

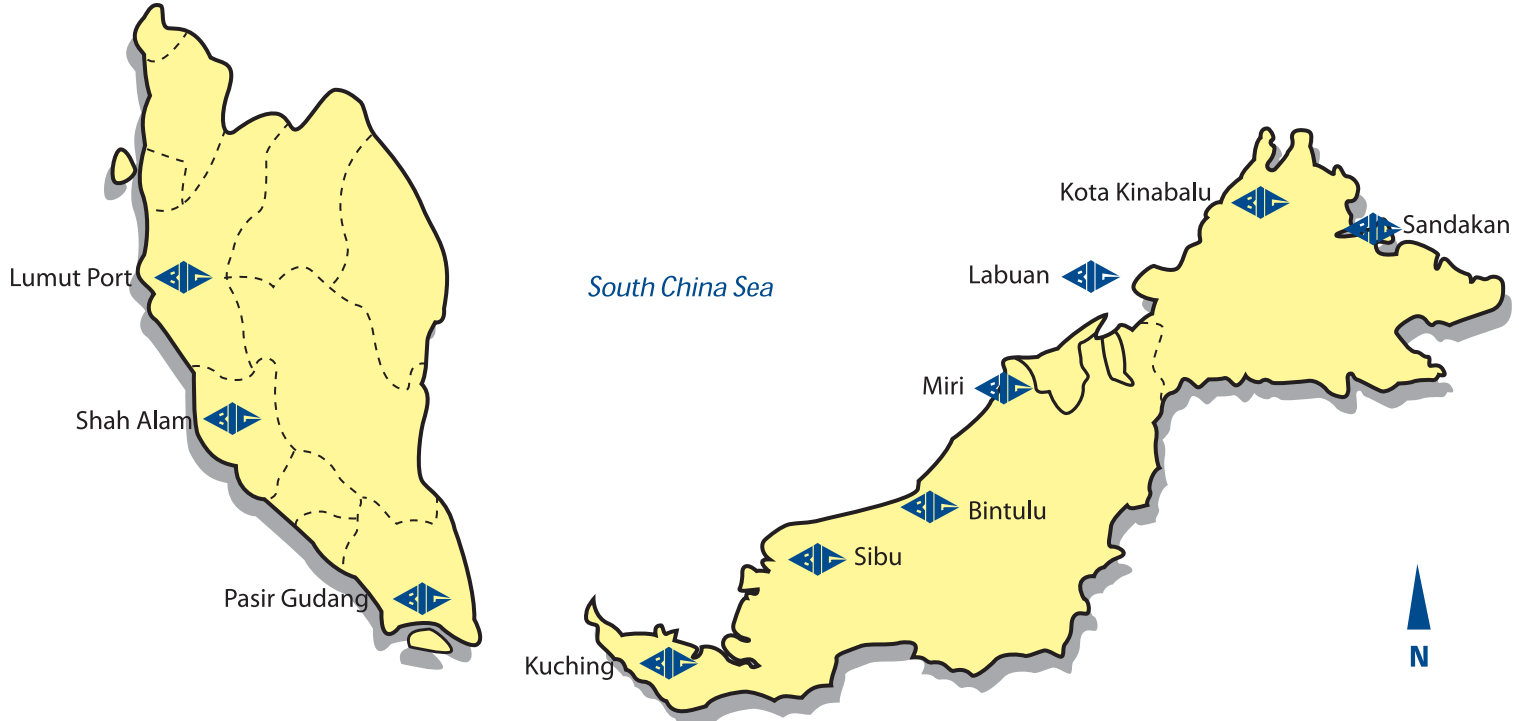
# Annual Report 2010



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



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



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

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

ANNUAL REPORT 2010



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# CORPORATE PROFILE

## History and Business

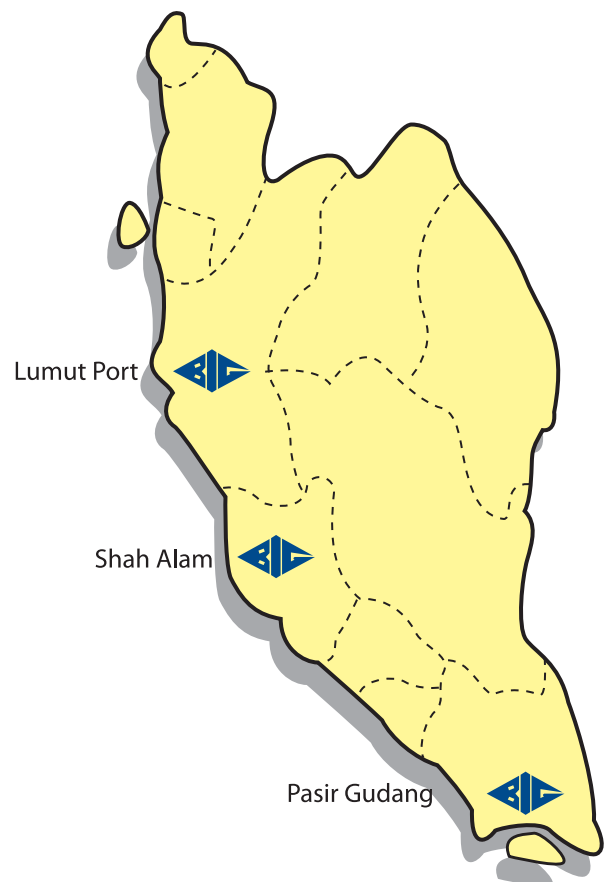
B.I.G. Industries Berhad (BIG) was incorporated in 1990 in Kuala Lumpur. BIG was listed on KLSE Second Board in 1995 and transferred to Main Market in 2009. BIG is the largest supplier & industrial gases in Sarawak - 60% market share with a smaller share in Sabah.

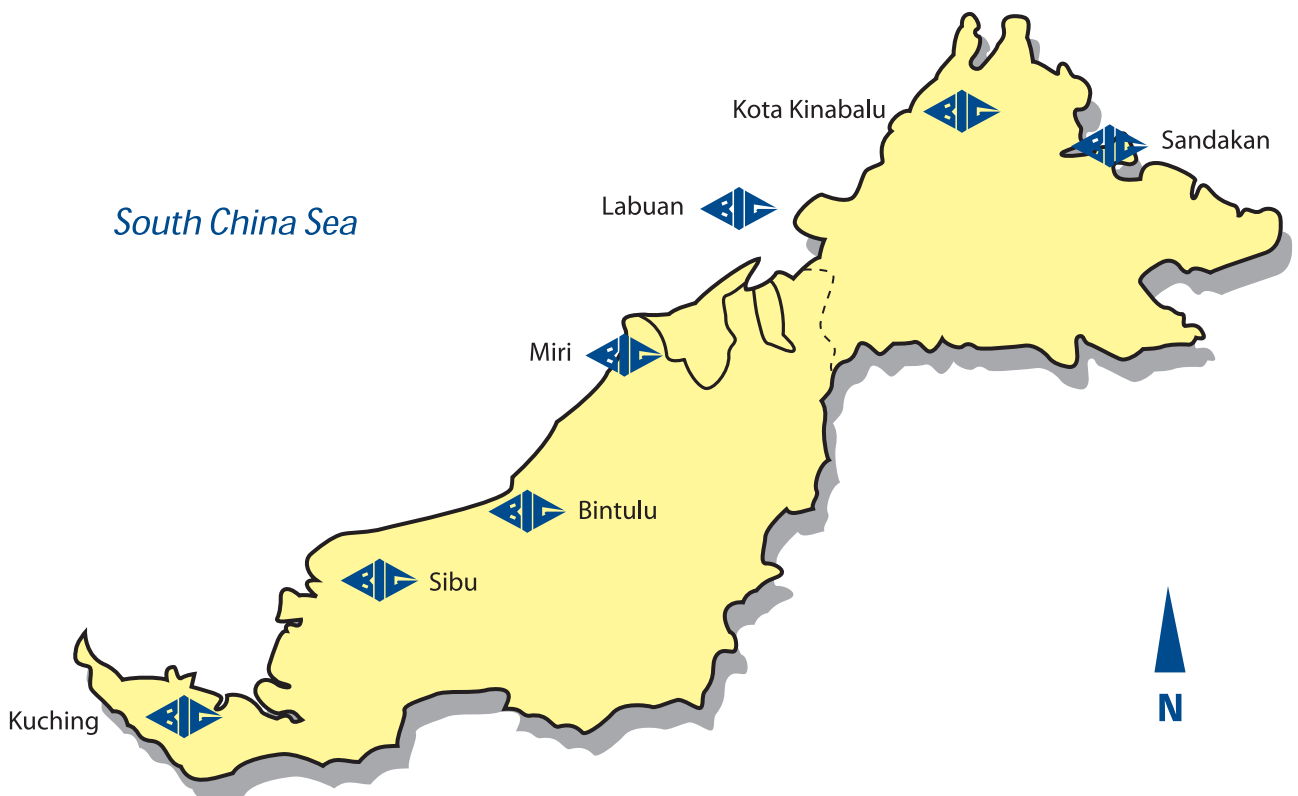
The principal activities of BIG Group are manufacture, distribute and market industrial gases; provides services and maintenance to the oil, gas and petrochemical industry; producing quarry products for the industries; ready mix concrete; contractor; project management and property developer.

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 Sandakan) 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 IS HEREBY GIVEN THAT** the Twenty-First 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 Tuesday, 28 June 2011 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 2010 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM84,000 for the financial year ended 31 December 2010.
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. Tan Sri Dato' Dr. Lau Ban Tin
  - ii. Yong Siew Kat
4. To re-elect Datuk Lee Chuen Wan 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 resolution, as Ordinary Resolution of the Company:

6. **ORDINARY RESOLUTION 1**  
**Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965**

**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 shares in the Company at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued 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 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."

7. To transact any other ordinary business for which due notice shall have been given.

**BY ORDER OF THE BOARD**

**WONG YOKE LIN**  
**CHIA LAN FONG**  
Company Secretaries

Kuching, Sarawak.  
3 June 2011

**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 appointment shall be invalid unless the proportion of his sharerholding 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****Resolution Pursuant to Section 132D of the Companies Act, 1965**

The Ordinary Resolution 7, if passed, will give the Directors authority to allot and issue shares 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.

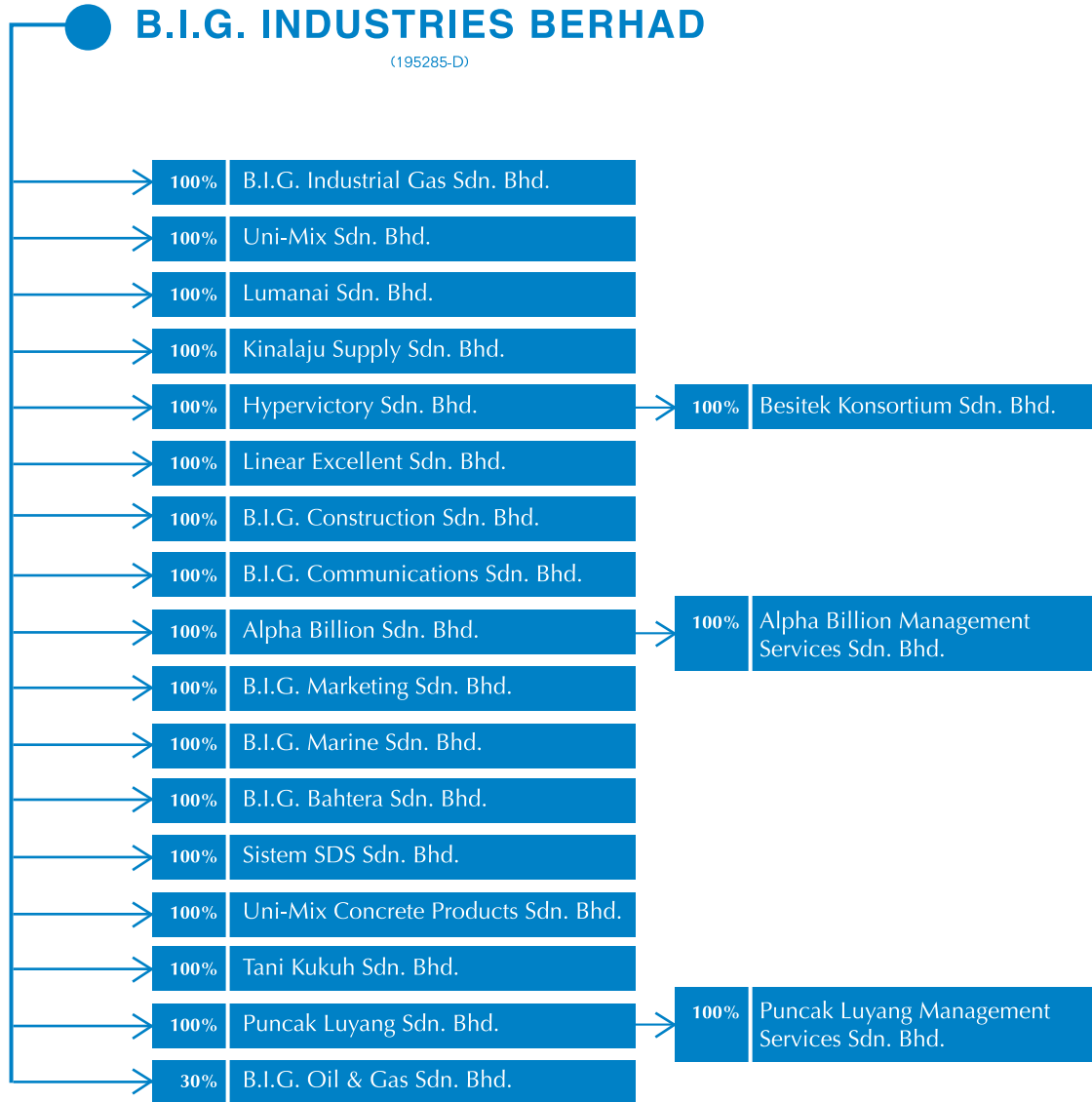
## STATEMENT ACCOMPANYING NOTICE OF TWENTY-FIRST ANNUAL GENERAL MEETING

Details for the Directors who are standing for re-election namely, Tan Sri Dato' Dr. Lau Ban Tin, Yong Siew Kat and Datuk Lee Chuen Wan at this Annual General Meeting are set out on page 10 and page 11 of this Annual Report. The details of the Directors' interest in the securities of the Company are disclosed on page 101 of this Annual Report.



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

(195285-D)



**BOARD OF DIRECTORS**

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

Lau Keat Hoo  
(Executive Director)

Yong Siew Kat  
(Senior Independent Non-Executive Director)

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

Datuk Lee Chuen Wan  
(Independent Non-Executive Director)

**AUDIT COMMITTEE**

*Chairman*  
Datuk Sawaludin Bin Md Din

*Members*  
Tan Sri Dato' Dr. Lau Ban Tin  
Yong Siew Kat

**NOMINATION COMMITTEE**

*Chairman*  
Yong Siew Kat

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

**REMUNERATION COMMITTEE**

*Chairman*  
Yong Siew Kat

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

**COMPANY SECRETARY**

Wong Yoke Lin  
Chia Lan Fong

**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  
www.bigind.com.my

**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.  
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 (M) Berhad  
Malayan Banking Berhad

**PRINCIPAL SOLICITORS**

P.K. Lim & Co.

**STOCK EXCHANGE LISTING**

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

**DATUK SAWALUDIN BIN MD DIN***Independent Non-Executive Chairman*

DATUK SAWALUDIN BIN MD DIN, aged 61, a Malaysian, was appointed to the Board of the Company on 25 August 2009 and was re-designated as the Chairman on 25 May 2011. Datuk Sawaludin Bin Md Din is also the Chairman of the Audit Committee and a member of both the Nomination Committee and Remuneration Committee of the Company.

Datuk Sawaludin holds a Masters of Business Administration in General Management from Pacific Western University, United States of America 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 Holding 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 of Economics and Agriculture Industries Bureau.

Datuk Sawaludin has attended all the five (5) Board Meetings held during the financial year ended 31 December 2010.

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*

LAU KEAT HOO, aged 49, 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 as 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 2010.

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.

**YONG SIEW KAT***Senior Independent Non-Executive Director*

YONG SIEW KAT, aged 58, 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. She is also a member of the Audit Committee and the Chairman of both the Nomination Committee and Remuneration Committee of the Company. Presently, she is a Director and Chief Executive Officer of Ngiu Kee Corporation (M) Berhad.

She 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 exercises in new IPOs and other debt and equity-linked capital fund raising exercises. She was previously the General Manager of Corporate Planning in the 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 2010.

She 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*

TAN SRI DATO' DR. LAU BAN TIN, aged 55, a Malaysian, was appointed to the Board of the Company on 18 November 1998. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

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.

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 Dewan Bandaraya Kuala Lumpur. 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.

Tan Sri Dato' Dr. Lau has attended all the five (5) Board Meetings held during the financial year ended 31 December 2010.

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.

**DATUK LEE CHUEN WAN***Independent Non-Executive Director*

DATUK LEE CHUEN WAN, aged 60, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 10 December 2010.

Datuk Lee holds an Honours Degree in Law from University of Buckingham, United Kingdom. He was called to Bar as a Barrister of Honourable Society of the Middle Temple.

Datuk Lee is an experienced practicing lawyer of the High Court in Sabah for 20 years in civil litigation in the areas of banking, commercial, industrial and property laws. He retired as a partner of a legal firm, Shelley Yap Leong Tseu Chong Chia & Co. in Kota Kinabalu at the end of 2009. Formerly, he was the Area Manager of DMIB Bhd. He is a member of Sabah Law Association and has vast experience in law, marketing and management.

Datuk Lee has not attended any Board Meetings held during the financial year ended 31 December 2010 since his appointment on 10 December 2010.

Datuk Lee 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.

The Statement on Corporate Governance by the Board of Director has been set out in accordance with the Main Market Listing Requirements of Bursa Securities (“Listing Requirements of 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 Listing Requirements of Bursa Securities by the Company. These principles and best practices have been applied by the Group throughout the financial year ended 31 December 2010.

## 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 four (4) are Independent Non-Executive Directors and one (1) is Executive Director. The size of Independent Non-Executive Directors forms four over five (4/5) of the entire Board structure and the biographical details of the members of the Board on page 9 to page 11 demonstrate the diverse range of knowledge, experience and ability to make independent judgement. The 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. The Board is satisfied that the current composition of Directors provides an appropriate balance and size to promote all shareholders interests and to govern 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 Datuk Sawaludin Bin Md Din who is the 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 law. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the overall strategic direction of the Company.

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

**BOARD OF DIRECTORS (cont'd)****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 Meeting 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 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 (%)
Datuk Sawaludin Bin Md Din	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 Lee Chuen Wan ( <i>Appointed on 10 December 2010</i> )	0	-
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof ( <i>Resigned on 31.03.2011</i> )	5	100

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 Secretaries and may seek independent advice should the need arises. 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.

**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 22 to 26.

- **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 the 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 2010.

- **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 of 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.

**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, where appropriate, 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 66 of this Annual Report.

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Executive Directors</b>				
Fees	24,000	24,000	24,000	24,000
Other emoluments	-	80,877	-	1,320
	24,000	104,877	24,000	25,320
<b>Non-Executive Directors</b>				
Fees	60,000	52,000	60,000	52,000
Other emoluments	70	1,200	70	1,200
	84,070	158,077	84,070	78,520

## DIRECTORS TRAINING

All Directors have completed the Mandatory Accreditation Programme (“MAP”) as required under the Listing Requirements of 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 Secretaries, 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/programmes on:

1. Land Matters and Contract Management
2. Building Sustainable Business Pillars for Long-Term Growth
3. Challenges of Implementing FRS 139
4. Launch of Sustainability Programme for Corporate Malaysia

## 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 in 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 the required and CD-ROM forms 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.

**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 and the Listing Requirement of Bursa Securities. 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 20 to 21 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 22 to 26 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 2010, 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.

## 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 environ-mental policy to ensure that all levels of employees working towards the same objectives.

### Employees

The Company recognizes 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 believes that stimulating and challenging working environment can encouraged the employees to perform 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, accidents, 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 organizes and sponsors various sports activities for the staff. Despite hectic schedule, the Company strongly encourages 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 of the effort to enhance the quality of life for the underprivileged children and also to bring joy, happiness to them, the Company has organized a charity event 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.

**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 was no material variance between the audited results and unaudited results previously announced for the financial year ended 31 December 2010.

**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.

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 Bursa Malaysia Securities Berhad ("Bursa Securities").

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.

### 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 done in-house. The total incurred in managing the internal audit activities during the financial year 2010 was RM80,000/-.

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.

## COMPOSITION

### MEMBERS OF THE AUDIT COMMITTEE

#### *Chairman*

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

#### *Members*

Ms. Yong Siew Kat  
(Senior Independent Non-Executive Director)  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
(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.

## 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

#### 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.

## 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. SECRETARIES TO AUDIT COMMITTEE AND MINUTES

The Company Secretaries shall be the secretaries 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 whichever relevant for noting and action, where necessary.

## 7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2010 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 2010 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 2010 before they were tabled to the Board for adoption and approval.
- (v) reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2010 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.

## 8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2010. The attendance record of each member is as follows:

Audit Committee Members	Total number of meetings	Number of meetings attended
Datuk Sawaludin Bin Md Din ( <i>Chairman</i> )	5	5
Ms. Yong Siew Kat	5	5
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	5	5

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2010 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
Datuk Sawaludin Bin Md Din ( <i>Chairman</i> )	2	2
Ms. Yong Siew Kat	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	1

## 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.



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 2010.

## REVIEW OF RESULTS

During the year ended 31 December 2010, the Group recorded a turnover of RM82,869,549 as against RM85,465,485 recorded for the previous year, a decrease of RM 2,595,936 or 3%. The decrease in turnover, is mainly contributed 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 RM1,531,452 over loss before taxation of RM5,420,286 recorded for the previous year.

- **Industrial Gas Division**

The industrial gas division recorded a decrease in turnover for the current year of RM2,267,078 or 6% at RM36,539,796 as compared to RM38,806,874 recorded for the previous year. Profit before taxation for the industrial gas division amounted to RM1,278,768 for the year under review, a decrease of RM3,288,232 or 71% over RM4,567,000 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 RM38,261,324 as against RM41,891,735 recorded for the previous year. This division recorded a profit before taxation of RM129,760 for the current year as against a loss before taxation of RM1,643,000 recorded for the previous year.

- **Property Development Division**

Turnover for the property development division recorded for the current year was RM8,068,429 over RM4,762,109 recorded for the previous year. Loss before taxation for this division was recorded at RM2,033,762 for the current year as compared to loss before taxation of RM3,491,000 recorded for the previous year.

## OPERATING ENVIRONMENT

- **Industrial Gas Division**

B.I.G Operations in East and West Malaysia have expanded to cover more market areas despite slower growth in the steel fabrication, ship building, and oil & gas sector in 2010.

The slower 2010 market situation has allowed B.I.G to take the opportunity to do upkeep of our plants and equipment. We have refurbished our Air Separation Unit (ASU), Liquid CO<sub>2</sub> plant, Dissolved Acetylene plant, as well as all our high pressure compressed gas stations.

B.I.G has bought, maintained and replaced some of our aging cryogenic storage tanks, high pressure compressed gas cylinders, and high purity gas analysis equipment to ensure our readiness to provide our customer our best service.

B.I.G in January 2010 has also added our eighth branch in Sandakan, Sabah. Its location is sited to capture the potential growth and development by the Sabah state government in East Sabah.

Our expansion and upgrading of our plants and equipment did contribute to our lower profitability. However, it is the intense competitions due to the smaller market volume and new market players in both East and West Malaysia that has contributed to our lower profitability.

Overall B.I.G sales volume increased by 10% in 2010 against 2009 for compressed cylinder gases, while bulk liquid gases decreased by 53% in 2010 against 2009.

**OPERATING ENVIRONMENT (cont'd)****• Ready Mixed Cement, Concrete Piles And Quarry Division**

Unimix related business units are expected to do well in 2011 in spite of operating in a competitive and challenging business environment. Business activities in the construction industry of Sabah are driven significantly by buoyant palm oil plantation, tourism as well as state and federal funded projects. Readymixed concrete division has secured a major contract of concrete supply to Sabah Oil and Gas Terminal in Kimanis, which is expected to take off in second half of 2011. Besides being a major supplier of RC piles, precast concrete business unit has streamed down into other precast products like box culverts, L-shape and U-drain. Tooled with SIRIM product certifications in RC piles and box-culverts and the like, Unimix precast product division is considered as one of the forerunners in achieving such quality assurance recognition in Sabah.

Major raw materials like cement, sand and aggregate are expected to escalate due to the continued increase cost of industrial diesel as well as withdrawal of government subsidies. The prices of concrete related products are projected to go up significantly in the second half of 2011.

Overall, Unimix in Sabah is optimistic that its business units will surpass previous year's performance.

**• Property Development Division**

The Malaysian economy has recovered from the effects of the US and Europe's financial crisis, but there are more challenges facing the Malaysian property players. The increase in the building material had caused an increase in construction cost by more than 13%.

The effect of inflation and the subsequent increase in selling price of houses will affect the affordability of normal home buyers. It is increasingly more difficult and beyond the reach of normal salary earner with double household income to buy a double storey house in the major cities in Malaysia.

We foresee a slowdown in the demand for high end properties due to the affordability factor and the measures by the government to mitigate inflation by increasing the interest rate and imposing a 70% loan to value ratio.

**DIVIDEND**

The Board of Directors does not recommend any dividend be declared for the financial year ended 31 December 2010.

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 8 December 2010, the Company announced the following:-

- i) Proposed reduction of the par value of the existing ordinary shares of RM1.00 each to RM0.20 per ordinary share ("Proposed Capital Reduction");
- ii) Proposed renounceable two-call rights issue of up to RM76,947,520 nominal value of 4% 5-year irredeemable convertible unsecured loan stocks ("ICULS") at an nominal value of RM0.20 each together with the free detachable warrants on the basis of RM3.20 ICULS together with one warrant for every two existing shares held after the Proposed Capital Reduction ("Proposed Rights Issue") and
- iii) Proposed amendment to the Memorandum and Article of Association (collectively referred to as the "Proposals")

The Company has until 2 July 2011 to submit the draft circular for the Proposed Capital Reduction and Proposed Rights Issue to Bursa Malaysia Securities Berhad.

On 3 May 2011, the Company announced that the bondholders of Kerisma Berhad had approved its proposed debt restructuring scheme.

## FUTURE OUTLOOK

### • Industrial Gas Division

Looking forward B.I.G.'s expansion plans on industrial gases services continues to look robust for 2011. We are looking forward to establish more branches in 2011 if Malaysia economic recovery grows as per government economic plans.

Many Oil & Gas projects, steel fabrication, shipbuilding, etc are on the rebound with crude oil price already near US\$100 per barrel.

B.I.G having prepared for the market rebound is ready to meet our customer demand for quality service and products. All necessary upgrades and maintenance of our existing plants and equipments are already completed as at December 2010. New equipments and plants have also been ordered to be delivered in 2011 to cover any shortfall in our production processes.

B.I.G is looking forward to a better market growth in 2011.

### • Ready Mixed Cement, Concrete Piles And Quarry Division

The outlook of the industry in 2011 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 2 more on-site batching plants in Sabah. One of that has already been in progress for Sabah Oil and Gas Terminal project. The precast concrete division continues to maintain a leading role in the pre-cast concrete industry with new products like U-drain, box-culvert and L-shape already actively in the market. Our products are certified by both ISO 9001 and SIRIM Product Certification. 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.

**FUTURE OUTLOOK (cont'd)****• Property Development Division**

Financial Year 2010 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 Puncak Luyang saw a good take-up rate with all 62 units in Block A sold and we expect to launch Block B next year.

Year 2011 will be a good year for Property Developers and we expect more property launches due to the better economic environment, low interest rate and ample liquidity.

Prices of building materials will be on the uptrend due to increase in oil prices and we foresee affordability may be a concern for our purchasers. Price of houses will soon be out of reach for normal income families and young graduates.

**ACKNOWLEDGEMENT**

On behalf of the Board, I would like to extend a special note of thanks to Y. Bhg. Dato Haji Mohd Fauzi Bin Yusof who resigned from the Board on 31 March 2011, for his valuable contributions during his tenure as the Chairman and Director of the Company.

I would like to welcome our new member, Datuk Lee Chuen Wan who is appointed to the Board.

I also would like to extend my gratitude to the Management, staff of the Group for their hardwork and commitment; to our valued customers, suppliers, shareholders, financial institutions, business association for their continued support and assistance.

**DATUK SAWALUDIN BIN MD DIN**  
Chairman

3 June 2011

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 2010.

### 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 net of tax	(2,422,845)	(7,916,931)
Attributable to: Owners of the Company	(2,422,845)	(7,916,931)

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 2010.

### 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:

Datuk Sawaludin Bin Md Din	
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	
Datuk Lee Chuen Wan	<i>(appointed on 10 December 2010)</i>
Yong Siew Kat	
Lau Keat Hoo	
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	<i>(resigned on 31 March 2011)</i>

## 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 1.1.2010	Acquired	Disposed	At 31.12.2010
<b>The Company</b>				
Indirect interest:				
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	8,289,086	-	-	8,289,086 <sup>(1)</sup>

<sup>(1)</sup> On 24 March 2011, Y. Bhg. Dato' Haji Mohd. Fauzi Bin Yusuf @ Mohd. Yusof has fully disposed his indirect interest in the Company.

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 28 June 2010. 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.

**OTHER STATUTORY INFORMATION**

- (a) Before the statement of comprehensive income and statement of financial position 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.
- (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 and the Company's current liabilities exceeded the current assets by RM13,120,847 and RM6,879,953 respectively 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.

**SIGNIFICANT EVENTS**

Details of significant events are disclosed in Note 43 to the financial statements.

**SUBSEQUENT EVENT**

Details of a subsequent event are disclosed in Note 44 to the financial statements.

**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 25 April 2011.

**Datuk Sawaludin Bin Md Din**

**Lau Keat Hoo**

## STATEMENT BY DIRECTORS

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

We, **Datuk Sawaludin Bin Md Din** 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 98 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 2010 and of the results and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 46 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 25 April 2011.

**Datuk Sawaludin Bin Md Din**

**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 98 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 25 April 2011

**Lau Keat Hoo**

Before me,  
Jamilah Radzi  
Commissioner for Oaths  
No.: B160

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of **B.I.G. Industries Berhad**, which comprise the statements of financial position as at 31 December 2010 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flow 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 98.

### *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 2010 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 and the Company's current liabilities exceed its current assets by RM13,120,847 and RM6,879,953 respectively as at 31 December 2010.

**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**

The supplementary information set out in Note 46 on page 85 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Kuching, Malaysia.  
Date: 25 April 2011

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

**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Revenue	5	82,869,549	85,465,485	258,000	258,000
Other income	6	1,301,028	1,215,767	3,209,023	3,429,479
Changes in inventories of finished goods		(20,994,599)	(1,806,405)	-	-
Inventories purchased and raw materials consumed		(22,136,690)	(43,797,713)	-	-
Carriage outwards		(796,822)	(593,980)	-	-
Employee benefits expense	9	(8,366,142)	(8,664,835)	(24,000)	(25,320)
Depreciation of property, plant and equipment		(4,084,730)	(3,936,180)	-	-
Amortisation of land use rights		(244,757)	(194,847)	-	-
Development cost		(7,872,715)	(6,588,499)	-	-
Foreseeable loss		-	(626,207)	-	-
Other expenses		(16,453,866)	(15,489,726)	(218,856)	(247,965)
<b>Operating profit</b>		<b>3,220,256</b>	<b>4,982,860</b>	<b>3,224,167</b>	<b>3,414,194</b>
Finance costs	7	(4,662,616)	(3,670,094)	(3,166,945)	(3,451,048)
Impairment loss on investment in subsidiary companies		-	-	(50,010)	-
Impairment loss on investment in associate companies		-	-	(96,000)	-
Impairment loss on other investment		(89,092)	(4,500,000)	-	(4,500,000)
Impairment loss on amount due from related companies		-	-	(7,828,143)	-
Impairment loss on quarry development and mobilisation expenditure		-	(2,232,569)	-	-
Share of loss of associate companies		-	(483)	-	-
<b>Loss before tax</b>	8	<b>(1,531,452)</b>	<b>(5,420,286)</b>	<b>(7,916,931)</b>	<b>(4,536,854)</b>
Income tax expense	11	(891,393)	(1,704,360)	-	-
<b>Loss net of tax, representing total comprehensive income for the year</b>		<b>(2,422,845)</b>	<b>(7,124,646)</b>	<b>(7,916,931)</b>	<b>(4,536,854)</b>
<b>Total comprehensive income for the year</b>					
Profit attributable to:					
Owners of the Company		(2,422,845)	(7,124,646)	(7,916,931)	(4,536,854)
Minority interests		-	-	-	-
		(2,422,845)	(7,124,646)	(7,916,931)	(4,536,854)
<b>Loss per share attributable to equity holders of the Company:</b>	12				
Basic, for loss from the year (sen)		(5.0)	(14.8)		
Diluted, for loss from the year (sen)		(5.0)	(14.8)		

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible asset	13	840,968	840,968	-	-
Property, plant and equipment	14	53,452,217	55,025,233	-	-
Land use rights	15	8,262,530	8,127,720	-	-
Quarry development expenditure	16	-	-	-	-
Investment in subsidiary companies	17	-	-	48,687,299	41,401,427
Investment in associate companies	18	-	-	-	96,000
Other investments	19	436,445	525,537	-	-
Land held for property development	20(a)	5,140,883	5,140,883	-	-
Investment property	21	6,313,633	5,981,084	-	-
		74,446,676	75,641,425	48,687,299	41,497,427
<b>Current assets</b>					
Property development costs	20(b)	21,839,558	23,877,409	-	-
Inventories	22	7,649,038	8,522,882	-	-
Trade receivables	23	26,845,958	22,814,896	-	-
Other receivables, deposits and prepayments	24	7,189,963	9,070,888	104,148	62,906
Amount due from related companies	25	-	-	38,851,378	53,169,108
Fixed deposits with licensed banks and financial institutions	26	680,041	837,362	-	-
Cash and bank balances		3,898,493	6,113,803	108,515	191,018
		68,103,051	71,237,240	39,064,041	53,423,032
<b>TOTAL ASSETS</b>		142,549,727	146,878,665	87,751,340	94,920,459
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	27	48,092,200	48,092,200	48,092,200	48,092,200
Reserves	28	4,735,446	7,158,291	(6,284,854)	1,632,077
<b>Total equity</b>		52,827,646	55,250,491	41,807,346	49,724,277

**STATEMENT OF FINANCIAL POSITION (CONT'D)**  
AS AT 31 DECEMBER 2010

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
<b>Non-current liabilities</b>					
Lease payables	29	5,669,032	6,636,375	-	-
Borrowings	33	100,000	-	-	-
Term loans	30	1,394,665	728,495	-	-
Deferred tax liabilities	31	1,334,486	810,314	-	-
		8,498,183	8,175,184	-	-
<b>Current liabilities</b>					
Bank overdrafts	32	6,665,469	5,743,446	1,682,639	10,835
Term loans	30	33,827,495	38,722,913	33,500,000	38,500,000
Borrowings	33	13,349,944	13,125,467	2,500,000	1,600,000
Trade payables	34	12,891,023	15,287,093	-	-
Other payables and accruals	35	10,997,576	7,075,321	571,689	38,545
Amount due to related companies	25	44,642	44,642	7,689,666	5,046,802
Lease payables	29	3,439,024	2,699,569	-	-
Income tax payable		8,725	754,539	-	-
		81,223,898	83,452,990	45,943,994	45,196,182
<b>Total liabilities</b>		89,722,081	91,628,174	45,943,994	45,196,182
<b>TOTAL EQUITY AND LIABILITIES</b>		142,549,727	146,878,665	87,751,340	94,920,459

*The accompanying accounting policies and explanatory notes form an integral part of these financial statements.*

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2010

	Attributable to equity holders of the Company			Total RM
	Share capital RM	Share premium reserve RM	Revenue reserve RM	
<b>Group</b>				
<b>At 1 January 2009</b>	48,092,200	150,113	14,132,824	62,375,137
Total comprehensive income	-	-	(7,124,646)	(7,124,646)
<b>At 31 December 2009</b>	48,092,200	150,113	7,008,178	55,250,491
Total comprehensive income	-	-	(2,422,845)	(2,422,845)
<b>At 31 December 2010</b>	48,092,200	150,113	4,585,333	52,827,646
<b>Company</b>				
<b>At 1 January 2009</b>	48,092,200	150,113	6,018,818	54,261,131
Total comprehensive income	-	-	(4,536,854)	(4,536,854)
<b>At 31 December 2009</b>	48,092,200	150,113	1,481,964	49,724,277
Total comprehensive income	-	-	(7,916,931)	(7,916,931)
<b>At 31 December 2010</b>	48,092,200	150,113	(6,434,967)	41,807,346

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Operating activities</b>				
Loss before tax	(1,531,452)	(5,420,286)	(7,916,931)	(4,536,854)
Adjustments for:				
Amortisation of land use rights	244,757	194,847	-	-
Bad debts written off	431,483	601	-	-
Depreciation of property, plant and equipment	4,084,730	3,936,180	-	-
Gain on disposal of property, plant and equipment	(60,510)	(269,288)	-	-
Gain on disposal of subsidiary companies	(4,962)	(683)	-	-
Impairment loss on amount due from related company	-	-	7,828,143	-
Impairment loss on investment in associate company	-	-	96,000	-
Impairment loss on investment in subsidiary companies	-	-	50,010	-
Impairment loss on other investment	89,092	4,500,000	-	4,500,000
Impairment loss on quarry development expenditure	-	2,232,569	-	-
Impairment loss on trade receivables	296,904	-	-	-
Interest expense	4,662,616	3,670,094	3,166,945	3,451,048
Interest income	(83,389)	(194,585)	(3,209,023)	(3,429,479)
Inventories written off	-	11,606	-	-
Investment in associate companies written off	-	-	-	30,003
Investment in subsidiary companies written off	-	-	38	16
Loss on disposal of investment	-	6,698	-	-
Property, plant and equipment written off	33,150	22,266	-	-
Reversal of allowance for impairment of trade receivables	(322,064)	-	-	-
Share of loss in an associated company	-	483	-	-
Unrealised gain on foreign exchange	-	(62,279)	-	-
Operating profit before working capital changes	7,840,355	8,628,223	15,182	14,734
Changes in working capital:				
Property development costs	1,705,302	3,132,394	-	-
Inventories	873,844	2,585,121	-	-
Receivables	(2,267,516)	6,591,349	(31,036)	100,525
Payables	1,528,092	(1,243,936)	533,144	(357,815)
Related companies	-	(65,182)	9,132,450	7,666,725
Land held under development	-	(130,514)	-	-
Cash generated from operations	9,680,077	19,497,455	9,649,740	7,424,169
Interest received	83,389	194,585	3,209,023	3,429,479
Tax paid, net of refund	(1,401,979)	(533,818)	(10,205)	(11,001)
Net cash generated from operating activities	8,361,487	19,158,222	12,848,558	10,842,647

**STATEMENT OF CASH FLOWS (CONT'D)**  
 FOR THE YEAR ENDED 31 DECEMBER 2010

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Investing activities</b>				
Acquisition of property, plant and equipment	(8,392,069)	(4,059,348)	-	-
Acquisition of land use rights	(379,567)	-	-	-
Proceeds from disposal of property, plant and equipment	5,907,715	980,561	-	-
Additional investment in subsidiary companies	-	-	(7,335,920)	-
Net cash used in investing activities	(2,863,921)	(3,078,787)	(7,335,920)	-
<b>Financing activities</b>				
Decrease in bank borrowings	(3,904,771)	(8,822,064)	(4,100,000)	(7,400,000)
Proceeds from lease creditors	2,715,880	68,266	-	-
Decrease/(increase) in fixed deposits pledged	160,376	(63,019)	-	-
Interest paid	(4,662,616)	(3,670,094)	(3,166,945)	(3,451,048)
Repayment of lease payables	(2,943,768)	(2,454,503)	-	-
Net cash used in financing activities	(8,634,899)	(14,941,414)	(7,266,945)	(10,851,048)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,137,333)</b>	<b>1,138,021</b>	<b>(1,754,307)</b>	<b>(8,401)</b>
<b>Effects of exchange rate changes on the balances of cash held in foreign currency</b>	<b>-</b>	<b>20,561</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>370,357</b>	<b>(788,225)</b>	<b>180,183</b>	<b>188,584</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>(2,766,976)</b>	<b>370,357</b>	<b>(1,574,124)</b>	<b>180,183</b>
<b>Analysis of cash and cash equivalents:</b>				
Cash and bank balances	3,898,493	6,113,803	108,515	191,018
Bank overdrafts (Note 32)	(6,665,469)	(5,743,446)	(1,682,639)	(10,835)
	(2,766,976)	370,357	(1,574,124)	180,183

The accompanying accounting policies and explanatory notes form an integral part of these financial statements.

## 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 17 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 statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 April 2011.

## 2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2010, the Group's and the Company's current liabilities exceed its current assets by RM13,120,847 and RM6,879,953 respectively. Included in the current liabilities is a term loan of RM33,500,000 which is fully repayable by 3 June 2011. These factors indicate the existence of material uncertainties which may cast significant doubt about the Group's and the Company's ability to continue as going concerns.

The financial statements of the Group and the Company have however, been prepared under the going concern basis. In the event the financial support from the Group's and the Company's lenders and suppliers is not available and the Group and the Company are not able to restructure the aforementioned term loan of RM33,500,000 as disclosed in Notes 30 and 44, the Group and the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheet. No such adjustments have been made to these financial statements.

## 3. SUMMARY OF 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. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 3.2.

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).

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

#### 3.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

- FRS 4 *Insurance Contracts*
- FRS 7 *Financial Instruments: Disclosures*
- FRS 8 *Operating Segments*
- 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*
- Improvements to FRS issued in 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*
- Technical Release *i-3 Presentation of Financial Statements of Islamic Financial Institutions*

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

#### *FRS 7 Financial Instruments: Disclosures*

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 *Financial Instruments: Disclosure and Presentation*. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 31 December 2010.

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

#### 3.2 Changes in Accounting Policies (cont'd)

##### *FRS 101 Presentation of Financial Statements (Revised)*

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 41).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

##### *FRS 139 Financial Instruments: Recognition and Measurement*

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

- Impairment of Trade Receivables

Prior to 1 January 2010, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate. As at 1 January 2010, the Group and the Company has remeasured the allowance for impairment losses as at that date in accordance with FRS 139 without making any adjustments to the opening balance of retained earnings as at that date.

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

#### 3.3 Standards Issued but Not Yet Effective

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
	FRS 1 (Revised)
Amendments to FRS 132 <i>Classification of Rights Issues</i>	1 March 2010
FRS 1 <i>First-time Adoption of Financial Reporting Standards</i>	1 July 2010
FRS 3 <i>Business Combinations (revised)</i>	1 July 2010
Amendments to FRS 2 <i>Share-based Payment</i>	1 July 2010
Amendments to FRS 5 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 July 2010
Amendments to FRS 127 <i>Consolidated and Separate Financial Statements</i>	1 July 2010
Amendments to FRS 138 <i>Intangible Assets</i>	1 July 2010
Amendments to IC Interpretation 9 <i>Reassessment of Embedded Derivatives</i>	1 July 2010
IC Interpretation 12 <i>Service Concession Arrangements</i>	1 July 2010
IC Interpretation 16 <i>Hedges of a Net Investment in a Foreign Operation</i>	1 July 2010
IC Interpretation 17 <i>Distributions of Non-cash Assets to Owners</i>	1 July 2010
Amendment to IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	30 August 2010
Technical Release 3 <i>Guidance on Disclosures of Transition to IFRS</i>	31 December 2010
Amendments to FRS 1 <i>Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters</i>	1 January 2011
Amendments to FRS 1 <i>Additional Exemptions for First-time Adopters</i>	1 January 2011
Amendments to FRS 2 <i>Group Cash-settled Share-based Payment Transactions</i>	1 January 2011
Amendments to FRS 7 <i>Improving Disclosures about Financial Instruments</i>	1 January 2011
Amendments to FRSs <i>Improvements to FRSs (2010)</i>	1 January 2011
Amendments to IC Interpretation 13 <i>Improvements to FRSs (2010)</i>	1 January 2011
IC Interpretation 4 <i>Determining Whether an Arrangement Contains a Lease</i>	1 January 2011
IC Interpretation 18 <i>Transfers of Assets from Customers</i>	1 January 2011
Technical Release i-4 <i>Shariah Compliant Sale Contracts</i>	1 January 2011
Amendments to IC Interpretation 14 <i>Prepayments of a Minimum Funding Requirement</i>	1 July 2011
IC Interpretation 19 <i>Extinguishing Financial Liabilities with Equity Instruments</i>	1 July 2011
FRS 124 <i>Related Party Disclosures</i>	1 January 2012
IC Interpretation 15 <i>Agreements for the Construction of Real Estate</i>	1 January 2012

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

#### 3.3 Standards Issued but Not Yet Effective (cont'd)

Except for the changes in accounting policies arising from the adoption of IC Interpretation 15 and the new disclosures requirement under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of IC Interpretation 15 is described below.

##### *IC Interpretation 15 Agreements for the Construction of Real Estate*

This Interpretation clarifies when and how revenue and related expenses from the sale of a real estate units should be recognised if an agreement between a developer and a buyer is reached before the construction of the real estate is completed. Furthermore, the Interpretation provides guidance on how to determine whether an agreement is within the scope of FRS 111 Construction Contracts or FRS 118 Revenue.

The Group currently recognises revenue arising from property development projects using the stage of completion method. Upon the adoption of IC Interpretation 15, the Group may be required to change its accounting policy to recognise such revenues at completion, or upon or after delivery. The Group is in the process of making an assessment of the impact of this Interpretation.

#### 3.4 Subsidiaries and Basis of Consolidation

##### (a) *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

##### (b) *Basis of Consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

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

#### 3.4 Subsidiaries and Basis of Consolidation (cont'd)

##### (b) *Basis of Consolidation (cont'd)*

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination 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 business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 3.8. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Subsidiaries 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.

#### 3.5 Foreign Currency

##### (a) *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.

##### (b) *Foreign Currency Transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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.

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

#### 3.6 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Capital work-in-progress are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

#### 3.7 Investment Properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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.

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

#### 3.7 Investment Properties (cont'd)

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.6 up to the date of change in use.

#### 3.8 Intangible Assets

##### *Goodwill*

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

#### 3.9 Construction Contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

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

#### 3.9 Construction Contracts (cont'd)

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

#### 3.10 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.

##### (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 profit or loss 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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in the profit or loss is classified as progress billings within trade payables.

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

#### 3.11 Impairment of Non-financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

#### 3.12 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate 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.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate'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's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

#### 3.12 Associates (cont'd)

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Company's separate financial statements, investments in associates 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.

#### 3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

#### 3.14 Employee Benefits

##### (a) *Short Term Benefits*

Wages, salaries, bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

##### (b) *Defined Contribution Plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

#### 3.14 Employee Benefits (cont'd)

##### (c) *Employee Share Option Plans*

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

#### 3.15 Leases

##### (a) *As Lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

##### (b) *As Lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.16(h).

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

#### 3.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

##### (a) *Sale of Goods*

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

##### (b) *Rendering of Services*

Revenue from the installation of fire prevention equipment is recognised by reference to the stage of completion at the reporting date. Stage of completion is determined by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

##### (c) *Sale of Properties*

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 3.10(ii).

##### (d) *Construction Contracts*

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 3.9.

##### (e) *Interest Income*

Interest income is recognised using the effective interest method.

##### (f) *Management Fees*

Management fees are recognised when services are rendered.

##### (g) *Dividend Income*

Dividend income is recognised when the Group's right to receive payment is established.

##### (h) *Rental Income*

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

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

#### 3.17 Income Taxes

##### (a) *Current Tax*

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (b) *Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

#### 3.17 Income Taxes (cont'd)

##### (b) *Deferred Tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### 3.18 Financial Assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the category only includes loans and receivable.

##### (a) *Loans and Receivables*

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

#### 3.19 Impairment of Financial Assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

##### (a) *Trade and Other Receivables and Other Financial Assets Carried at Amortised Cost*

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### 3.20 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

#### 3.21 Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

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

#### 3.21 Financial Liabilities (cont'd)

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. The Group and the Company determine the classification of their financial liabilities at initial recognition, and the category only includes other financial liabilities.

##### (a) *Other Financial Liabilities*

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 3.22 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.

#### 3.23 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 3.11.

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

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

#### 3.24 Segment Reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

#### 3.25 Share Capital and Share Issuance Expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 liabilities and property development costs of the Group as at 31 December 2010 are RM5,404,189 (2009: RM9,285,531) and RM21,839,558 (2009: RM23,877,409) 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 2010 was RM840,968.

## 5. 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.

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Sales of goods and provision of services and maintenance	72,409,240	77,931,656	-	-
Sales of development properties	8,068,429	4,762,109	-	-
Transportation and handling fees	2,317,519	2,753,480	-	-
Hiring of plant and machinery	74,361	18,240	-	-
Administrative fee charged to subsidiary companies	-	-	258,000	258,000
	82,869,549	85,465,485	258,000	258,000

## 6. OTHER INCOME

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Gain on disposal of property, plant and equipment	60,510	269,288	-	-
Gain on disposal of subsidiary companies	4,962	683	-	-
Gain in foreign exchange				
– realised	22,055	139,592	-	-
– unrealised	-	62,279	-	-
Interest income	83,389	194,585	3,209,023	3,429,479
Rental income	718,174	409,640	-	-
Reversal of allowance for impairment of trade receivables	322,064	-	-	-
Sundry income	89,839	139,700	-	-
Waiver of debts by trade payables	35	-	-	-
	1,301,028	1,215,767	3,209,023	3,429,479

**7. FINANCE COSTS**

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Interest expense on:				
Bank borrowings	4,044,748	2,905,584	3,166,945	3,451,048
Hire purchase	617,868	764,480	-	-
Others	-	30	-	-
<b>Total interest expense</b>	<b>4,662,616</b>	<b>3,670,094</b>	<b>3,166,945</b>	<b>3,451,048</b>

**8. LOSS BEFORE TAX**

In addition to amounts disclosed in Notes 6 and 7, the following amounts have been included in arriving at loss before tax:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amortisation of land use rights	244,757	194,847	-	-
Auditors' remuneration:				
Statutory audits:				
– current year	135,804	123,024	21,500	13,000
– underprovision in prior year	17,390	2,938	8,500	-
Bad debts written off	431,483	601	-	-
Depreciation of property, plant and equipment	4,084,730	3,936,180	-	-
Employee benefits expense (Note 9)	8,366,142	8,664,835	24,000	25,320
Gain on foreign exchange	22,055	-	-	-
Impairment loss on amount due from related companies	-	-	7,828,143	-
Impairment loss on investment in associate companies	-	-	96,000	-
Impairment loss on investment in subsidiary companies	-	-	50,010	-
Impairment loss on other investment	89,092	4,500,000	-	4,500,000
Impairment loss on quarry development expenditure	-	2,232,569	-	-
Impairment loss on trade receivables	296,404	-	-	-
Inventories written off	-	11,606	-	-
Investment in associated companies written off	-	-	-	30,003
Investment in subsidiary companies written off	-	-	38	16
Loss on disposal of investment	-	6,698	-	-
Non-executive directors' remuneration:				
– current year (Note 10)	60,070	53,200	60,070	53,200
Property, plant and equipment written off	33,150	22,266	-	-
Rental expenses	741,830	391,102	-	-

9. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Wages and salaries	7,364,144	7,678,978	24,000	24,000
Social security contributions	95,221	60,499	-	-
Contributions to defined contribution plan	644,739	647,238	-	-
Other benefits	262,038	278,120	-	1,320
	8,366,142	8,664,835	24,000	25,320

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM24,000 (2009: RM104,877) and RM24,000 (2009: RM25,320) respectively as further disclosed in Note 10.

10. DIRECTORS' REMUNERATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive directors' remuneration (Note 9):				
Fees	24,000	24,000	24,000	24,000
Other emoluments	-	80,877	-	1,320
	24,000	104,877	24,000	25,320
Non-executive directors' remuneration (Note 8):				
Fees	60,000	52,000	60,000	52,000
Overprovision in prior year	-	-	-	-
Other emoluments	70	1,200	70	1,200
	60,070	53,200	60,070	53,200
Total directors' remuneration including benefits-in-kind (Note 36(b))	84,070	158,077	84,070	78,520

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

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

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Executive:				
Salaries and other emoluments	-	72,780	-	1,320
Fees	24,000	24,000	24,000	24,000
Defined contribution plan	-	7,920	-	-
Social security contributions	-	177	-	-
	24,000	104,877	24,000	25,320
Non-Executive:				
Fees	60,000	52,000	60,000	52,000
Overprovision in prior year	-	-	-	-
Other emoluments	70	1,200	70	1,200
	60,070	53,200	60,070	53,200
Total directors' remuneration	84,070	158,077	84,070	78,520

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	
	2010	2009
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	3	4 *

\* Include a director who has resigned

## 11. INCOME TAX EXPENSE

### Major Components of Income Tax Expense

The major components of income tax expense for the years ended 31 December 2010 and 2009 are:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Current income tax:				
Malaysian income tax	394,164	1,192,775	-	-
(Over)/under provision in prior years	(26,943)	77,737	-	-
	367,221	1,270,512	-	-
Deferred tax: (Note 31)				
Relating to origination and reversal of temporary differences	422,996	452,389	-	-
Relating to reduction in Malaysia income tax rate	-	(20,998)	-	-
Under provision in prior years	101,176	2,457	-	-
	524,172	433,848	-	-
	891,393	1,704,360	-	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2009: 25%) of the estimated assessable profit for the year.

**11. INCOME TAX EXPENSE (cont'd)**
**Reconciliation Between Tax Expense and Accounting Profit**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 2009 are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Loss before tax	(1,531,452)	(5,420,286)	(7,916,931)	(4,536,854)
Taxation at Malaysian Statutory rate of 25% (2009: 25%)	(382,863)	(1,355,073)	(1,979,233)	(1,134,214)
Effect of lower income tax rate	-	(52,303)	-	-
Effect on opening deferred tax of reduction in income tax rate	-	(20,998)	-	-
Expenses not deductible for tax purposes	716,326	1,759,274	2,096,392	1,264,444
Income not subject to tax	(28,136)	(32,388)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances and tax losses	(164,604)	(219,346)	(117,159)	(130,230)
Deferred tax assets not recognised during the year	676,437	1,545,000	-	-
Under provision of deferred tax in prior years	101,176	2,457	-	-
(Over)/under provision of income tax in prior years	(26,943)	77,737	-	-
Income tax expense recognised in profit or loss	891,393	1,704,360	-	-

**12. EARNINGS PER SHARE**
**(a) Basic**

Basic loss per share amounts are calculated by dividing the loss 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:

	<b>2010</b>	<b>2009</b>
Loss attributable to ordinary equity holders of the Company (RM)	(2,422,845)	(7,124,646)
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Basic loss per share for (loss)/profit for the year (sen)	(5.0)	(14.8)

12. EARNINGS PER SHARE (cont'd)

(b) Diluted

For the purpose of calculating diluted loss per share, the loss 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:

	2010	2009
Loss attributable to ordinary equity holders of the Company (RM)	(2,422,845)	(7,124,646)
Weighted average number of ordinary shares in issue	48,092,000	48,092,200
Effects of dilution:		
Warrants *	-	-
Options *	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	48,092,000	48,092,200
Diluted loss per share for loss for the year (sen)	(5.0)	(14.8)

\* expired on 4 February and 25 February 2009 respectively.

13. INTANGIBLE ASSET

	Group	
	2010 RM	2009 RM
<b>Goodwill</b>		
<b>Cost</b>		
At 1 January and 31 December	840,968	840,968
Accumulated amortisation and impairment		
At 1 January and 31 December	-	-
Net carrying amount		
At 31 December	840,968	840,968

## 14. 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 2010	185,027	9,348,732	68,044,883	26,520,655	406,395	104,505,692
Additions	2,507	36,710	2,214,380	6,138,472	-	8,392,069
Disposals/written off	-	(450,000)	(6,403,608)	(2,722,498)	-	(9,576,106)
Reclassification	-	225,739	-	-	(225,739)	-
At 31 December 2010	187,534	9,161,181	63,855,655	29,936,629	180,656	103,321,655
<b>Accumulated depreciation</b>						
At 1 January 2010	-	4,657,273	42,680,177	2,143,009	-	49,480,459
Charge for the year	-	379,174	3,196,404	509,152	-	4,084,730
Disposals/written off	-	(7,500)	(3,688,181)	(70)	-	(3,695,751)
At 31 December 2010	-	5,028,947	42,188,400	2,652,091	-	49,869,438
<b>Net carrying amount</b>						
	187,534	4,132,234	21,667,255	27,284,538	180,656	53,452,217

14. 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 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

**14. 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:

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Plant, machinery and motor vehicles	16,080,815	15,435,390

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

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Buildings	816,870	854,804

- (c) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM8,392,069 (2009: RM4,431,606) of which RM3,031,986 (2009: RM372,258) were acquired by means of hire purchase arrangement.

**15. LAND USE RIGHTS**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	9,778,630	9,778,630
Additions	379,567	-
At 31 December	10,158,197	9,778,630
<b>Accumulated depreciation</b>		
At 1 January	1,650,910	1,427,632
Amortisation for the year (Note 8)	244,757	194,847
Adjustment	-	28,431
At 31 December	1,895,667	1,650,910
<b>Net carrying amount</b>	8,262,530	8,127,720
Amount to be amortised:		
– Not later than one year	244,756	195,564
– Later than one year but not later than five years	979,024	782,256
– Later than five years	7,038,750	7,149,900

- (a) The net carrying amounts of prepaid land lease payments pledged as securities for borrowings are RM3,225,527 (2009: RM3,607,875).
- (b) Certain long leasehold land of the Group with net carrying amounts of RM2,641,687 (2009: RM2,610,513) are held in trust by third parties, who are former Director or staff of a subsidiary company.

16. QUARRY DEVELOPMENT EXPENDITURE

	Group	
	2010 RM	2009 RM
At 1 January	-	1,019,087
Impairment loss	-	(1,019,087)
	-	-

17. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2010 RM	2009 RM
Unquoted shares at cost	48,737,347	41,401,427
Written off	(38)	-
Impairment loss	(50,010)	-
	48,687,299	41,401,427

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	
		2010	2009
<b><i>Held by the Company:</i></b>			
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%

17. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2010	2009
<b><i>Held by the Company:</i></b>			
Linear Excellent Sdn. Bhd. *#	Contractor	100%	100%
Tani Kukuh Sdn. Bhd. *#	Investment holding	100%	100%
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%
Uni-Mix Concrete Products Sdn. Bhd. *#	Manufacturing and trading of reinforced concrete tiles	100%	100%
Puncak Luyang Management Services Sdn. Bhd. * #	Inactive	100%	100%
Puncak Luyang Sdn. Bhd. **	Project management and property developer.	100%	100%
<b><i>Held through subsidiary companies:</i></b>			
<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 & Young, Malaysia

\*\* Audited by firms other than Ernst & 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

18. INVESTMENT IN ASSOCIATE COMPANIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Unquoted shares at cost	96,000	96,000	96,000	96,000
Less:				
– Impairment loss	(96,000)	-	(96,000)	-
– Share of post-acquisition reserves	-	(96,000)	-	-
	-	-	-	96,000

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	
		2010	2009
B.I.G. Oil and Gas Sdn. Bhd.	Sale of industrial gases	30%	30%

The summarised financial information of the associate company, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2010 RM	2009 RM
<b>Assets and liabilities</b>		
Total assets	21,425	50,481
Total liabilities	117,712	132,830
<b>Results</b>		
Revenue	-	-
Loss for the year	(13,938)	(17,176)

19. OTHER INVESTMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Unquoted investments:</b>				
Unquoted shares at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(1,866,212)	(1,777,120)	-	-
	361,445	450,537	-	-
Golf and country club membership at cost	75,000	75,000	-	-
	436,445	525,537	-	-

20. 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 2010:</b>	
<b>Cost</b>	
At 1 January 2010	5,140,883
Addition	-
At 31 December 2010	<u>5,140,883</u>
<b>At 31 December 2009:</b>	
<b>Cost</b>	
At 1 January 2009	5,102,363
Addition	38,520
At 31 December 2009	<u>5,140,883</u>

(b) Property Development Costs

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>At 31 December 2010</b>			
<b>Cumulative Property Development costs:</b>			
At 1 January 2010	6,114,450	43,167,788	49,282,238
Cost incurred during the year	-	6,999,853	6,999,853
At 31 December 2010	<u>6,114,450</u>	<u>50,167,641</u>	<u>56,282,091</u>
<b>Cumulative costs recognised in profit or loss</b>			
At 1 January 2010	3,281,252	22,123,577	25,404,829
Recognised during the year	-	9,037,704	9,037,704
At 31 December 2010	<u>3,281,252</u>	<u>31,161,281</u>	<u>34,442,533</u>
Property development costs at 31 December 2010	<u>2,833,198</u>	<u>19,006,360</u>	<u>21,839,558</u>

20. 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 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)
At 31 December 2009	6,114,450	43,167,788	49,282,238
<b>Cumulative costs recognised in profit or loss</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
At 31 December 2009	3,281,252	22,123,577	25,404,829
Property development costs at 31 December 2009	2,833,198	21,044,211	23,877,409

21. INVESTMENT PROPERTY

	<b>Group</b>	
	<b>2010 RM</b>	<b>2009 RM</b>
At 1 January	5,981,084	4,000,000
Additions	332,549	-
Transfer from property development cost	-	1,981,084
At 31 December	6,313,633	5,981,084

## 22. INVENTORIES

	Group	
	2010 RM	2009 RM
<b>At cost:</b>		
Industrial gases	1,571,088	1,527,325
Welding equipment and construction materials	2,675,347	2,937,241
Raw materials	1,471,488	1,513,125
Spare parts and consumables	541,279	719,978
Stone	788,770	1,236,298
Goods in transit	75,820	63,669
	7,123,792	7,997,636
<b>At net realisable value:</b>		
Properties held for sale	525,246	525,246
	7,649,038	8,522,882

## 23. TRADE RECEIVABLES

	Group	
	2010 RM	2009 RM
Third parties	29,905,735	25,900,333
Less: Allowance for impairment	(3,059,777)	(3,085,437)
	26,845,958	22,814,896

Trade receivables are non-interest bearing and are generally from 14 to 180 days (2009: 14 to 180 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case-by-case basis.

Of RM29,905,735 (2009: RM25,900,333) trade receivables which are neither past due nor impaired and past due but not impaired, RM3,059,777 (2009: RM3,085,437) is impaired. The detailed ageing analysis of the Group's trade receivables is not disclosed as the information is not available.

### Receivables that are Neither Past Due Nor Impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

### Receivables that are Past Due but Not Impaired

The Company's trade receivables that are past due at the reporting date but not impaired are with creditworthy debtors.

23 . TRADE RECEIVABLES (cont'd)

**Receivables that are Impaired**

The Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Company Individually impaired</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
Trade receivables-nominal amounts	3,059,777	3,085,437
Less: Allowance for impairment	(3,059,777)	(3,085,437)
	-	-
Movement in allowance accounts:		
At 1 January	3,085,437	3,085,437
Charge for the year (Note 8)	296,404	-
Reversal of impairment losses (Note 6)	(322,064)	-
At 31 December	3,059,777	3,085,437

**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..

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 2009, 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.

The case is still pending.

## 23 . TRADE RECEIVABLES (cont'd)

### Material Litigation

- (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 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 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 against Dapan Construction Sdn. Bhd. for supply of ready mixed cement.

The case is still pending.

## 24. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other receivables	5,713,545	8,179,966	87,004	77,080
Less: Allowance for impairment	(1,351,025)	(1,351,025)	(20,848)	(20,848)
	4,362,520	6,828,941	66,156	56,232
Deposits	1,456,793	1,299,679	37,992	6,674
Prepayments	938,720	799,282	-	-
Current tax assets	431,930	142,986	-	-
	7,189,963	9,070,888	104,148	62,906

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

25. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Amount due from subsidiary companies	-	-	46,678,420	53,167,694
Amount due from associated company	-	-	1,101	1,414
Less: Allowance for impairment	-	-	(7,828,143)	-
	-	-	38,851,378	53,169,108
Amount due to subsidiary companies	-	-	(7,689,666)	(5,046,802)
Amount due to associated company	(44,642)	(44,642)	-	-
	(44,642)	(44,642)	(7,689,666)	(5,046,802)
	(44,642)	(44,642)	31,161,712	48,122,306

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% (2009: 6.27% ) per annum and are repayable on demand.

26. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group	
	2010 RM	2009 RM
Fixed deposits with licensed banks: – Pledged	680,041	837,362

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% (2009: 4.0%) and the maturities of deposits as at 31 December 2010 is 365 days (2009: 365 days).

27. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each		Share capital (issued and fully paid)	
			Share capital (issued and fully paid)	
	2010	2009	2010 RM	2009 RM
At 1 January and 31 December	48,092,200	48,092,200	48,092,200	48,092,200

Warrants 2004/2009 and Employee Share Option Scheme (“ESOS”)

The Warrants 2004/2009 and ESOS expired on 4 February and 25 February 2009 respectively. The salient features of the Warrants 2004/2009 and ESOS are no longer disclosed.

**28. RESERVES**

Movements in reserves are shown in the statement 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 31 December 2009, the Company's Section 108 balance and tax exempt profits was sufficient to pay distribute dividends out of entire retained profits of the Company without incurring any additional tax liability. As at 31 December 2010, the Company has no retained profits to declare any dividends.

**29. LEASE PAYABLES**

	<b>Group</b>	
	<b>2010</b>	<b>2009</b>
	<b>RM</b>	<b>RM</b>
<b>Future minimum lease payments:</b>		
Not later than 1 year	3,787,579	3,250,709
Later than 1 year and not later than 2 years	3,685,370	3,108,441
Later than 2 years and not later than 5 years	2,541,549	4,087,637
Later than 5 years	43,675	-
Total future minimum lease payments	10,058,173	10,446,787
Less: Future finance charges	(950,117)	(1,110,843)
Present value of finance lease liabilities	9,108,056	9,335,944
Analysis of present value of finance lease liabilities:		
Not later than 1 year	3,282,978	2,699,569
Later than 1 year and not later than 2 years	3,410,328	2,762,119
Later than 2 years and not later than 5 years	2,374,728	3,874,256
Later than 5 years	40,022	-
	9,108,056	9,335,944
Less: Amount due within 12 months	(3,439,024)	(2,699,569)
Amount due after 12 months	5,669,032	6,636,375

The lease payables bear interest at rates ranging from 2.35% to 6.0% (2009: 2.35% to 6.0%) per annum.

30. TERM LOANS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Secured	1,722,160	951,408	-	-
Unsecured	33,500,000	38,500,000	33,500,000	38,500,000
	35,222,160	39,451,408	33,500,000	38,500,000
Repayable within 12 months	33,827,495	38,722,913	33,500,000	38,500,000
Repayable after 12 months	1,394,665	728,495	-	-
	35,222,160	39,451,408	33,500,000	38,500,000

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 14. The weighted average interest rates for term loans are as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 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 RM33,500,000 which is presented as repayable within 12 months as the term loan is repayable by 3 June 2011 and there is no further extension of time given by the lender. However, subsequent to balance sheet date, the Company has sought the assistance of the Corporate Debt Restructuring Committee (“CDRC”) to negotiate for a further extension of time as disclosed in Note 44.

31. DEFERRED TAXATION

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
At 1 January	810,314	376,466	-	-
Recognised in profit or loss (Note 11)	422,996	431,391	-	-
Under provided in prior year (Note 11)	101,176	2,457	-	-
At 31 December	1,334,486	810,314	-	-

Presented after appropriate offsetting as follows:

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Deferred tax assets	-	-	-	-
Deferred tax liabilities	1,334,486	810,314	-	-
	1,334,486	810,314	-	-

### 32. BANK OVERDRAFTS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Secured	6,665,469	5,743,446	1,682,639	10,835

The weighted average effective interest rates for the Group were 7.75% to 8.25% (2009: 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 Notes 14 and 15.

### 33. BORROWINGS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
<b>Secured:</b>				
Bill payables	2,772,482	3,290,467	-	-
Revolving credits	2,500,000	2,900,000	-	-
	5,272,482	6,190,467	-	-
<b>Unsecured:</b>				
Bill payables	2,191,000	2,335,000	-	-
Revolving credits	5,986,462	4,600,000	2,500,000	1,600,000
	8,177,462	6,935,000	2,500,000	1,600,000
<b>Total borrowings:</b>				
Bill payables	4,963,482	5,625,467	-	-
Revolving credits	8,486,462	7,500,000	2,500,000	1,600,000
	13,449,944	13,125,467	2,500,000	1,600,000
Presented as:				
Amount due within 12 months	13,349,944	13,125,467	2,500,000	1,600,000
Amount due after 12 months	100,000	-	-	-
	13,449,944	13,125,467	2,500,000	1,600,000

### 33. BORROWINGS (cont'd)

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

	Group		Company	
	2010	2009	2010	2009
Bill payables	1% to 4.02%	1% to 4.02%	-	-
Revolving credits	4.8% to 8.5%	4.8% to 8.5%	4.83%	4.83%

The secured revolving credits, trust receipts and term loans of the Group are secured by certain assets of the Group as disclosed in Notes 14 and 15.

### 34. TRADE PAYABLES

	Group	
	2010 RM	2009 RM
Trade payables	7,486,834	6,001,562
Progress billings in respect of property development costs	5,404,189	9,285,531
	12,891,023	15,287,093

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

### 35. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2010 RM	2009 RM	2010 RM	2009 RM
Other payables	4,721,911	2,095,170	550,854	15,460
Deposit	1,943,590	1,539,491	-	-
Accruals	4,332,075	3,440,660	20,835	23,085
	10,997,576	7,075,321	571,689	38,545

### 36. 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	
	2010 RM	2009 RM
<b>(a) Transactions with Subsidiary Companies</b>		
<b>(i) Income</b>		
Administrative fee from:		
– Alpha Billion Sdn. Bhd.	12,000	24,000
– B.I.G. Bahtera Sdn. Bhd.	-	42,000
– B.I.G. Construction Sdn. Bhd.	-	6,000
– B.I.G. Industrial Gas Sdn. Bhd.	120,000	72,000
– B.I.G. Marketing Sdn. Bhd.	-	6,000
– Hypervictory Sdn. Bhd.	-	18,000
– Kinalaju Supply Sdn. Bhd.	-	6,000
– Linear Excellent Sdn. Bhd.	-	6,000
– Lumanai Sdn. Bhd.	-	18,000
– Sistem SDS Sdn. Bhd.	-	42,000
– Uni-Mix Sdn. Bhd.	48,000	18,000
– Uni-Mix Concrete Products Sdn. Bhd.	36,000	-
– Puncak Luyang Sdn. Bhd.	42,000	-
Interest income from:		
– Alpha Billion Sdn. Bhd.	1,178,438	1,354,619
– B.I.G. Communication Sdn. Bhd.	337,508	317,048
– B.I.G. Constructions Sdn. Bhd.	137,045	128,569
– B.I.G. Ferry Services Sdn. Bhd.	-	105
– B.I.G. Industrial Gas Sdn. Bhd.	812,945	774,949
– B.I.G. Marketing Sdn. Bhd.	-	3,481
– B.I.G. Offshore Services Sdn. Bhd.	-	279
– Besitek Konsortium Sdn. Bhd.	-	6,396
– Beta Billion Sdn. Bhd.	-	98
– Hypervictory Sdn. Bhd.	487,950	473,183
– Kinalaju Sdn. Bhd.	20,037	18,655
– Lumanai Sdn. Bhd.	92,389	130,659
– Matang Million Sdn. Bhd.	-	96
– Puncak Luyang Management Services Sdn. Bhd.	-	96
– Puncak Luyang Sdn. Bhd.	60,374	87,866
– Sistem SDS Sdn. Bhd.	74,159	105,174
– Tani Kukuh Sdn. Bhd.	3,429	3,221
– Uni-Mix Concrete Products Sdn. Bhd.	1,153	22,232
– Alpha Billion Management Services Sdn. Bhd.	-	30
– Uni-Mix Sdn. Bhd.	2,233	-

**36. RELATED PARTY DISCLOSURES (cont'd)**

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	
	2010 RM	2009 RM
<b>(a) Transactions with Subsidiary Companies (cont'd)</b>		
<b>(ii) Investment</b>		
Addition of ordinary shares holding in:		
– Alpha Billion Sdn. Bhd.	3,900,000	-
– Lumanai Sdn. Bhd.	2,250,100	-
– Uni-Mix Sdn. Bhd.	1,185,820	-

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	
	2010 RM	2009 RM	2010 RM	2009 RM
Short term employee benefits	84,070	429,947	84,070	78,520
Post-employment benefits: Defined contribution plan	-	41,412	-	-
	84,070	471,359	84,070	78,520
Included in the total key management personnel are:				
Directors' remuneration (Note 10)	84,070	158,077	84,070	78,520

### 37. COMMITMENTS

#### Operating Lease Commitments – As Lessee

In addition to the land use rights disclosed in Note 15, the Group has entered into commercial leases on certain land, office premises and equipment. These leases have an average tenure of between one and five years with no renewal option or contingent rent provision included in the contracts. The Group is restricted from subleasing the leased office premises to third parties.

Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 31 December 2010 amounted to RM986,587 (2009: RM585,949).

At the reporting date, future minimum rentals payable under non-cancellable operating leases (excluding land use rights) which do not include those of two subsidiary companies as the information is not available, are as follows:

	Group	
	2010 RM	2009 RM
Not later than one year	193,064	181,264
Later than one year but not later than five years	116,632	206,176
	309,696	387,440

### 38. CONTINGENT LIABILITIES

	Group	
	2010 RM	2009 RM
Guarantees for banking facilities granted to subsidiary companies	34,650,000	38,693,10

As at 31 December 2010, the amount of banking facilities utilised, which were supported by the above guarantees, is RM16,727,062 (2009: RM18,706,532).

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS

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 Carrying amount RM	Group Fair value RM	Company Carrying amount RM	Company Fair value RM
<b>Financial assets</b>					
At 31 December 2010:					
Investment in golf club membership	19	75,000	*	-	-
Investment in unquoted shares	19	361,445	*	-	-
Investment in bond	19	-	*	-	-
At 31 December 2009:					
Investment in golf club membership	19	75,000	*	-	-
Investment in unquoted shares	19	450,537	*	-	-
Investment in bond	19	-	*	-	-
<b>Financial liabilities</b>					
At 31 December 2010:					
Term loans	30	35,222,160	**	33,500,000	**
At 31 December 2009:					
Term loans	30	39,451,408	**	38,500,000	**

\* 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.

### 39. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

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/ national amount RM	Net fair value RM
At 31 December 2010:			
Contingent liabilities	38	34,650,000	***
At 31 December 2009:			
Contingent liabilities	38	38,693,100	***

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

### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks comprise interest rate risk, foreign currency risk, liquidity risk and credit risk.

The Board of Directors reviews and agrees policies and procedures for the management of this risk. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risk and the objectives, policies and processes for the management of this risk.

#### (a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

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 2010. 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(b) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates.

The Group is predominantly exposed to two foreign currencies namely Brunei Dollar.

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 2010:		
Trade receivables <i>Ringgit Malaysia</i>	473,714	473,714
Cash and bank balances <i>Ringgit Malaysia</i>	212,259	212,259
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

(c) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### (c) Liquidity Risk (cont'd)

##### Analysis of Financial Instruments by Remaining Contractual Maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year	2010 RM		Total
		One to five year	Over five years	
<b>Group</b>				
<b>Financial liabilities:</b>				
Bank overdrafts	6,665,469	-	-	6,665,469
Term loans	33,827,495	894,665	500,000	35,222,160
Borrowings	13,349,944	100,000	-	13,449,944
Trade payables	12,891,023	-	-	12,891,023
Other payables, deposits and accruals	10,997,576	-	-	10,997,576
Amount due to related companies	44,642	-	-	44,642
Lease payables	3,439,024	5,629,010	40,022	9,108,056
Total undiscounted financial liabilities	81,215,173	6,623,675	540,022	88,378,870
<b>Company</b>				
<b>Financial liabilities:</b>				
Bank overdrafts	1,682,639	-	-	1,682,639
Term loans	33,500,000	-	-	33,500,000
Borrowings	2,500,000	-	-	2,500,000
Other payables, deposits and accruals	571,689	-	-	571,689
Amount due to related companies	7,689,666	-	-	7,689,666
Total undiscounted financial liabilities	45,943,994	-	-	45,943,994

##### (d) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing with good credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades with good creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures and receivable balances are monitored on an ongoing basis.

#### 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

##### (d) Credit Risk (cont'd)

###### *Exposure to Credit Risk*

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade receivables is disclosed in Note 23.

###### *Credit Risk Concentration Profile*

The Group and Company 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 instruments.

###### *Financial Assets that are Neither Past Due Nor Impaired*

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### 41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2010 and 31 December 2009.

The Group is not subject to any externally imposed capital requirements.

#### 41. CAPITAL MANAGEMENT (cont'd)

##### Analysis

	Note	Group		Company	
		2010 RM	2009 RM	2010 RM	2009 RM
Lease payables	29	9,108,056	9,335,944	-	-
Borrowings	33	13,449,944	13,125,467	2,500,000	1,600,000
Term loans	30	35,222,160	39,451,408	33,500,000	38,500,000
Bank overdrafts	32	6,665,469	5,743,446	1,682,639	10,835
Trade payables	34	12,891,023	15,287,093	-	-
Other payables and accruals	35	10,997,576	7,075,321	571,689	38,545
Less: – Fixed deposits with licensed banks and financial institutions	26	680,041	837,362	-	191,018
– Cash and bank balances		3,898,493	6,113,803	108,515	-
Net debt		83,755,694	83,067,514	38,362,843	40,340,398
Total capital:					
– Equity attributable to equity holders of the Company		52,827,646	55,250,491	41,807,346	49,724,277
Capital and net debt		136,583,340	138,318,005	80,170,189	90,064,675
Gearing ratio		61%	60%	48%	45%

#### 42. 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.

42. SEGMENT INFORMATION (cont'd)

(a) Business Segments (cont'd)

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 2010</b>						
<b>Revenue</b>						
Sales to external customers	36,539,796	38,261,324	8,068,429	-	-	82,869,549
Inter-segment sales	-	16,692,202	-	258,000	(16,950,202)	-
Total revenue	36,539,796	54,953,526	8,068,429	258,000	(16,950,202)	82,869,549
<b>Results</b>						
Segment results						3,131,164
Finance cost, net						(4,662,616)
Loss before tax						(1,531,452)
Income tax expense						(891,393)
Net loss for the year						(2,422,845)
<b>Assets</b>						
Segment assets	76,797,110	33,888,189	42,191,462	89,347,821	(99,674,855)	142,549,727
Investment in associated companies	-	-	-	96,000	(96,000)	-
Total assets						142,549,727
<b>Liabilities</b>						
Segment liabilities	42,083,907	24,902,584	35,049,343	47,365,848	(59,679,601)	89,722,081
<b>Other segment information</b>						
Amortisation	183,002	61,755	-	-	-	244,757
Depreciation	2,785,207	1,274,890	24,633	-	-	4,084,730

## 42. SEGMENT INFORMATION (cont'd)

## (a) Business Segments (cont'd)

	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

#### 43. SIGNIFICANT EVENTS

On 8 December 2010, the Company announced its proposal to reduce its existing issued and paid-up share capital comprising ordinary shares of RM1 each in the Company via the cancellation of RM0.80 from the par value of each existing ordinary share of RM1.00 in the Company pursuant to Section 64 of the Companies Act, 1965 ("Proposed Capital Reduction"). The Proposed Capital Reduction will give rise to a credit of RM38,473,760 which will be credited to the capital reserve account of the Company. The Proposed Capital Reduction will not result in any adjustment to the share price of the Company or the number of shares held by shareholders.

In addition, the Company proposed to undertake a renounceable two-call rights issue of up to RM76,947,520 nominal value of Irredeemable Convertible Unsecured Loan Stocks ("ICULS") at 100% of the nominal amount of RM0.20 each together with free detachable warrants on the basis of RM3.20 nominal value of ICULS (or equivalent to 16 ICULS) together with one warrant for every two existing shares held after the Proposed Capital Reduction on an entitlement date to be determined ("Proposed Rights Issue").

Subsequent to year end, on 8 April 2011, the Company announced that Bursa Securities had, vide its letter dated 7 April 2011, granted the approval to the Company for an extension of time until 2 July 2011 to comply with Paragraph 9.33(1)(a) of the Main Market Listing Requirements of Bursa Securities in relation to the submission of the draft Circular for the Proposed Capital Reduction and Proposed Rights Issue.

#### 44. EVENT OCCURRING AFTER REPORTING DATE

On 25 February 2011, the Company announced that the Company has applied to the CDRC to mediate between the Company and its unsecured lender for a term loan facility (refer to Note 30) and CDRC has accepted the Company's application.

The CDRC has allowed the Company a period of 6 months commencing from 25 February 2011 to complete a proposed debt restructuring scheme ("Proposed Debt Restructuring Scheme").

As at the date of this financial statement, the Proposed Debt Restructuring Scheme has not yet been completed.

#### 45. COMPARATIVE FIGURES

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

**46. SUPPLEMENTARY INFORMATION – BREAKDOWN OF REVENUE RESERVE/(ACCUMULATED LOSSES) INTO REALISED AND UNREALISED**

The breakdown of the revenue reserve/(accumulated losses) of the group and of the company as at 31 December 2010 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group 2010 RM</b>	<b>Company 2009 RM</b>
Total revenue reserve/(accumulated losses) of the Company and its subsidiaries		
– Realised	11,441,935	(6,434,967)
– Unrealised	(1,334,486)	-
	10,107,449	(6,434,967)
Less: Consolidation adjustments	(5,522,116)	-
Revenue reserve/(accumulated loss) as per financial statements	4,585,333	(6,434,967)

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	61	2.01	1,757	0.01
100 to 1,000	568	18.70	483,242	1.00
1,001 to 10,000	1,831	60.29	8,304,745	17.27
10,001 to 100,000	527	17.35	14,525,398	30.20
100,001 to 2,404,609 (*)	49	1.62	16,488,026	34.28
2,404,610 and above (**)	1	0.03	8,289,032	17.24
<b>Total</b>	<b>3,037</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 29 APRIL 2011**

No.	Name of Shareholders	No. of Shares	%
1.	Pristine Corporation Sdn Bhd	8,289,032	17.235
2.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Hoon Nin</i>	1,726,300	3.589
3.	Lee Sheng Fung	1,700,000	3.534
4.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ch'ng Wee Lan</i>	1,551,300	3.225
5.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Sheng Fung</i>	1,019,300	2.119
6.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Mohd Norizy Bin Mokhtar</i>	920,226	1.913
7.	EB Nominees (Tempatan) Sendirian Berhad (SFC) <i>Pledged Securities Account For Teoh Beng Tiang</i>	690,000	1.434
8.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Fauziahanim Binti Hj Jaffar</i>	658,200	1.368
9.	Koulandamary A/k Sinnappan	559,200	1.162
10.	Affin Nominees (Asing) Sdn Bhd <i>Pledged Securities Account For David John Mars</i>	501,000	1.041

**THIRTY (30) LARGEST SHAREHOLDERS  
AS PER THE RECORD OF DEPOSITORS AS AT 29 APRIL 2011 (cont'd)**

No.	Name of Shareholders	No. of Shares	%
11.	Hoon Nin	500,000	1.039
12.	Liang Kun Chi @ Liong Kun Chi	411,500	0.855
13.	Lu Yeep Hing	364,000	0.756
14.	Othman Bin Merican	353,000	0.734
15.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ang Poh Eng</i>	238,800	0.496
16.	Ng Yu Thian	233,700	0.485
17.	Low Yoke Choo	228,000	0.474
18.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank For Ng Wai Yuan (MY0867)</i>	227,000	0.472
19.	Teoh Yen Ping	220,000	0.457
20.	Teo Ah Seng	212,300	0.441
21.	Ha Choy Foong	203,000	0.422
22.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Kien Wi (E-KPT)</i>	200,000	0.415
23.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lim Kam Seng (IPH)</i>	200,000	0.415
24.	Chua Kim Seng	180,000	0.374
25.	Ng See Fook	180,000	0.374
26.	Chang Eng Hock	178,000	0.370
27.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Sin Huan Kwang (T-471154)</i>	170,100	0.353
28.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lai Weng Chee @ Lai Kok Chye (SS2 PJ-CL)</i>	170,000	0.353
29.	Goh King Kok	165,000	0.343
30.	Mayban Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lau Hang Nguong</i>	162,900	0.338

**LIST OF SUBSTANTIAL SHAREHOLDERS  
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 29 APRIL 2011**

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.	Lee Sheng Fung	2,719,300 (iii)	5.65	8,289,086 (ii)	17.24
3.	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 her 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.	Datuk Sawaludin Bin Md Din	-	-	-	-
2.	Mr. Lau Keat Hoo	-	-	-	-
3.	Ms. Yong Siew Kat	-	-	-	-
4.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	-	-	-	-
5.	Datuk Lee Chuen Wan	-	-	-	-

## LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2010

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	117,493	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	118,620	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	995,370	1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	38,032	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	167,078	1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	308,706	2006
7. Lot 7262, Kampong China, Serian Bazaar	A Single Storey	1	2,104	2014	240,000	2010
8. 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	343,430	1991
9. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	393,608	1992
10. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	221,787	1991
11. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	21 years	553.3	2049	47,262	1990
12. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plant	11 years	808 1,045	2919	550,283	1997
13. Lot 1950, 1951 Block 5, Kuala Baram Land District, Miri	Vacant Land	N/A	1,705.9	2056	214,933	2002

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

AS AT 31 DECEMBER 2010

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Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
14. PL 106282938 Lot 3 & 4, Jalan Bakau Off Km 9 Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 11 years	7,620	2027	492,513	1986
15. 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	31,574 169,569	1997 1996 1996 1996
16. 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	1,719,029 159,801 122,523 73,342 145,768	1996 1996 1996 1996 1998 1997 1999 2001
17. Bandar Sierra Telipok	Bandar Sierra Apartments PH3A1 PH3A2 PH3A3	3 year	N/A	N/A	Disposal Year 2010	2007 2007 2007
18. Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor	An Acetylene Plant, Refilling Plant & Office Building	62 years	6,070	2067	840,100	2007
19. Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawam Perak Darul Ridzuan	Refilling Plant & Office Building	91 years	4,092	2095	468,906	2007
20. PM3343, PT No. 9203 Telok Gong Mukim Kelang Negeri Selangor	Land	N/A	10,603	2067	6,313,633	2004
21. Bukit Cerakah Mukim Bukit Raja Negeri Selangor	Land held for development (under development)	N/A	54,635	2099	5,140,883	2004
22. CL 015331941 District & Locality of Kota Kinabalu, Sabah	Land held for development (under development)	N/A	18,212	2912	13,475,033	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

**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

**SIBU BRANCH**

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

**BINTULU BRANCH**

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

**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 FT Labuan  
Tel : 087-465 818  
Fax : 087-465 597

**SANDAKAN BRANCH**

Lot 3A, Ka Shing Industrial Centre  
Mile 7, Labuk Road  
90000 Sandakan, Sabah  
Tel : 089-672 531 / 089-672 534  
Fax : 089-672 537

**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

**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

**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

**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

**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

**ALPHA BILLION SDN. BHD.**

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

**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

**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. 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. 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



**B.I.G. INDUSTRIES BERHAD** (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 Twenty-First 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 Tuesday, 28 June 2011 at 11.00 a.m. and at any adjournment thereof.

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 2010		
2	Approval of the payment of Directors' fees		
3	Re-election of Tan Sri Dato' Dr. Lau Ban Tin as Director		
4	Re-election of Yong Siew Kat as Director		
5	Re-election of Datuk Lee Chuen Wan as Director		
6	Re-appointment of Messrs. Ernst & Young as Auditors		
7	Authorisation for Directors to allot and issue shares		

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 \_\_\_\_\_ 2011.

\_\_\_\_\_  
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 proportion of his shareholding 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** (195285-D)  
Lot 2225, Section 66, Jalan Dermaga  
Pending Industrial Estate  
93450 Kuching, Sarawak

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