### 40. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with current year's presentation.

## ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2010

Authorised Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM48,092,200.00
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One vote per shareholder on a show of hand One vote per ordinary share on a poll

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Share Held	%
1 to 99	63	1.95	1,846	0.00
100 to 1,000	603	18.63	512,305	1.07
1,001 to 10,000	2,033	62.82	9,210,793	19.15
10,001 to 100,000	496	15.33	13,078,498	27.19
100,001 to 2,404,609 (*)	40	1.24	16,999,726	35.35
2,404,610 and above (**)	1	0.03	8,289,032	17.24
<b>Total</b>	<b>3,236</b>	<b>100.00</b>	<b>48,092,200</b>	<b>100.00</b>

Remarks: \* – Less than 5% of issued shares

\*\* – 5% and above of issued shares

### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2010

No.	Name of Shareholders	No. of Shares	%
1.	Pristine Corporation Sdn. Bhd.	8,289,032	17.24
2.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for the Bank of New York Mellon (BNYM AS E&amp;A)</i>	2,218,100	4.61
3.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoon Nin</i>	1,726,300	3.59
4.	Lee Sheng Fung	1,700,000	3.53
5.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,551,300	3.23
6.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Sheng Fung</i>	1,019,300	2.12
7.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar</i>	920,226	1.91
8.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Teoh Beng Tiang (SFC)</i>	770,000	1.60
9.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	658,200	1.37
10.	Koulandamary A/K Sinnappan	559,200	1.16

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2010

THIRTY (30) LARGEST SHAREHOLDERS  
AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2010 (cont'd)

No.	Name of Shareholders	No. of Shares	%
11.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
12.	Hoon Nin	500,000	1.04
13.	Lu Yeep Hing	364,000	0.76
14.	Liang Kun Chi @ Liong Kun Chi	361,500	0.75
15.	Othman Bin Merican	353,000	0.73
16.	Mohd Fauzi B Hj Abd Hamid	350,000	0.73
17.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Loh Kim Khun (Penang-CL)</i>	290,000	0.60
18.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Cheong Kok Meng (MP0049)</i>	270,000	0.56
19.	Ng Yu Thian	233,700	0.49
20.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Sin Huan Kwang (T-471154)</i>	170,100	0.35
21.	Lai Weng Chee @ Lai Kok Chye	170,000	0.35
22.	Lau Hien Chong	149,400	0.31
23.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Khaw Chin Hong (STF)</i>	140,000	0.29
24.	Chua Kim Seng	135,000	0.28
25.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sin Huan Kwang</i>	128,000	0.27
26.	HDM Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd for Lim Beng Ee</i>	120,000	0.25
27.	Wong Tan Sang	120,000	0.25
28.	Yap Kok Lim	120,000	0.25
29.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Hang Nguong</i>	112,900	0.23
30.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Siu Kun (CEB)</i>	111,000	0.23
	<b>Total</b>	<b>24,111,258</b>	<b>50.12</b>

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 30 APRIL 2010

### LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2010

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have an interest	%
1.	Pristine Corporation Sdn. Bhd.	8,289,086 (i)	17.24	-	-
2.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	8,289,086 (ii)	17.24
3.	Lee Sheng Fung	2,719,300 (iii)	5.65	-	-
4.	Hoon Nin	2,226,300 (iv)	4.63	8,289,086 (ii)	17.24

**Notes:**

(i) Direct holding (8,289,032 shares) and indirect holdings through HDM Nominees (Tempatan) Sdn. Bhd. (54 shares).

(ii) Deemed interested by virtue of their substantial shareholdings in Pristine Corporation Sdn. Bhd.

(iii) Direct holding (1,700,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,019,300 shares).

(iv) Direct holding (500,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,726,300 shares)

### DIRECTORS' INTEREST

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	8,289,086 (i)	17.24
2.	Mr. Lau Keat Hoo	-	-	-	-
3.	Ms. Yong Siew Kat	-	-	-	-
4.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	-	-	-	-
5.	Datuk Sawaludin Bin Md Din	-	-	-	-

**Notes:**

(i) Deemed interest by virtue of his substantial shareholding in Pristine Corporation Sdn. Bhd.

## LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2009

Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
1. Lot 759, Block 4 Miri Concession Land District, Piasau Industrial Estate Jalan Kilang, Miri	An Oxygen Plant and Office Building	26 years & 17 years	3,310	2044	315,489	1984
2. Lot 1830 Block 4 Miri Concession Land District, Piasau Industrial Estate Jalan Kilang, Miri	An Acetylene Plant, Fabrication Works Building and Carbon Dioxide Plant	24 years & 14 years	2,448	2052	540,407	1982
3. Lot 2225, Section 66 Kuching Town Land District, Pending Industrial Estate Kuching	An Office Building and Refilling Plants, Oxygen/Nitrogen Plant, Store/ Warehouse	15 years & 12 years	12,141	2053	1,873,322	1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	39,001	1997
5. Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate Lorong Then Kung Suk 5, Sibul	An Office Building and Refilling Plants	18 years	1,966	2038	621,802	1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	343,243	2006
7. Lot 977, Block 26 Kemena Land District Kidurong Light Industrial Estate Kidurong Road, Bintulu	An Oxygen/ Nitrogen Plant, Acetylene Plant, Office Building and Argon Refilling Plant	20 years & 10 years	7,719	2051	1,401,939	1991
8. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	403,177	1992
9. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	227,185	1991
10. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	21 years	553.3	2049	48,415	1990
11. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plant	11 years	808 1,045	2919	595,752	1997
12. Lot 1950, 1951 Block 5, Kuala Baram Land District, Miri	Vacant Land	N/A	1,705.9	2056	219,876	2002

## LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

AS AT 31 DECEMBER 2009

Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
13. PL 106282938 Lot 3 & 4, Jalan Bakau Off Km 9 Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 12 years	7,620	2027	522,057	1986
14. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran, Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	13 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	458,709	1997 1996 1996 1996
15. FR044012115** FR044012124** NT043131540** FR044012651** NT044012633** FR044012044*** FR044015161*** FR044012697**** Telipok, Kota Kinabalu	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,246,712	1996 1996 1996 1996 1998 1997 1999 2001
16. Bandar Sierra Telipok	Bandar Sierra Apartments PH3A1 PH3A2 PH3A3	3 year	N/A	N/A	147,500 147,500 147,500	2007 2007 2007
17. Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor	An Acetylene Plant, Refilling Plant & Office Building	62 years	6,070	2067	864,774	2007
18. Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawam Perak Darul Ridzuan	Refilling Plant & Office Building	91 years	4,092	2095	450,972	2007
19. PM3343, PT No. 9203 Telok Gong Mukim Kelang Negeri Selangor	Land	N/A	10,603	2067	5,981,084	2004
20. Bukit Cerakah Mukim Bukit Raja Negeri Selangor	Land held for development (under development)	N/A	54,635	2099	5,140,883	2004
21. CL 015331941 District & Locality of Kota Kinabalu, Sabah	Land held for development (under development)	N/A	18,212	2912	14,838,455	2002

## Notes:

\* Lands hold in trust by Ms. Vellena John Tellon and subleased to Uni-Mix Sdn. Bhd.

\*\* Lands hold in trust by Ms. Vellena John Tellon and subleased to Hypervictory Sdn. Bhd.

\*\*\* Lands hold in trust by Ms. Vellena John Tellon and subleased to Hypervictory Sdn. Bhd.

\*\*\*\* Lands hold in trust by Kalakau @ Kalakan Bin Untol @ Entol and subleased to Hypervictory Sdn. Bhd.

N/A Not Applicable

## GROUP CORPORATE DIRECTORY

### B.I.G. INDUSTRIES BERHAD

#### HEAD OFFICE & FACTORY

Lot 2225, Section 66  
Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-486 321  
Fax : 082-336 933

#### CORPORATE OFFICE

19D, 4th Floor, Block 2  
Worldwide Business Centre  
Jalan Tinju 13/50, Section 13  
40675 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5512 9999  
Fax : 03-5512 9282

### B.I.G. INDUSTRIAL GAS SDN. BHD.

#### KUCHING BRANCH

Lot 2225, Section 66  
Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-486 321  
Fax : 082-336 933

#### MIRI BRANCH

Lot 759, Block 4  
Piasau Industrial Estate  
P.O. Box 1297  
98008 Miri, Sarawak  
Tel : 085-653 995  
Fax : 085-654 841

#### LABUAN BRANCH

Lot 112-3  
Court Light Industrial Park  
Jalan Pohon Batu  
P.O. Box 81566  
87025 F T Labuan  
Tel : 087-465 818  
Fax : 087-465 597

#### SIBU BRANCH

19, Lorong Then Kung Suk 5  
Lot 564, Block 16  
Upper Lanang Road  
C.D.T. 36, 96008 Sibu  
Tel : 084-213 313  
Fax : 084-214 953

#### SANDAKAN BRANCH

Lot 3A-KA, Shing Industrial Center  
Mile 7, Labuk Road  
90000 Sandakan, Sabah  
Tel : 016-336 2827

### BINTULU BRANCH

Lot 977, Block 26  
Tanjung Kidurong  
P.O. Box 1106  
97008 Bintulu, Sarawak  
Tel : 086-252 430  
Fax : 086-252 558

### PASIR GUDANG BRANCH

Lot PLO 72 (B/S)  
Jalan Keluli 12  
81700 Pasir Gudang  
Johor Darul Takzim  
Tel : 07-255 4052 / 07-255 4037  
Fax : 07-255 4095

### LUMUT BRANCH

PLOT T-10  
Lumut Port Industrial Park  
Jalan Kampung Aceh  
32000 Setiawan  
Perak Darul Ridzuan  
Tel : 05-691 5300  
Fax : 05-691 2300

### LUMANAI SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam, Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### KINALAJU SUPPLY SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam, Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### HYPERVICTORY SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam, Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### UNI-MIX SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam, Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### FACTORY

5 1/2 Miles, Jalan Tuaran  
Likas Industrial Estate, Inanam  
88822 Kota Kinabalu, Sabah  
Tel : 088-420 543  
Fax : 088-429 330

### UNI-MIX CONCRETE PRODUCTS SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam  
Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### B.I.G. COMMUNICATIONS SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam  
Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### B.I.G. CONSTRUCTION SDN. BHD.

Lot 5, 6, 7, 2nd Floor  
Wisma KKM, Inanam  
Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437 422  
Fax : 088-437 430

### B.I.G. MARKETING SDN. BHD.

19-D, 4th Floor, Block 2  
Worldwide Business Centre  
Jalan Tinju 13/50, Section 13  
40675 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5512 9999  
Fax : 03-5512 9282

### ALPHA BILLION SDN. BHD.

Lot 2225, Section 66  
Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak  
Tel : 082-486 321  
Fax : 082-336 933

**B.I.G. INDUSTRIES BERHAD**

(Company no.: 195285-D)  
(Incorporated in Malaysia)

**Proxy Form**

NO. OF SHARE HELD

I/We \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)of \_\_\_\_\_  
(FULL ADDRESS)being a member of **B.I.G. INDUSTRIES BERHAD** (195285-D), hereby appoint \_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)\_\_\_\_\_ or failing him/her \_\_\_\_\_  
(FULL ADDRESS)

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Twentieth Annual General Meeting of the Company to be held at Four Points by Sheraton Kuching, Lot 3186-3187, Block 16 KCLD, Jalan Lapangan Terbang Baru, 93350, Kuching, Sarawak on Monday, 28 June 2010 at 11.00 a.m.

My/our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	Adoption of Audited Financial Statements for the financial year ended 31 December 2009 and Reports of Directors and Auditors thereon		
2	Approval of Directors' Fees		
3	Re-election of Ms. Yong Siew Kat as Director pursuant to Article 106		
4	Re-election of Mr. Lau Keat Hoo as Director pursuant to Article 106		
5	Election of Datuk Sawaludin Bin Md Din as Director pursuant to Article 114		
6	Re-appointment of Messrs. Ernst & Young as Auditors and authorising Directors to fix their remuneration		
7	<b>Ordinary Resolution No. 1</b> Authority given to Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
8	<b>Ordinary Resolution No. 2</b> Proposed Renewal of Share Buy Back Authority		
9	<b>Special Resolution</b> Proposed Amendments to the Articles of Association of Company		

Please indicate with an "X" in the appropriate box how you wish your votes to be cast. In the absence of specific directions, your Proxy will vote or abstain as he/she thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
Signature /Common Seal of Shareholder**Notes:**

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.
3. An instrument appointing a proxy shall be in writing under the hand of the appointor or if the appointor is a corporation either under its common seal or under the hand of an attorney duly authorised. Where a member appoints two proxies, the appointments shall be invalid unless the number of shares to be represented by each proxy is specified.
4. An instrument appointing a proxy or representative must be deposited at the Registered Office of the Company at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia not less than 48 hours before the time appointed for holding the meeting.

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POSTAGE  
STAMP

The Company Secretary  
**B.I.G. INDUSTRIES BERHAD**  
(Company No. 195285-D)  
Lot 2225, Section 66, Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak

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**B.I.G. INDUSTRIES BERHAD**  
(Incorporated in Malaysia) <sup>196285-D</sup>

Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia.  
Tel: 082-486 321 Fax: 082-336 933