



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

ANNUAL REPORT

2002



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Annual Report 2002

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ENCLOSED PROXY FORM



B.I.G. INDUSTRIES BERHAD (Company No.195285-D)
Incorporated in Malaysia

Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Monday, 16 June 2003 at 12.00 noon to transact the following matters:-

Agenda

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2002 and the Directors' and Auditors' Reports thereon. (Resolution 1)
2. To approve the payment of Directors' fees amounting to RM105,000 in respect of the year ended 31 December 2002. (Resolution 2)
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. Y. Bhg. Datuk Haji Mazelan Bin Bugo (Resolution 3)
 - ii. Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai (Resolution 4)
 - iii. Ms. Yong Siew Kat (Resolution 5)
4. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. (Resolution 6)

As Special Business

To consider and, if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:-

5. Ordinary Resolution
- Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

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

(Resolution 7)

Notice of Thirteenth Annual General Meeting (cont'd)

6. To transact any other business of which due notice shall have been given.

By Order Of The Board

HON LI CHUENG (MIA 17951)
CHAN SAU LENG (MAICSA 7012211)
Company Secretaries

Kuching, Sarawak.
23 May 2003

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 authorize such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.*
3. *An instrument appointing a proxy shall be in writing under the hand of the appointor or if the appointor is a corporation either under its common seal or under the hand of an attorney duly authorised. Where a member appoints two proxies, the appointments shall be invalid unless the number of shares to be represented by each proxy is specified.*
4. *An instrument appointing a proxy or representative must be deposited at the Registered Office of the Company, 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 Note on Special Business

Resolution Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 7 proposed under Agenda 5, if passed, will give the Directors of the Company, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. This authority, unless revoked or varied by the shareholders of the Company in a General Meeting, will expire at the conclusion of the next Annual General Meeting.

Statement Accompanying Notice of Thirteenth Annual General Meeting of the Company

1. The names of retiring Directors who are standing for re-election at the Thirteenth Annual General Meeting:

- (i) Y. Bhg. Datuk Haji Mazelan Bin Bugo
- (ii) Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
- (iii) Ms. Yong Siew Kat

2. The details of attendance of the Directors at Board Meetings

There were 7 Board Meetings held during the financial year.

The Board Meetings for the financial year ended 31 December 2002 are as tabulated below:-

Name of Directors	No. of meetings held during the year	No. of meetings attended
Y. Bhg. Datuk Haji Mazelan Bin Bugo	7	7
Mr. Wong Choon Seng	7	7
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	7	7
Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	7	4
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai	7	6
Ms. Yong Siew Kat	7	7
Tuan Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	7	6
Encik Khairil Annas Bin Jusoh	7	6

3. The Date, Time and Place of the Board Meetings

Date	Time	Venue
26.02.2002	10.00 a.m.	Conference Room Lot 2225, Section 66, Jalan Dermaga Pending Industrial Estate 93450 Kuching, Sarawak
23.04.2002	10.30 a.m.	same as above
30.05.2002	3.00 p.m.	Conference Room 19D, 4 th Floor, Block 2 Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor
24.06.2002	2.30 p.m.	Conference Room Lot 2225, Section 66, Jalan Dermaga Pending Industrial Estate 93450 Kuching, Sarawak
11.07.2002	11.00 a.m.	Conference Room 19D, 4 th Floor, Block 2 Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor
28.08.2002	3.00 p.m.	Same as above
28.11.2002	3.00 p.m.	Same as above

Statement Accompanying Notice of Thirteenth Annual General Meeting of the Company (cont'd)

4. Further details of Directors who are standing for re-election

(i) Name	Y. Bhg. Datuk Haji Mazelan Bin Bugo
Age	49
Nationality	Malaysian
Qualification	Bachelor of Science in Business Administration
Position in the Company	Independent Non-Executive Chairman
Working experience & occupation	Y. Bhg. Datuk Haji Mazelan Bin Bugo was appointed to the Board of Directors of the Company as an Independent Non-Executive Chairman since 10 April 2001. In 1976, he formed a small construction company called Jurudaya Construction Sdn. Bhd. and nurtures it into one of the largest in Sarawak. His vast working experience and technical expertise enable him to execute and manage contracts of various sizes. He has also ventured out into other business outside the construction industry like tourism. He is also the Deputy Chairman of MATA Sarawak and Council Member of Sarawak Tourist Association Sarawak.
Any other directorships of public companies	Ngiu Kee Corporation (M) Berhad
The securities holdings in the Company and its subsidiaries	None
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Statement Accompanying Notice of Thirteenth Annual General Meeting of the Company (cont'd)

4. Further details of Directors who are standing for re-election (Cont'd)

(ii) Name	Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
Age	68
Nationality	Malaysian
Qualification	- Barrister-At-Law. Admitted to the Lincoln's Inn, London to pursue studies in Law and was called to the English Bar and the Sarawak Bar.
Position in the Company	Independent Non-Executive Director
Working experience & occupation	<p>Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai was appointed to the Board of the Company on 16 February 2001. He started his legal career as a practising Advocate in Sarawak. Whilst practising as an Advocate, Y. Bhg. Tan Sri Amar Chong was the President of the Sarawak Advocates' Association from 1975 to 1979. He was appointed a Judge of the High Court in Sabah and Sarawak and served in the High Court in Kuching, Kota Kinabalu and Sibu from 1980 to 1994. In 1994, Y. Bhg. Tan Sri Datuk Amar Chong was elevated to the Federal Court of Malaysia. In 1995, he was appointed the Chief Judge of the High Court in Sabah and Sarawak and a Judge of the Special Court established under Article 182(1) of the Federal Constitution of Malaysia until his retirement in July 2001. He was also a member of the Judicial and Legal Service Commission, Malaysia, and a member of Law Revision Committee, Malaysia.</p> <p>His international judicial experience includes participation in the International Appellate Judges' Conference & the Commonwealth Chief Justices' Conference in Ottawa, Canada, and the Asia Law Conference in Manila, the Philippines.</p>
Any other directorships of public companies	Chairman of Matrix International Berhad.
The securities holdings in the Company and its subsidiaries	None
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years, if any	None

Statement Accompanying Notice of Thirteenth Annual General Meeting of the Company (cont'd)

4. Further details of Directors who are standing for re-election (Cont'd)

(iii) Name	Yong Siew Kat
Age	50
Nationality	Malaysian
Qualification	Masters in Management (Philippines) Graduate of the Association of Chartered Secretaries and Administrators (London).
Position in the Company	Independent Non-Executive Director
Working experience & occupation	<p>Ms. Yong was appointed to the Board of Directors of the Company as an Independent Non-Executive Director on 2 August 1999. Prior to that, she started her career with a conglomerate as an Assistant Company Secretary in 1976 after which she joined MIDF, the only Issuing House in the country then involved in the share registration of more than 25 public listed companies and in Issuing House functions of Initial Public Offerings (IPOs) and equity-linked issues. She joined a local merchant bank in 1980 as an Assistant Manager-Corporate Finance for about 10 years gaining vast experience in corporate banking, treasury and corporate finance exercises like new IPOs and other debt and equity-linked capital fund raising exercises. Ms Yong's last position prior to leaving the bank in 1990 was the Head of Corporate Finance.</p> <p>Ms. Yong left for the commercial sector when she joined the Lion Group as General Manager of Corporate Planning in 1990 involved in major acquisitions, joint venture projects and privatization projects in Malaysia, Singapore, Taiwan, Hong Kong, Indonesia and China. Whilst she was with Lion Group, she was involved in major corporate exercises via the Group's Public Listed Companies listed on the Kuala Lumpur Stock Exchange, The Stock Exchange of Singapore, Hong Kong Stock Exchange, Jakarta Stock Exchange and Taiwan Stock Exchange. Ms. Yong also sits in the various companies as Director and management committee member of Lion Group companies involved in steel, properties, motor, stockbroking and retail industries. She was with the Lion Group for 7 years, before she left in 1997 to join Arab Malaysian Securities Sdn. Bhd., a stock broking house as General Manager – Corporate Finance. Ms. Yong left the broking industry in 1999.</p>
Any other directorships of public companies	Ngiu Kee Corporation (M) Berhad.
The securities holdings in the Company and its subsidiaries	None
The family relationship with any director and/or major shareholder of the Company	None
Any conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None

Group Corporate Structure



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

100%	B.I.G. INDUSTRIAL GAS SDN. BHD.
100%	UNI-MIX SDN. BHD.
100%	LUMANAI SDN. BHD.
100%	KINALAJU SUPPLY SDN. BHD.
100%	HYPERVICTORY SDN. BHD. → 100% BESITEK KONSORTIUM SDN. BHD.
100%	LINEAR EXCELLENT SDN. BHD.
100%	B.I.G. CONSTRUCTION SDN. BHD.
100%	B.I.G. COMMUNICATIONS SDN. BHD.
100%	ALPHA BILLION SDN. BHD.
100%	B.I.G. MARKETING SDN. BHD.
30%	B.I.G. OIL & GAS SDN. BHD.

Corporate Information

BOARD OF DIRECTORS

Y. Bhg. Datuk Haji Mazelan Bin Bugo
(Independent Non-Executive Chairman)

Wong Choon Seng
(Executive Director)

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

Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
(Independent Non-Executive Director)

Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir
(Non-Independent & Non-Executive Director)

Yong Siew Kat
(Independent Non-Executive Director)

Tuan Haji Mohd Fauzi Bin Yusof @ Mohd Yusof
(Senior Independent Non-Executive Director)

Khairil Annas Bin Jusoh
(Independent Non-Executive Director)

AUDIT COMMITTEE

Y. Bhg. Datuk Haji Mazelan Bin Bugo *(Chairman)*
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin *(Member)*
Yong Siew Kat *(Member)*

NOMINATION COMMITTEE

Y. Bhg. Datuk Haji Mazelan Bin Bugo *(Chairman)*
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin *(Member)*
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai *(Member)*
Yong Siew Kat *(Member)*

REMUNERATION COMMITTEE

Y. Bhg. Datuk Haji Mazelan Bin Bugo *(Chairman)*
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin *(Member)*
Yong Siew Kat *(Member)*

COMPANY SECRETARIES

Hon Li Chueng (MIA 17951)
Chan Sau Leng (MAICSA 7012211)

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

SHARE REGISTRAR

Signet Share Registration Services Sdn. Bhd.
11th Floor, Tower Block
Kompleks Antarabangsa
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel: 03-2145 4337 Fax: 03-2142 1353

AUDITORS

Ernst & Young
Public 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 BANKER

Malayan Banking Berhad

PRINCIPAL SOLICITORS

AI Nathan & Isa Aziz Ibrahim

STOCK EXCHANGE LISTING

The Kuala Lumpur Stock Exchange (Second Board)

Profile of the Board of Directors

Y. BHG. DATUK HAJI MAZELAN BIN BUGO

Independent Non-Executive Chairman

Y. BHG. DATUK HAJI MAZELAN BIN BUGO, aged 49, a Malaysian, was appointed to the Board of the Company since 10 April 2001. Y. Bhg. Datuk Haji Mazelan is the Independent Non-Executive Chairman of the Company and he is also the Independent Non-Executive Chairman of Ngiu Kee Corporation (M) Berhad, which is listed on the Second Board of Kuala Lumpur Stock Exchange.

Y. Bhg. Datuk Haji Mazelan graduated with a Bachelor of Science in Business Administration. In 1976, he formed a small construction company called Jurudaya Construction Sdn. Bhd. and nurtures it into one of the largest in Sarawak. His vast working experience and technical expertise enable him to execute and manage contracts of various sizes. Today, he is one of the prominent few Sarawakian who has curved his name in the Corporate World. He has also ventured out into other business outside the construction industry like tourism. He owns a travel agent and a well known resort in Sarawak. He is also the Deputy Chairman of MATA Sarawak and Council Member of Sarawak Tourist Association Sarawak. Y. Bhg. Datuk Haji Mazelan was awarded the DMSM which carries the title 'Datuk' by his Excellency Yang Di Pertua Negeri Melaka in October, 2001.

Y. Bhg. Datuk Haji Mazelan is also a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2002.

Y. Bhg. Datuk Haji Mazelan does not have any family relationship with any Director and/or Substantial Shareholder 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.

MR. WONG CHOON SENG

Executive Director

MR. WONG CHOON SENG, aged 53, a Malaysian, joined the Company as Group General Manager in 1998 and was appointed to the Board of the Company on 30 April 1999 and subsequently was promoted as an Executive Director on 1 February 2000. He graduated from University Malaya with a degree in Economics in 1973. In 1977, he became an Associate of the Chartered Insurance Institute, London. Subsequently he was elected an Associate of the Malayan Insurance Institute. In 1991, he earned his masters degree in International Marketing from the University of Strathclyde, Glasgow.

Mr. Wong started his career in the insurance industry after graduating in 1973 and was sent for training at Lloyds of London as well as the Cornhill Insurance Company and at Minet James Insurance Broker. He gained further experience when he was sent for training at RFC Intermediaries Incorporated, a reinsurance company in San Francisco, U.S.A. By 1981, he was promoted to Assistant General Manager.

In 1984, he joined Linggui Development Berhad, a public listed company and was seconded to Industrial and Commercial Insurance (M) Sdn Bhd as General Manager/Principal Officer. Simultaneously, he was also appointed to the Board of Linggui subsidiary companies, which were engaged in property management, plantation and financial services.

Profile of the Board of Directors (cont'd)

In 1984, he started his own furniture manufacturing business. In 1996, he joined American International Assurance (M) Sdn Bhd as the head of its training and education department.

Mr. Wong has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2002. He does not have any family relationship with any Director and/or Substantial Shareholder 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.

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

Non-Independent & Non-Executive Director

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 47, a Malaysian, was appointed to the Board of the Company on 18 November 1998. He is a Fellow member of several institutions which include the Malaysian Institute of Accountants, the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants. He obtained his Doctor of Business Administration degrees and MBA and from the Southern Cross University of Australia.

Y. Bhg. Tan Sri Dato' Dr. Lau was the pioneer in the setting up of the Tawakal Hospital in Kuala Lumpur and was the financial consultant of the Bandar Tun Razak Project under DBKL. Currently, he is the Chairman of Malaysia Red Crescent Society, Chapter Klang, the President of Kolej Tunku Abdul Rahman School of Business Studies Ex-Students Association and a member of Young Presidents Organisation. Other public listed companies in which he is a Director are Ngiu Kee Corporation (M) Berhad and Yong Tai Berhad. Other business in which Y. Bhg. Tan Sri Dato' Dr. Lau is involved include township property development in and around Shah Alam and Klang.

Y. Bhg. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2002.

Y. Bhg. Tan Sri Dato' Dr. Lau is a substantial shareholder of the Company by virtue of his interest in Pristine Corporation Sdn Bhd, which is also a substantial shareholder of the Company. Save for the aforesaid, he does not have any family relationship with any Director and/or Substantial Shareholder 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.

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI

Independent Non-Executive Director

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI, aged 68, a Malaysian, was appointed to the Board of the Company on 16 February 2001. Y. Bhg. Tan Sri Datuk Amar Chong was admitted to the Lincoln's Inn, London in 1962 to pursue studies in Law. In 1965, he was called to the English Bar and the Sarawak Bar.

Y. Bhg. Tan Sri Datuk Amar Chong started his legal career as a practising advocate in Sarawak in 1965. He was appointed a Judge of the High Court of Sabah and Sarawak and served in the High Court in Kuching, Kota Kinabalu and Sibu from 1980 to 1994. In 1994, Y. Bhg. Tan Sri Datuk Amar Chong was elevated to the Federal Court of Malaysia. In 1995, he was appointed the Chief Judge of the High Court of Sabah and Sarawak and a Judge of the Special Court established under Article 182(1) of the Federal Constitution of Malaysia until his retirement in July 2001.

Profile of the Board of Directors (cont'd)

Whilst practising as an advocate, Y. Bhg. Tan Sri Datuk Amar Chong was the President of the Sarawak Advocates' Association from 1975 to 1979. During his tenure of office as the Chief Judge, he served as a Member of the Judicial and Legal Service Commission, Malaysia and also as a Member of the Law Revision Committee, Malaysia. His international judicial experience overseas includes participation in the International Appellate Judges' Conference and the Commonwealth Chief Justices' Conference in Ottawa, Canada and the Asia Law Conference in Manila, the Philippines.

Y. Bhg. Tan Sri Datuk Amar Chong is on the Panel of Arbitrators of the Regional Centre For Arbitration Kuala Lumpur, and is also Chairman of the Matrix International Berhad.

Y. Bhg. Tan Sri Datuk Amar Chong was awarded the PANGLIMA NEGARA BINTANG SARAWAK (P.N.B.S.) which carries the title 'Datuk' by his Excellency T.Y.T. Yang Di-Pertua Negeri Sarawak in 1984. He was also awarded PANGLIMA SETIA MAHKOTA (P.S.M.) which carries the title 'Tan Sri' by the DYMM Seri Paduka Baginda Yang Dipertuan Agong in June 1999. In September 1999, Y. Bhg. Tan Sri Datuk Amar Chong was awarded DATUK AMAR (D.A.) which carries the title 'Datuk Amar' by his Excellency T.Y.T. Yang Di-Pertua Negeri Sarawak.

Y. Bhg. Tan Sri Datuk Amar Chong is a member of the Nomination Committee of the Company. He has attended six (6) out of the seven (7) Board Meetings held during the financial year ended 31 December 2002.

Y. Bhg. Tan Sri Datuk Amar Chong has no family relationship with any of the Directors and/or substantial shareholders of the Company and has no conflict of interest with the Company. He has never been charged for any offence.

Y. H. DATO' LONG AHMAD ZAINAL ABIDIN BIN MOHD TAHIR

Non-Independent & Non-Executive Director

Y. H. DATO' LONG AHMAD ZAINAL ABIDIN BIN MOHD TAHIR, *DSAP, DIMP, SMP (Pahang)*, aged 59, a Malaysian, was appointed to the Board of the Company on 18 November 1998. He obtained a Bachelor of Arts Degree from the University of Malaya in 1967 and a Masters Degree in Business Administration from the University of Oregon, in 1978.

Y. H. Dato' Long served in the Malaysian Administrative and Diplomatic Service for 25 years of which the last 11 years as the C.E.O. of the Pahang State Development Corporation ("PSDC"). He opted for early retirement from the public services in October 1991. Presently, he is the Chairman of PetroAsia-Bowser Ltd (Hong Kong) which is actively involved in investments in China.

Y. H. Dato' Long has attended four (4) out of seven (7) Board Meetings held during the financial year ended 31 December 2002. He is a substantial shareholder of the Company by virtue of his interest in Pristine Corporation Sdn Bhd, which is also a substantial shareholder of the Company. Save for the aforesaid, he does not have any family relationship with any Director and/or Substantial Shareholder 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.

MS. YONG SIEW KAT

Independent Non-Executive Director

MS. YONG SIEW KAT, aged 50, a Malaysian, was appointed to the Board of the Company on 2 August 1999. She holds a Masters in Management (Philippines) and is a graduate from the Association of Chartered Secretaries and Administrators (London). She has more than 20 years working experience in the financial and corporate sectors. Presently, she is also a Chief Executive Officer of Ngiu Kee Corporation (M) Berhad.

Ms. Yong started her career with a conglomerate as an Assistant Company Secretary in 1976 after which she joined MIDF, the only Issuing House in the country then involved in the share registration of more than 25 public listed companies and in Issuing House functions of Initial Public Offerings (IPOs) and equity-linked issues. She joined a local merchant bank in 1980 as an Assistant Manager-Corporate Finance for about 10 years gaining vast experience in corporate banking, treasury and corporate finance exercises like new IPOs and other debt and equity-linked capital fund raising exercises. Ms. Yong's last position prior to leaving the bank in 1990 was the Head of Corporate Finance.

Ms. Yong left for the commercial sector when she joined the Lion Group as General Manager of Corporate Planning in 1990 involved in major acquisitions, joint venture projects and privatization projects in Malaysia, Singapore, Taiwan, Hong Kong, Indonesia and China. Whilst she was with Lion Group, she was involved in major corporate exercises via the Group's Public Listed Companies listed on the Kuala Lumpur Stock Exchange, The Stock Exchange of Singapore, Hong Kong Stock Exchange, Jakarta Stock Exchange and Taiwan Stock Exchange. Ms. Yong also sits in the various companies as Director and management committee member of Lion Group companies involved in steel, properties, motor, stockbroking and retail industries. She was with the Lion Group for 7 years, before she left in 1997 to join Arab Malaysian Securities Sdn. Bhd., a stock broking house as General Manager – Corporate Finance. Ms Yong left the broking industry in 1999.

Ms. Yong is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. She has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2002.

Ms. Yong does not have any family relationship with any Director and/or Substantial Shareholder 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.

TUAN HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF

Senior Independent Non-Executive Director

TUAN HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF, aged 40, a Malaysian, was appointed to the Board of the Company as Independent Non-Executive Director on 16 July 1999 and was re-designated as Senior Independent Non-Executive Director on 21 April 2003. He holds a B.A Architecture, RIBA Part 1, Hull School of Architecture, U.K. (1984) and a Dip. in Architecture, RIBA Part II, Hull School of Architecture, U.K (1987). Tuan Haji Mohd Fauzi has 15 years of working experience in this field. Presently, he is also a Senior Independent Non-Executive Director of Ngiu Kee Corporation (M) Berhad.

Tuan Haji Mohd Fauzi is a Corporate Member of Pertubuhan Arkitek Malaysia since 1991 and the Royal Institute of British Architects since 1989. He is also a Registered Architect with the Lembaga Arkitek Malaysia since 1991.

Profile of the Board of Directors (cont'd)

Tuan Haji Mohd Fauzi's work of art include the design of the International Youth Centre, Bandar Tun Razak, Kuala Lumpur in 1984 when he was with Architect Andasar, Subang Jaya. He joined Hadfield Cawkwell Davidson and partners, Sheffield, UK in 1987 and Blackmore Sons and Co, Hull, UK in 1989. Today his work can be seen in many parts of England including Hull, Leicestershire, Sheffield, Rotherham, Grimsby, and Lincolnshire.

Tuan Haji Mohd Fauzi came back to Malaysia in 1990 to join Azza Associate Architects in Kuala Lumpur. Among his works of creative designs are; Water Recreation Centre, Pudu, Kuala Lumpur; Casa Pedena Development in Taman Bunga Negara with its Kelab Pedena, in Shah Alam; Hicom's Multi Purpose Hall and many others. Among the established developers that he had worked with were Perumahan Kinrara Berhad, Sime UEP Development, Negara Properties, Hicom Properties Sdn Bhd and Island and Peninsular. Currently, Tuan Haji Mohd Fauzi runs F.I. Architects Sdn. Bhd.

Tuan Haji Mohd Fauzi has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2002. He does not have any family relationship with any Director and/or Substantial Shareholder 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.

ENCIK KHAIRIL ANNAS BIN JUSOH

Independent Non-Executive Director

ENCIK KHAIRIL ANNAS BIN JUSOH, aged 32, a Malaysian, was appointed to the Board of the Company on 1 April 2002. Encik Khairil graduated with a 1st Class Honors Law Degree in 1994 and was conferred the Highest Award as the International Islamic University's Overall Best Student. Between 1985 to 1992, Encik Khairil made national headlines as National Champion, Overall Best Speaker and Overall Best Orator in debates and elocutionary contest both at school and varsity levels.

In recognition of his outstanding academic and curricular achievements, he was conferred the curricular achievements the Anugerah Pelajaran Di Raja (Pingat Jaya Cemerlang) by the Council of Malay Rulers and awarded a Cambridge Commonwealth Trust Scholarship which enabled him to secure a Masters in International Laws from Cambridge University in 1995. Also in 1995, he received the Tunku Abdul Rahman Putra Gold Medal as Malaysia's Most Outstanding Student of the year and made a Fellow of the Cambridge Commonwealth Society. In 1996, he was admitted to the Malaysian Bar and qualified as an Advocate & Solicitor of the High Court of Malaya. Encik Khairil then subsequently obtained Master in Business Administration specializing in Islamic Banking and Finance.

Encik Khairil is the principal partner of his firm and has served as the Managing Consultant at KPMG Consulting Sdn. Bhd., a global Management - Consulting firm. He has held inter-alia the post of Vice President of Kolej Unitek Malaysia. Encik Khairil has since 1996 served as a visiting lecturer in Laws and Philosophy of Science, Creativity and Syariah in various Universities and Higher Learning Institutions. He is also the Guest Speaker/Consultant Trainer/Motivator and a member of the Malaysian Institute of Management (MIM).

Encik Khairil has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2002. He does not have any family relationship with any Director and/or Substantial Shareholder 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.

Corporate Governance Statement

The Board of Directors recognises the importance of practicing the high 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.

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

BOARD OF DIRECTORS

BOARD BALANCE & RESPONSIBILITIES

The Board comprises Eight (8) members of which Five (5) are Independent Non-Executive Directors, Two (2) are Non-Independent and Non-Executive Director and One (1) Executive Director. The size of Independent Non-Executive Directors forms five over eight (5/8) of the entire Board structure and the biographical details of the members of the Board on Page 10 to Page 14 demonstrate the range of experience and independent judgement they each bring to bear on Board matters. The running of the Board is undertaken by the Chairman while the Executive Director has the responsibility for the running of the Group's business and resources.

The members of the Board comprises professionals and entrepreneurs with diverse skills and expertise with wide ranging experiences in management, economics, accounting, legal, business administration, marketing and architecture. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the management of the Company.

The Board recognises the crucial role and contribution played by Independent Non-Executive Directors. They represent the element of objectivity and independent judgement of the Board. This ensures that there is sufficient check and balance so that no one particular group dominates the Board.

During the financial year, Encik Khairil Annas Bin Jusoh attended the Mandatory Accreditation Programme (MAP) conducted by the Research Institute of Investment Analysis Malaysia (RIIAM); an affiliate company of the Kuala Lumpur Stock Exchange.

The Board meets on a scheduled basis, at least four (4) times a year and meets additionally when necessary. For the financial year ended 31 December 2002, the Board has met a total of seven (7) times. At the end of every quarter, the Company's financial statements and results are tabled and deliberated by the Board. During the Board Meetings, the Board reviews all matters relating to financial results, operation and performance of the Company, Board appointments, corporate exercise and other strategic issues that may affect the Company's business. The number of meetings attended by each member of the Board is set out in Page 4.

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

- Group's strategic action plans and policies
- Financial performance and key performance indicators
- Principal risks and their management
- Investor relations programme and shareholders communication policy
- Internal control system

Corporate Governance Statement (cont'd)

SUPPLY OF INFORMATION

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 major financial, operational and corporate matters as well as activities and performance of the Company. This is issued in sufficient time 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.

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

BOARD COMMITTEES

- Nomination Committee – Appointments to the Board

In compliance with the Listing Requirements, the Board established a Nomination Committee on 27 November 2001. The Board has delegated to the Nomination Committee the responsibility for considering the appointment of Directors, for identifying and selecting potential new Directors and for proposing to the Board, the appointment of new Directors. The Nomination Committee is composed exclusively of Non-Executive Director, a majority of whom is independent and is chaired by Y. Bhg. Datuk Haji Mazelan Bin Bugo and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin, Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai and Ms. Yong Siew Kat

The Committee identifies and reviews all nominations for appointments to the Board. It critically reviews the set of criteria for appointments to the Board to ensure that only capable individuals with the appropriate expertise and experience, and who are able to independently discharge their responsibilities are appointed to the Board.

- Remuneration Committee – Directors' Remuneration

- (a) Level and make-up of remuneration

In compliance with the Listing Requirements, the Board established a Remuneration Committee on 27 November 2001. The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Remuneration Committee determines the remuneration of each Director. 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.

Corporate Governance Statement (cont'd)

Fees payable to Non-Executive Directors is determined by the Board and will be tabled to the Company's shareholders for approval at the Company's Annual General Meeting prior to payment to the Directors.

The Remuneration Committee is chaired by Y. Bhg. Datuk Haji Mazelan Bin Bugo and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Ms. Yong Siew Kat.

(b) Procedure

The Remuneration Committee meets as and when required, has responsibility for determining all aspects of remuneration and terms and conditions of service of all the Directors.

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

The policy of the Remuneration Committee is in line with the Group's overall practice on compensation and benefits. The Group operates a bonus and incentive scheme for all employees, including the Executive Director. The criteria for the scheme is 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 bands of RM50,000 are described below:-

Band of remuneration	Number of Directors			
	Executive		Non-Executive	
	2002	2001	2002	2001
Nil	-	-	-	2
RM1 - RM50,000	-	-	7	8
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	1	-	-

Corporate Governance Statement (cont'd)

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Director				
Fees	12,000	12,000	12,000	12,000
Salaries, allowances and bonus	180,000	170,100	-	2,100
Employee Provident Fund	17,010	14,250	-	-
Non-Executive Directors				
Fees	93,000	85,834	93,000	85,834
Salaries, allowances and bonus	12,000	22,000	-	500

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

The Audit Committee is made up of three (3) members comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director appointed by the Board of Directors and it has written terms of reference clearly setting out its authority and duties. The terms of Reference and Report of the Audit Committee are also provided in the Annual Report.

The Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit Committee meets at least four (4) times annually. The Accountant, Internal Audit Manager and Representatives of the Internal Auditors and External Auditors are invited to attend the meetings. The committee may also invite other directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised when necessary. The Company Secretary acts as secretary to the Committee.

RE-ELECTION OF DIRECTORS

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

RELATIONS WITH SHAREHOLDERS

– COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

The Board and Management convey information about the Company performance, corporate strategy and other matters affecting shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases. Enquiries by shareholders are dealt with as promptly as practicable as possible.

Corporate Governance Statement (cont'd)

In addition, Tuan Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof acts as the Senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

ANNUAL GENERAL MEETING

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of the meeting. At the meeting, the Chairman makes a presentation on the year's financial results and business activities.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. The Chairman, or where appropriate, the Executive Director, responds to shareholders' questions during the Meeting.

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meetings regarding directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

ACCOUNTABILITY AND AUDIT - FINANCIAL REPORTING

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

INTERNAL CONTROL

The information on the Group's internal control is presented in the Statement of Internal Control.

EXTERNAL AUDIT

The Group's independent External Auditors fill 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 bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

Corporate Governance Statement (cont'd)

RELATIONSHIP WITH AUDITORS

The role of the Audit Committee in relation to the External Auditors may be found in the Report on Audit Committee as stated on Pages 24 to 28 of the annual report. The Company has always maintained a formal and transparent relationship with its 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 Company will continuously review its principles and practices in corporate governance in achieving high 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

In pursuance of the Companies Act, 1965, Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flows of the Group and of the Company for that period.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2001, 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 followed.

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 financial statements comply with the Companies Act, 1965.

OTHER INFORMATION

Utilisation of Proceeds

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

Share Buybacks

The Company did not enter into any share buyback transactions during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year.

Corporate Governance Statement (cont'd)

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanctions and/or Penalties

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

Non-Audit Fee

Non-audit fees paid by the Company and its subsidiaries to the external auditors, Messrs. Ernst & Young for the financial year amounted to RM31,611

Variance from Profit Estimate, Forecast or Projection

There was no material variance between the audited Group profit before taxation after minority interest for the financial year and the unaudited results previously announced.

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 deem necessary. No revaluation has been carried out on the landed properties during the financial year.

Statement on Internal Control

(Pursuant to para 15.27(b) of the KLSE Revamped Listing Requirements)

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

Statement on Internal Control (cont'd)
(Pursuant to para 15.27(b) of the KLSE Revamped Listing Requirements)

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 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 maximize 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;
- Identifying opportunities to improve the operations of and processes in the Company and the Group.

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

Audit Committee Report

COMPOSITION

MEMBERS OF THE AUDIT COMMITTEE

Y. Bhg. Datuk Haji Mazelan Bin Bugo – Chairman
(Independent Non-Executive Director)
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin – Member
(Non Independent & Non-Executive Director)
Ms. Yong Siew Kat – Member
(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) a majority of the Audit Committee must be Independent Non-Executive Directors;
- (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) the signatory fulfils such other requirements as prescribed by the Exchange.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.

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

In the event that a member of the Audit Committee resigns, dies or for any other reason ceases to be a member with the result that the number of members is reduced below three (3), the Board of Directors shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

Audit Committee Report (cont'd)

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 Management for distribution to shareholders and the general public.
- (vi) undertake such additional duties as may be appropriate and necessary to assist the Board.

3. AUTHORITY

The Committee is authorised by the Board to investigate any activity 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 outside 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:-

- (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.

Audit Committee Report (cont'd)

The review shall focus on:-

- any change in accounting policies and practices
- major judgmental 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

(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, function 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 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.

Audit Committee Report (cont'd)

5. MEETINGS AND REPORTING PROCEDURES

Number of Meetings

The Committee shall meet at least four (4) times 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.

Attendance of Meetings

The Accountant, Internal Audit Manager and Representatives of the Internal Auditors and 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 meeting to assist in resolving and clarifying matters raised.

Quorum

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

6. SECRETARY TO AUDIT COMMITTEE AND MINUTES

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

7. ACTIVITIES

The Committee met six (6) times during the financial year to review the Company and its subsidiaries' quarterly and annual financial statements prior to their approval by the Board. The Committee also acts as a forum for discussion on internal control issues and contributes to the Board's review of the Group's internal control and risk management systems.

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year include the following:-

- i reviewed the internal audit reports.
- ii reviewed the External Auditors' scope of work and their audit plan and fees structure.
- iii reviewed the External Auditors' findings, recommendations, management letter on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- iv reviewed the draft audited accounts of the Company and the Group for the financial year ended 31 December 2002 before it was tabled to the Board.
- v reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2002 before tabling at the Board Meeting for release to the Kuala Lumpur Stock Exchange.
- vi reviewed and endorsed the preliminary audit plan and job scope of External Auditors for the Group for year 2003.

Audit Committee Report (cont'd)

8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Six (6) Audit Committee Meetings were held during the financial year ended 31 December 2002. The attendance record of each member is as follows:-

Audit Committee Members	Total number of meetings	Number of meetings attended
Y. Bhg. Datuk Haji Mazelan Bin Bugo (Chairman)	6	6
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	6	6
Ms. Yong Siew Kat	6	6

Two (2) Audit Committee Meetings were held subsequent to the financial year end 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
Y. Bhg. Datuk Haji Mazelan Bin Bugo (Chairman)	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	2
Ms. Yong Siew Kat	2	2

9. INTERNAL AUDIT FUNCTION

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

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

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

Chairman's Statement

On behalf of the Board of Directors, 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 2002.

OPERATING ENVIRONMENT

The country's economy is recovering from the Asian financial crisis of 1997/1998 on the back of the Government's expansionary fiscal and monetary policies in 1999 and 2000. The momentums of growth was, however, affected by the US economic contraction as a result of the September 11 incident in 2001 and further dampen by the Iraq war this year.

Nevertheless, additional pump priming measures have been taken by the Malaysian government to strengthen the economy and to boost consumer confidence and spending. With the prudent management of the economy by the Government, Malaysia is expected to see a recovery in the near future.

Despite all the uncertainties, East Malaysia is showing a reasonable growth rate in the construction sector due to the implementation of various infrastructure and mega projects in Sabah and Sarawak. The group also sees a surge of activities in the shipyard industry since end of year 2002. As our core business are linked to these industries, B.I.G. Industries Berhad is expecting a positive growth for the coming year.

FINANCIAL PERFORMANCE

The consolidated turnover of the Group for the financial year under review was RM46.13 million, a decrease of 11.56% as compared to previous year's turnover of RM52.16 million. Profit before tax at RM2.66 million was 9% higher than previous year's profit of RM2.44 million.

The decrease in turnover was mainly due to reduction of contract revenue from the Sabah divisions and a reduction in gases turnover due to reduction in supply of bulk gases to the electronic Industry in Sarawak.

Higher profit was achieved mainly due to successfully implementation of cost cutting measure.

DIVIDEND

The Board of Directors does not recommend any dividend to be paid for the financial year under review. We trust shareholders will appreciate the need for this prudent measure to conserve funds for the immediate future.

SIGNIFICANT EVENTS

Additional Investments in Subsidiary Companies

On 11 April 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, B.I.G. Marketing Sdn. Bhd., for a total consideration of RM99,998.00

On 24 April 2002, the Company subscribed for an additional 150,000 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Lumanai Sdn. Bhd., for a total consideration of RM150,000.00

On 15 November 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Alpha Billion Sdn. Bhd., for a total consideration of RM99,998.00

Chairman's Statement (cont'd)

CORPORATE PROPOSALS

On 9 December 2002, the Company announced that it has obtained the relevant approvals on 20 November 2002 and 3 December 2002 from the Foreign Investment Committee and Securities Commission respectively to undertake the following corporate proposals:

- (i) Proposed renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company together with 19,218,000 free Warrants on the basis of one (1) new ordinary share with one (1) free Warrant for every one (1) existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalized from the retained profits and share premium reserves of the Company;
- (ii) Proposed bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company on the basis of one (1) Bonus Share for every two (2) Rights Shares subscribed by the existing shareholders of the Company and/or their renounees pursuant to the Proposed Rights Issue with Warrants;
- (iii) Proposed establishment of an ESOS by the Company for the eligible Directors and employees of the Group; and
- (iv) Proposed private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Proposed Rights Issue with Warrants and Proposed Bonus Issue.

FUTURE OUTLOOK

The Board of Directors sees a lot of opportunities for expansion in the industrial gas and construction divisions.

For the industrial gas division, the Company is expected to benefit from the major projects such as the construction of Bakun Dam, the Malaysia LNG 3, the Borneo Pulp & Paper Mill and shut down services for the oil and gas industry and offshore activities.

The ready mixed concrete division in Sabah, being the market leader, is confident of securing a major share of the infrastructure projects that requires ready mixed concrete. Some of the major projects identified are the infrastructure implementation for the health, education, defence and works ministries.

The Group has started its first property development project identified as the development of residential houses and apartments at the Demak Laut Industrial Estate, Sarawak. This project will generate addition revenue and profit to the group for the year 2003.

The Group is confident that there is a growing market for the trading of building materials in East Malaysia and will be actively involved in becoming a major player in this sector.

With the positive contribution from the various government stimulus packages and the expectation of an economic recovery, as well as the new undertakings, the Group looks forward to a better performance for the year 2003.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to take this opportunity to thank the Management and Staff of the Group for their loyalty and dedication to the Group and to all our customers, suppliers, shareholders, bankers and business associates, I would also like to convey my appreciation for their invaluable support and confidence in the Group.

DATUK HAJI MAZELAN BIN BUGO
Chairman

21 April 2003

Directors' Report

The Directors have the pleasure in presenting their report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiary and associated companies are described in Note 2 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit/(loss) after taxation	2,384,733	(35,112)

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

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the statements of changes in equity.

DIVIDEND

No dividend has been paid, declared or proposed since the end of the previous financial year.

DIRECTORS

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

Y. Bhg. Datuk Haji Mazelan Bin Bugo
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
Y.H. Dato' Long Ahmad Zainal Abidin Bin Mohd. Tahir
Tuan Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof
Wong Choon Seng
Yong Siew Kat
Khairil Annas Bin Jusoh

Directors' Report (cont'd)

DIRECTORS' INTERESTS

The following Directors who held office at the end of the financial year had according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares of the Company or its related corporations during the financial year as follows:

Shareholdings in which Directors are deemed to have an interest:

	Ordinary shares of RM1.00 each			As at 31.12.2002
	As at 1.1.2002	Bought	Sold	
B.I.G. Industries Berhad				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	3,363,851*	–	(329,565)	3,034,286
Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	3,363,851*	–	(329,565)	3,034,286

* Out of 3,363,851 ordinary shares of RM1.00 each, 329,565 ordinary shares were held for the benefit of a third party, Datuk Haji Mohd. Amin Bin Satem, which has been disposed off during the year.

By virtue of their interest in shares of B.I.G. Industries Berhad and Section 6A (4) of the Companies Act, 1965, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir are 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 who held office at the end of the financial year had, according to the register required to be kept under Section 134 of the Companies Act, 1965, an interest in shares in the Company or its related corporation during the year.

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 is a party, whereby 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 of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) 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' Report (cont'd)

DIRECTORS' REMUNERATION

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Director				
Fees	12,000	12,000	12,000	12,000
Salaries, allowances and bonus	180,000	170,100	-	2,100
Employee Provident Fund	17,010	14,250	-	-
<hr/>				
Non-Executive Directors				
Fees	93,000	85,834	93,000	85,834
Salaries, allowances and bonus	12,000	22,000	-	500
<hr/>				

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

Band of remuneration	Number of Directors			
	Executive		Non-Executive	
	2002	2001	2002	2001
Nil	-	-	-	2
RM1 - RM50,000	-	-	7	8
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	1	-	-

SIGNIFICANT EVENTS

(a) Additional Investments in Subsidiary Companies

On 11 April 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, B.I.G. Marketing Sdn. Bhd., for a total consideration of RM99,998.

On 24 April 2002, the Company subscribed for an additional 150,000 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Lumanai Sdn. Bhd., for a total consideration of RM150,000.

On 15 November 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Alpha Billion Sdn. Bhd., for a total consideration of RM99,998.

Directors' Report (cont'd)

SIGNIFICANT EVENTS (cont'd)

(b) Corporate Exercises

On 9th December, 2002, the Company announced that it has obtained the relevant approvals on 20th November, 2002 and 3rd December, 2002 from the Foreign Investment Committee and Securities Commission respectively to undertake the following corporate exercises:

- (i) Proposed renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company together with 19,218,000 free Warrants on the basis of one new ordinary share with one free Warrant for every one existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalised from the retained profits and share premium reserves of the Company;
- (ii) Proposed bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company on the basis of one Bonus Share for every two Rights Shares subscribed by the existing shareholders of the Company and/or their renounees pursuant to the Proposed Rights Issue with Warrants;
- (iii) Proposed establishment of an ESOS by the Company for the eligible directors and employees of the Group; and
- (iv) Proposed private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Proposed Rights Issue with Warrants and Proposed Bonus Issue.

At the date of this report, the above exercises are pending finalisation and completion.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Company and of the Group 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 an allowance 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 of the Company and of the Group have 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 Company and of the Group inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Company and of the Group misleading.

Directors' Report (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (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 Company and of the Group 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 Company and of the Group which would render any amount stated in the financial statements and consolidated financial statements misleading.
- (e) As at the date of this report there does not exist:
 - (i) any charge on the assets of the Company and of the Group which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Company and of the Group which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
 - (i) no contingent liability or other liability of the Company and of the Group 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 Company and of the Group to meet its obligations as and when they fall due; and
 - (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 Company and of the Group for the financial year in which this report is made.

AUDITORS

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

Signed on behalf of the Board
in accordance with a resolution
of the Directors

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN
Director

WONG CHOON SENG
Director

21 April 2003

Statement by Directors pursuant to section 169(15) of the Companies Act, 1965

We, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Wong Choon Seng, being two of the Directors of B.I.G. Industries Berhad, state that in the opinion of the Directors, the accompanying financial statements set out on pages 38 to 68 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia and so as to give a true and fair view of:

- (i) the financial position of the Company and of the Group as at 31 December 2002 and of the results of the Company and of the Group for the year ended on that date; and
- (ii) the cash flows of the Company and of the Group for the year ended 31 December 2002.

Signed on behalf of the Board
in accordance with a resolution
of the Directors

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN
Director

WONG CHOON SENG
Director
21 April 2003

Statutory Declaration pursuant to section 169(16) of the Companies Act, 1965

I, Wong Choon Seng, 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 38 to 68 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 relevant legislation governing statutory declarations in Malaysia.

WONG CHOON SENG

Subscribed and solemnly declared by
the abovenamed WONG CHOON SENG
at Kuching in the State of Sarawak
on 21 April 2003

Before me,

CHUA HIAN CHONG (No. Q071)
Commissioner for Oaths
Kuching, Sarawak.

Report of the Auditors to the members of B.I.G. Industries Berhad

We have audited the accompanying financial statements set out on pages 38 to 68. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Company and of the Group as at 31 December 2002 and of the results and the cash flows of the Company and of the Group for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements 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.

The Auditors' Reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of the Companies Act, 1965.

ERNST & YOUNG
AF: 0039
Chartered Accountants

YONG VOON KAR
1769/04/04 (J/PH)
Partner

Kuching, Malaysia.
21 April 2003

Income Statements

for the year ended 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Revenue	3	46,127,072	52,164,400	119,650	15,589,861
Other operating income		345,378	956,870	370,048	294,513
Changes in inventories of finished goods		(9,269,999)	610,258	-	-
Inventories purchased and raw materials consumed		(12,801,563)	(21,202,691)	-	-
Staff costs		(5,735,419)	(5,175,998)	-	(698,382)
Depreciation of property, plant and equipment		(4,496,066)	(4,610,237)	-	(54,315)
Amortisation of quarry development expenses		(63,653)	(46,620)	-	-
Other operating expenses		(9,497,418)	(17,546,957)	(154,762)	(621,097)
Profit from operations		4,608,332	5,149,025	334,936	14,510,580
Finance costs		(1,945,369)	(2,708,167)	(370,048)	(373,172)
Share of results of associated company		(326)	(321)	-	-
Profit/(loss) before taxation	4	2,662,637	2,440,537	(35,112)	14,137,408
Taxation	5	(277,904)	(65,892)	-	(4,197)
Profit/(loss) after taxation		2,384,733	2,374,645	(35,112)	14,133,211
Earnings per share (sen)	6	12.4	12.3		

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

Balance Sheets

as at 31 December 2002

	Note	Group		Company	
		2002 RM	2001 RM	2002 RM	2001 RM
Non-current assets					
Property, plant and equipment	7	47,886,014	48,794,238	–	551,811
Quarry development expenditure	8	1,137,403	1,035,894	–	–
Investment in subsidiary companies	9	–	–	22,401,385	22,051,389
Investment in associated company	10	29,353	29,679	30,000	30,000
Other investments	11	408,263	688,263	–	–
Current assets					
Inventories	12	5,145,726	4,635,866	–	–
Trade receivables	13	20,597,201	21,177,607	–	–
Other receivables, deposits and prepayments	14	8,410,487	8,013,313	238,768	124,208
Amount due from related companies	15	111,404	111,254	20,408,680	21,039,637
Fixed deposits with licensed banks	16	298,476	196,002	–	–
Cash and bank balances		462,563	773,192	7,217	2,262
		35,025,857	34,907,234	20,654,665	21,166,107
Current liabilities					
Bank overdrafts	17	9,653,760	10,190,727	4,810,271	4,814,893
Short term borrowings	18	16,402,961	15,869,345	200,000	200,000
Trade payables	19	8,286,901	9,028,458	–	–
Other payables and accruals	20	2,728,254	3,886,159	191,423	893,716
Amount due to related companies	15	–	–	28,770	–
Lease payables	21	590,520	247,744	–	–
Land premium payable	22	685,696	885,696	–	–
Tax payable		600	23,728	–	–
		38,348,692	40,131,857	5,230,464	5,908,609
Net current (liabilities)/assets		(3,322,835)	(5,224,623)	15,424,201	15,257,498
		46,138,198	45,323,451	37,855,586	37,890,698
Financed by:					
Share capital	23	19,218,000	19,218,000	19,218,000	19,218,000
Reserves	24	20,510,303	17,951,377	18,637,586	18,672,698
Shareholders' equity		39,728,303	37,169,377	37,855,586	37,890,698
Long term and deferred liabilities					
Lease payables	21	869,506	489,335	–	–
Land premium payable	22	313,185	626,369	–	–
Term loans	25	4,485,304	6,559,485	–	–
Deferred taxation	26	741,900	478,885	–	–
		46,138,198	45,323,451	37,855,586	37,890,698

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

Statements of Changes in Equity

for the year ended 31 December 2002

	Share capital RM	Non-distributable Share premium reserve RM	Reserve arising on consolidation RM	Distributable Revenue reserve RM	Total RM
Group					
Balance at 1 January 2001	19,218,000	1,891,113	2,495,422	11,190,197	34,794,732
Profit for the year	-	-	-	2,374,645	2,374,645
Balance at 31 December 2001	19,218,000	1,891,113	2,495,422	13,564,842	37,169,377
Gain not recognised in the income statement	-	-	-	174,193	174,193
Profit for the year	-	-	-	2,384,733	2,384,733
Balance at 31 December 2002	<u>19,218,000</u>	<u>1,891,113</u>	<u>2,495,422</u>	<u>16,123,768</u>	<u>39,728,303</u>
Company					
Balance at 1 January 2001	19,218,000	1,891,113	-	2,648,374	23,757,487
Profit for the year	-	-	-	14,133,211	14,133,211
Balance at 31 December 2001	19,218,000	1,891,113	-	16,781,585	37,890,698
Loss for the year	-	-	-	(35,112)	(35,112)
Balance at 31 December 2002	<u>19,218,000</u>	<u>1,891,113</u>	<u>-</u>	<u>16,746,473</u>	<u>37,855,586</u>

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

Cash Flow Statements

for the year ended 31 December 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash flow from operating activities				
Operating profit/(loss) before taxation	2,662,637	2,440,537	(35,112)	14,137,408
Adjustments for:				
Allowance for diminution in value	280,000	-	-	-
Amortisation of quarry development expenses	63,653	46,620	-	-
Bad debts written off	18,093	18,482	-	-
Depreciation of property, plant and equipment	4,496,066	4,610,237	-	54,315
Dividends income	-	-	-	(15,443,861)
Gain on disposal of property, plant and equipment	(121,278)	(16,407)	-	-
Gain on foreign exchange	(33,957)	-	-	-
Interest expense	1,945,369	1,552,583	370,048	373,172
Interest income	(212,621)	(3,691)	(370,048)	(294,513)
Property, plant and equipment written off	1,132	-	-	-
Share of loss in an associated company	326	321	-	-
Operating profit/(loss) before working capital changes	9,099,420	8,648,682	(35,112)	(1,173,479)
Changes in working capital:				
Inventories	(509,860)	(645,271)	-	-
Receivables	369,171	(11,614,626)	(93,580)	(139,133)
Payables	(1,897,905)	6,407,046	(702,293)	751,987
Related companies	(150)	(111,254)	1,223,632	(14,636,104)
Cash generated from/(used in) operations	7,060,676	2,684,577	392,647	(15,196,729)
Interest paid	(1,435,523)	(1,050,090)	-	(78,659)
Interest received	212,621	1,603	370,048	294,513
Realised exchange gain	33,957	-	-	-
Taxation paid net of refund	(69,564)	(6,603)	(20,980)	(4,197)
Net cash generated from/(used in) operating activities	5,802,167	1,629,487	741,715	(14,985,072)

Cash Flow Statements (cont'd)
for the year ended 31 December 2002

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(4,067,449)	(2,670,966)	(12,094)	(171,092)
Acquisition of shares in an associated company	-	(29,999)	-	(29,999)
Acquisition of shares in subsidiary companies	-	-	(349,996)	(4)
Addition to quarry development expenditure	(165,162)	-	-	-
Dividends received	-	-	-	15,443,861
Interest received	-	2,088	-	-
Investment in golf and country club membership	-	(53,000)	-	-
Proceed from disposal of property, plant and equipment	599,755	133,064	-	-
Repayment of land premium	(513,184)	-	-	-
Net cash (used in)/generated from investing activities	(4,146,040)	(2,618,813)	(362,090)	15,242,766
Cash flows from financing activities				
Decrease in bank borrowings	(1,540,565)	(866,216)	-	-
Increase in fixed deposits pledged	(102,324)	(175,368)	-	-
Interest paid	(509,846)	(502,493)	(370,048)	(294,513)
Lease payables obtained	1,214,734	598,261	-	-
Repayment of lease payables	(491,788)	(149,081)	-	-
Net cash used in financing activities	(1,429,789)	(1,094,897)	(370,048)	(294,513)
Net increase/(decrease) in cash and cash equivalents	226,338	(2,084,223)	9,577	(36,819)
Cash and cash equivalents at the beginning of the year	(9,417,535)	(7,333,312)	(4,812,631)	(4,775,812)
Cash and cash equivalents at the end of the year	(9,191,197)	(9,417,535)	(4,803,054)	(4,812,631)
Analysis of cash and cash equivalents:				
Cash and bank balances	462,563	773,192	7,217	2,262
Bank overdrafts	(9,653,760)	(10,190,727)	(4,810,271)	(4,814,893)
	(9,191,197)	(9,417,535)	(4,803,054)	(4,812,631)
Analysis of acquisition of property, plant and equipment:				
By cash	(2,852,715)	(2,072,705)	(12,094)	(171,092)
By lease	(1,214,734)	(598,261)	-	-
	(4,067,449)	(2,670,966)	(12,094)	(171,092)

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

Notes to the Financial Statements

– 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Company and of the Group are prepared under the historical cost convention and comply with provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

(b) Basis of consolidation

(i) Subsidiary companies

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. A list of the Group's subsidiary companies is shown in Note 2 to the financial statements.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceed and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(ii) Associated company

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long-term equity interest of not less than 20% and not exceeding 50% of the equity and in whose financial and operating policy decisions of the Group exercises significant influence.

Investment in associated company is accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated company. Under the equity method of accounting, the Group's share of profit or loss of associated company during the year is included in the consolidated income statement. The Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains or transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated unless cost cannot be recovered.

Notes to the Financial Statements (cont'd)
- 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition

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

(i) *Sale of goods*

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

(ii) *Transportation and handling fees*

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

(iii) *Construction contracts*

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

Percentage of completion is measured by reference to the percentage of construction costs incurred and the estimated total construction costs.

(iv) *Hiring of plant and machinery*

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

(v) *Dividends*

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

(vi) *Management fee*

Revenue is recognised as the management fee accrue unless collectability is in doubt.

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 1(h).

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

Leasehold land	Over 39 – 100 years
Buildings	4 – 10 years
Plant and machinery	10 – 20 years
Motor vehicles	5 – 10 years
Furniture, fixtures and equipment	10 years

Notes to the Financial Statements (cont'd)

- 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Property, plant and equipment and depreciation (cont'd)

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profit.

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

(e) 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.

(f) Investments in subsidiary and associated 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 1(h).

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

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for all obsolete and slow-moving items.

Cost of finished goods include cost of raw materials, direct labour and attributable production overheads and are determined on the first-in-first-out basis.

(h) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets, other than inventories, assets arising from construction contracts, deferred tax assets, assets arising from employee benefits and financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset.

Notes to the Financial Statements (cont'd)

- 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(h) Impairment of assets (cont'd)

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the income statement immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the income statement, a reversal of the impairment loss is recognised as income in the income statement.

(i) Financial instruments

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

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

(i) **Other non-current investments**

Non-current investments other than investments in subsidiary and associated companies are stated at cost less allowance for any permanent diminution in value. Such allowance is made when there is decline other than temporary in the value of investments and is recognised as an expense in the period in which the decline occurred.

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

(ii) **Receivables**

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

(iii) **Payables**

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

(iv) **Interest-bearing borrowings**

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

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

Notes to the Financial Statements (cont'd)

- 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(i) Financial instruments (cont'd)

(v) **Equity instruments**

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

(j) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) **Finance leases**

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

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

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 1(d).

(ii) **Operating leases**

Operating lease payments are charged to the income statement on a straight-line basis over the term of the relevant lease.

(k) Deferred taxation

Deferred taxation is provided under the liability method in respect of all material timing differences except where it is reasonably expected that the tax effects of such deferrals will continue in the foreseeable future. No account is taken of any debit balances arising on deferred taxation account.

(l) Foreign currency

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling on the dates of transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All gains and losses on exchange are dealt with through the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

Notes to the Financial Statements (cont'd)

- 31 December 2002

1. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(l) Foreign currency (cont'd)

	2002 RM	2001 RM
Brunei Dollar	2.05	2.03
Singapore Dollar	2.16	2.03

(m) Cash and cash equivalents

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

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances net of outstanding bank overdrafts.

2. GENERAL

The principal activities of the Company are that of investment holding and the provision of management services. There has been no significant change in the nature of these activities of the Company and of the Group during the current financial year.

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Second Board of the Kuala Lumpur Stock Exchange. The registered office of the Company is located at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching.

The financial statements of the Company and of the Group are expressed in Ringgit Malaysia.

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

Name of company	Principal activities	Effective group interest	
		2002	2001
Subsidiary Companies			
B.I.G. Industrial Gas Sdn. Bhd.	Manufacture, distribution and marketing of industrial gases, marketing of welding equipment 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.	Operator of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd.	Agent for distribution of cement	100%	100%

Notes to the Financial Statements (cont'd)

- 31 December 2002

2. GENERAL (cont'd)

Name of company	Principal activities	Effective group interest	
		2002	2001
Subsidiary Companies			
B.I.G. Communications Sdn. Bhd.	Fibre optic network contractor	100%	100%
B.I.G. Construction Sdn. Bhd.	Inactive	100%	100%
Linear Excellent Sdn. Bhd.	Inactive	100%	100%
Alpha Billion Sdn. Bhd.	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd.	General trading	100%	100%
Subsidiary Company of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd.	Inactive	100%	100%
Associated Company			
B.I.G. Oil and Gas Sdn. Bhd.	Inactive	30%	30%

All the subsidiary and associated companies are audited by Ernst & Young, Malaysia.

3. REVENUE

Revenue of the Group comprises sales of goods stated after allowance for sales returns and trade discounts, transportation and handling fee, progress billings from construction contracts and hiring of plant and machinery.

Revenue of the Company comprises management fee and dividends received.

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Sales of goods	43,444,691	43,799,564	-	-
Transportation and handling fees	2,644,149	2,581,261	-	-
Progress billings from construction contracts	-	5,723,726	-	-
Hiring of plant and machinery	38,232	59,849	-	-
Dividends from subsidiary companies	-	-	-	15,443,861
Management fee charged to subsidiary companies	-	-	119,650	146,000
	<u>46,127,072</u>	<u>52,164,400</u>	<u>119,650</u>	<u>15,589,861</u>

Notes to the Financial Statements (cont'd)

- 31 December 2002

4. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
(a) This is stated after charging:				
Administration fees	75,560	-	-	-
Amortisation of quarry development expenses	63,653	46,620	-	-
Auditors' remuneration:				
- statutory audits				
- current year	56,600	56,100	8,500	8,500
- under provision in prior year	4,561	4,229	-	-
Bad debt written off	18,093	18,482	-	-
Depreciation of property, plant and equipment	4,496,066	4,610,237	-	54,315
Directors' fees	105,000	97,834	105,000	97,834
Directors' emoluments	209,010	206,350	-	2,600
Hire of plant and equipment	887,527	877,678	-	-
Interest expense	1,945,369	1,552,583	370,048	78,659
Management fee paid	-	5,000	-	5,000
Preliminary and pre-operating expenses written off	-	2,800	-	-
Property, plant and equipment written off	1,132	-	-	-
Provision for diminution in value	280,000	-	-	-
Rental expense	168,591	304,522	-	91,150
And crediting:				
Dividend income	-	-	-	(15,443,861)
Gain on disposal of property, plant and equipment	(121,278)	(16,407)	-	-
Gain on foreign exchange	(33,957)	(2,944)	-	-
Income from hiring of plant and equipment	(275,250)	-	-	-
Interest income	(212,576)	(3,691)	(370,048)	(294,513)
Management fee received	-	-	(119,650)	(146,000)
Rental income	(30,651)	(47,630)	-	-
(b) Employee information				
	2002	2001	2002	2001
Number of employees as at 31 December	279	258	-	4

Notes to the Financial Statements (cont'd)

- 31 December 2002

5. TAXATION

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Provision for Malaysian taxation in respect of profit for the year	3,100	25,597	-	4,197
Under / (Over) provision in prior years	11,789	(194)	-	-
Transfer to deferred taxation (Note 26)	263,015	40,489	-	-
	<u>277,904</u>	<u>65,892</u>	<u>-</u>	<u>4,197</u>

As at 31 December 2002, the Company has unabsorbed tax losses and unutilised capital allowances which are available for set-off against the Company's future business profit amounted to approximately RM1,483,000 (2001: RM1,464,000) and RM190,000 (2001: RM190,000) respectively, subject to agreement by the Inland Revenue Board.

As at 31 December 2002, the Group has unabsorbed tax losses, unutilised capital allowances and reinvestment allowances which are available for set-off against chargeable income amounted to approximately RM22,524,000 (2001: RM26,354,000) subject to agreement by the Inland Revenue Board.

The effective tax rate for the Group for current year is disproportionate to the statutory rate due to the availability of tax losses, capital allowances and reinvestment allowances brought forward. The tax savings for which credit was taken during the year as a result of the utilisation of tax losses, capital allowances and reinvestments allowances brought forward amounted to RM4,662,000 (2001: RM6,798,000).

Subject to the agreement by the Revenue Authorities, the tax exempt account of the Company as at 31 December 2002 amounted to RM63,000 (2001: RM63,000).

6. EARNINGS PER SHARE

The basic and diluted earnings per share have been calculated based on the consolidated profit after taxation of RM2,384,733 (2001: RM2,374,645) by the number of ordinary shares in issue during the year of 19,218,000 (2001: 19,218,000)

Notes to the Financial Statements (cont'd)

- 31 December 2002

7. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
Cost							
At 1.1.2002	7,251,688	767,686	6,131,134	54,784,095	7,311,809	80,355	76,326,767
Reclassification	(8,759)	8,759	-	80,355	-	(80,355)	-
Additions	210,000	-	675,412	2,673,797	503,819	4,421	4,067,449
Disposals	-	-	-	(804,744)	(104,589)	-	(909,333)
At 31.12.2002	<u>7,452,929</u>	<u>776,445</u>	<u>6,806,546</u>	<u>56,733,503</u>	<u>7,711,039</u>	<u>4,421</u>	<u>79,484,883</u>
Accumulated depreciation							
Charge for 2001	<u>96,124</u>	<u>33,886</u>	<u>320,596</u>	<u>4,021,687</u>	<u>137,944</u>	<u>-</u>	<u>4,610,237</u>
At 1.1.2002	528,284	56,721	1,724,277	24,353,431	869,816	-	27,532,529
Reclassification	(350)	350	-	(475)	475	-	-
Charge for the year	120,467	14,137	342,793	3,860,807	157,862	-	4,496,066
Disposals	-	-	-	(425,865)	(3,861)	-	(429,726)
At 31.12.2002	<u>648,401</u>	<u>71,208</u>	<u>2,067,070</u>	<u>27,787,898</u>	<u>1,024,292</u>	<u>-</u>	<u>31,598,869</u>
Net book value							
At 31.12.2002	<u>6,804,528</u>	<u>705,237</u>	<u>4,739,476</u>	<u>28,945,605</u>	<u>6,686,747</u>	<u>4,421</u>	<u>47,886,014</u>
At 31.12.2001	<u>6,723,404</u>	<u>710,965</u>	<u>4,406,857</u>	<u>30,430,664</u>	<u>6,441,993</u>	<u>80,355</u>	<u>48,794,238</u>

Included in the above are assets acquired under lease instalments with net book value of RM2,345,573 (2001: RM1,023,517).

Notes to the Financial Statements (cont'd)

- 31 December 2002

7. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Renovation RM	Motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
Cost				
At 1.1.2002	301,660	117,661	252,280	671,601
Additions	-	-	12,094	12,094
Transfer to subsidiary company	(301,660)	(117,661)	(264,374)	(683,695)
At 31.12.2002	-	-	-	-
Accumulated depreciation				
Charge for 2001	30,166	3,974	20,175	54,315
At 1.1.2002	65,360	7,693	46,737	119,790
Charge for the year	-	-	-	-
Transfer to subsidiary company	(65,360)	(7,693)	(46,737)	(119,790)
At 31.12.2002	-	-	-	-
Net book value				
At 31.12.2002	-	-	-	-
At 31.12.2001	236,300	109,968	205,543	551,811

Certain property, plant and equipment with the following net book values are pledged to banks for banking facilities obtained.

	Group	
	2002 RM	2001 RM
Leasehold land and buildings	5,246,478	4,515,970
Plant, machinery and motor vehicles	9,316,061	8,309,782
Furniture, fixture and equipment	109,216	1,327,124
	<u>14,671,755</u>	<u>14,152,876</u>

Certain long leasehold land of the Group with a net book value of RM2,880,635 (2001: RM503,009) are held in trust by a third party, who was a former Director of a subsidiary company.

Notes to the financial statements (cont'd)

- 31 December 2002

8. QUARRY DEVELOPMENT EXPENDITURE

	Group	
	2002	2001
	RM	RM
As at 1st January	1,035,894	1,082,514
Additions	165,162	-
Less: Amount amortised	63,653	46,620
As at 31st December	<u>1,137,403</u>	<u>1,035,894</u>

9. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2002	2001
	RM	RM
Unquoted shares, at cost	<u>22,401,385</u>	<u>22,051,389</u>

10. INVESTMENT IN ASSOCIATED COMPANY

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Less: Share of post-acquisition losses	647	321	-	-
	<u>29,353</u>	<u>29,679</u>	<u>30,000</u>	<u>30,000</u>

The Group's interest in the associated company is represented by:

	Group	
	2002	2001
	RM	RM
Share of net assets	17,823	18,150
Premium on acquisition	11,530	11,529
	<u>29,353</u>	<u>29,679</u>

Notes to the financial statements (cont'd)

- 31 December 2002

11. OTHER INVESTMENTS

	Group	
	2002	2001
	RM	RM
Quoted shares, at cost	464,263	464,263
Golf and country club membership, at cost	224,000	224,000
	<u>688,263</u>	<u>688,263</u>
Less: Allowance for diminution in value	280,000	-
	<u>408,263</u>	<u>688,263</u>
Market value of quoted shares	<u>46,426</u>	<u>183,384</u>

The Directors are of the opinion that no further allowance for diminution in value of quoted investments is required as the diminution is considered not permanent and the net tangible asset values of certain investments exceeds the quoted price of those investments.

12. INVENTORIES

	Group	
	2002	2001
	RM	RM
Industrial gases	404,288	544,859
Welding equipment and construction materials	801,064	1,438,287
Raw materials	957,597	217,141
Spare parts and consumables	386,973	349,419
Stone	721,093	546,130
Work in progress	1,838,380	1,529,665
Goods in transit	36,331	10,365
	<u>5,145,726</u>	<u>4,635,866</u>

The carrying amount of inventories is stated as follows:

At cost	5,145,726	4,635,866
At net realisable value	-	-
	<u>5,145,726</u>	<u>4,635,866</u>

Notes to the Financial Statements (cont'd)

- 31 December 2002

13. TRADE RECEIVABLES

	Group	
	2002 RM	2001 RM
Trade receivables	20,597,201	22,952,436
Less: Allowance for doubtful debts	-	1,774,829
	<u>20,597,201</u>	<u>21,177,607</u>

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

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

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Other receivables	6,079,200	5,210,795	16,745	38,266
Deposits	225,251	820,929	5,800	10,400
Prepayments	1,911,397	1,480,664	119,701	-
Current tax assets	194,639	500,925	96,522	75,542
	<u>8,410,487</u>	<u>8,013,313</u>	<u>238,768</u>	<u>124,208</u>

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

15. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Amount due from holding company	-	-	-	-
Amount due from subsidiary companies	-	-	20,297,276	20,928,383
Amount due from associated company	111,404	111,254	111,404	111,254
	<u>111,404</u>	<u>111,254</u>	<u>20,408,680</u>	<u>21,039,637</u>
Amount due to subsidiary companies	-	-	(28,770)	-
	<u>111,404</u>	<u>111,254</u>	<u>20,379,910</u>	<u>21,039,637</u>

Certain amounts due from/(to) the related companies are unsecured, interest free and have no fixed term of repayment. Certain amount due from subsidiary companies earns interest at rates ranging from 1.50% to 7.90% (2001: 1.0% to 7.10%) per annum and are repayable on demand.

Notes to the Financial Statements (cont'd)

- 31 December 2002

16. FIXED DEPOSITS WITH LICENSED BANKS

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

The weighted average interest rates during the financial year ranges from 3.20% to 4.05% and the maturities of deposits as at 31 December 2002 ranges from 30 to 365 days.

17. BANK OVERDRAFTS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured	2,998,733	1,069,378	-	-
Unsecured	6,655,027	9,121,349	4,810,271	4,814,893
	<u>9,653,760</u>	<u>10,190,727</u>	<u>4,810,271</u>	<u>4,814,893</u>

During the financial year, the weighted average effective interest rate for bank overdrafts of the Company was 7.36% (2001: 7.59%) while the weighted average effective interest rates for the Group ranges from 7.36% to 8.26% (2001: 7.59% to 9.34%) respectively.

The secured bank overdrafts of the Group are secured by certain assets of the Group and of the Company as disclosed in Note 7 to the financial statements.

18. SHORT TERM BORROWINGS

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Secured:				
Bill payables	2,156,000	-	-	-
Revolving credit	4,300,000	-	-	-
Term loans (Note 25)	2,195,268	2,584,748	-	-
	<u>8,651,268</u>	<u>2,584,748</u>	<u>-</u>	<u>-</u>
Unsecured:				
Bankers acceptances	-	4,674,597	-	-
Bill payable	3,951,693	710,000	-	-
Revolving credit	3,200,000	7,300,000	200,000	200,000
Term loans (Note 25)	600,000	600,000	-	-
	<u>7,751,693</u>	<u>13,284,597</u>	<u>200,000</u>	<u>200,000</u>

Notes to the Financial Statements (cont'd)

- 31 December 2002

18. SHORT TERM BORROWINGS (cont'd)

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Total borrowings:				
Bankers acceptances	-	4,674,597	-	-
Bill payable	6,107,693	710,000	-	-
Revolving credits	7,500,000	7,300,000	200,000	200,000
Term loans	2,795,268	3,184,748	-	-
	<u>16,402,961</u>	<u>15,869,345</u>	<u>200,000</u>	<u>200,000</u>

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

	Group		Company	
	2002	2001	2002	2001
	%	%	%	%
Bankers' acceptances	1.94 to 3.30	2.43 to 3.68	-	-
Bill payable	1.94 to 3.30	2.43 to 3.68	-	-
Revolving credit	3.95 to 5.25	4.45 to 5.29	5.25	5.24
Term loans	4.51 to 12.38	4.57 to 12.19	-	-

The secured revolving credits, trust receipts and term loans of the Group are secured by certain assets of the Group as disclosed in Note 7 to the financial statements.

19. TRADE PAYABLES

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

20. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2002	2001	2002	2001
	RM	RM	RM	RM
Other payables	1,268,866	1,251,864	50,903	8,356
Accruals	1,459,388	2,634,295	140,520	885,360
	<u>2,728,254</u>	<u>3,886,159</u>	<u>191,423</u>	<u>893,716</u>

Notes to the Financial Statements (cont'd)

- 31 December 2002

21. LEASE PAYABLES

	Group	
	2002	2001
	RM	RM
Repayable within twelve months	590,520	247,744
Repayable after twelve months	869,506	489,335
	<u>1,460,026</u>	<u>737,079</u>
Minimum lease payments:		
Not later than one year	697,333	312,870
Later than one year but not later than five years	939,119	540,410
	<u>1,636,452</u>	<u>853,280</u>
Less: Future finance charges on finance leases	176,426	116,201
Present value of finance lease liabilities	<u>1,460,026</u>	<u>737,079</u>

The lease payables bear interest at rates ranging from 4.00% to 10.02% (2001: 5.06% to 9.88%) per annum.

22. LAND PREMIUM PAYABLE

	Group	
	2002	2001
	RM	RM
Amount due within one year	685,696	885,696
Amount due after one year but within five years	313,185	626,369
	<u>998,881</u>	<u>1,512,065</u>

23. SHARE CAPITAL

	Group and Company	
	2002	2001
	RM	RM
Authorised:		
100,000,000 (2001: 100,000,000) ordinary shares of RM1.00 each	<u>100,000,000</u>	<u>100,000,000</u>
Issued and fully paid:		
19,218,000 (2001: 19,218,000) ordinary shares of RM1.00 each	<u>19,218,000</u>	<u>19,218,000</u>

Notes to the Financial Statements (cont'd)

- 31 December 2002

24. RESERVES

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

Based on the estimated tax credits available, the entire revenue reserve of the Company is available for distribution by way of dividends without incurring additional tax liability. In addition, the Company has tax exempt credit estimated at RM14 million (2001: RM8 million) which is available for distribution as tax exempt dividends. These amounts are subject to agreement by the Inland Revenue Board.

25. TERM LOANS

	Group	
	2002 RM	2001 RM
Secured:		
Bank loan repayable by 20 equal quarterly instalments commencing June 1997	-	156,357
Bank loan repayable by 84 equal monthly instalments commencing August 1997	551,777	896,644
Bank loan repayable by 20 equal quarterly instalments commencing September 1998	363,976	1,041,925
Bank loan repayable by 60 monthly instalments commencing January 2000	660,718	961,151
Bank loan repayable by 60 monthly instalments commencing January 2000	1,072,075	1,531,393
Bank loan repayable by 60 monthly instalments commencing January 2001	625,725	822,198
Bank loan repayable by 47 equal monthly instalments commencing July 2001	640,876	876,050
Bank loan repayable by 60 monthly instalments commencing August 2001	83,309	103,179
Bank loan repayable by 60 monthly instalments commencing October 2001	770,792	955,336
Bank loan repayable by 33 monthly instalments commencing March 2002	711,324	-
	5,480,572	7,344,233
Unsecured:		
Bank loan repayable by 60 monthly instalments commencing January 2001	1,800,000	2,400,000
	7,280,572	9,744,233
Repayable within 12 months (Note 18)	2,795,268	3,184,748
Repayable after 12 months	4,485,304	6,559,485
	7,280,572	9,744,233

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 7 to the financial statements. The weighted average interest rates for term loans are stated in Note 18 to the financial statements.

Notes to the Financial Statements (cont'd)

- 31 December 2002

26. DEFERRED TAXATION

	Group	
	2002	2001
	RM	RM
At 1st January	478,885	438,396
Transfer from income statement	263,015	40,489
At 31st December	<u>741,900</u>	<u>478,885</u>

The deferred taxation provided in the financial statements is in respect of excess of capital allowances over book depreciation.

27. COMMITMENTS

	Group	
	2002	2001
	RM	RM
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	<u>4,347,231</u>	<u>4,347,231</u>

28. CONTINGENT LIABILITIES

	Company	
	2002	2001
	RM	RM
Corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities	<u>26,991,299</u>	<u>28,341,743</u>

29. SEGMENT INFORMATION

(a) Business segments

The Group is organised into three major business segments:

- (i) Manufacturing – manufacture, distribution and marketing of industrial gases.
- (ii) Construction – quarry operations and trading of cement and construction materials; and
- (iii) Transportation - operation of transportation services.

Other business segments include property development, provision for management services and fibre optic networking, 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 terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Notes to the Financial Statements (cont'd)

- 31 December 2002

29. SEGMENT INFORMATION (contd)

	Manufacturing RM	Construction RM	Transportation RM	Other RM	Eliminates RM	Consolidated RM
2002						
Revenue						
External sales	18,292,856	25,190,067	2,644,149	-	-	46,127,072
Inter-segment sales	5,341,572	12,484,260	685,400	119,650	(18,630,882)	-
	<u>23,634,428</u>	<u>37,674,327</u>	<u>3,329,549</u>	<u>119,650</u>	<u>(18,630,882)</u>	<u>46,127,072</u>
Result						
Profit from operations						4,425,265
Finance cost, net						(1,762,302)
Share of results of associated company						(326)
Taxation						(277,904)
Profit after taxation						<u>2,384,733</u>
Assets and liabilities						
Segment assets	39,192,743	31,163,093	1,553,295	12,548,406	-	84,457,537
Investment in associated company	-	29,353	-	-	-	29,353
						<u>84,486,890</u>
Segment liabilities	16,067,397	18,197,045	493,979	10,000,166	-	<u>44,758,587</u>
Other information						
Amortisation	-	63,653	-	-	-	63,653
Depreciation	2,042,972	2,373,822	76,631	2,641	-	4,496,066
2001						
Revenue						
External sales	20,603,759	23,399,654	2,581,261	21,023,587	(15,443,861)	52,164,400
Inter-segment sales	7,729,816	12,456,863	621,180	290,000	(21,097,859)	-
	<u>28,333,575</u>	<u>35,856,517</u>	<u>3,202,441</u>	<u>21,313,587</u>	<u>(36,541,720)</u>	<u>52,164,400</u>
Result						
Profit from operations						4,893,562
Finance cost, net						(2,452,704)
Share of results of associated company						(321)
Taxation						(65,892)
Profit after taxation						<u>2,374,645</u>
Assets and liabilities						
Segment assets	38,618,405	32,484,584	1,047,844	13,274,796	-	85,425,629
Investment in associated company	-	-	-	29,679	-	29,679
						<u>85,455,308</u>
Segment liabilities	22,901,833	13,463,826	521,709	11,398,563	-	<u>48,285,931</u>
Other information						
Amortisation	-	46,620	-	-	-	46,620
Depreciation	2,274,012	2,264,128	16,967	55,130	-	4,610,237

Notes to the Financial Statements (cont'd)

- 31 December 2002

29. SEGMENT INFORMATION (contd)

(b) Geographical segments:

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

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, the Group and the Company had entered into the following significant related party transactions:

	Company	
	2002	2001
	RM	RM
(a) Transactions with subsidiary companies:		
Income		
Management fee income from		
- B.I.G. Industrial Gas Sdn. Bhd.	100,000	99,000
- Hypervictory Sdn. Bhd.	-	47,000
- Lumanai Sdn. Bhd.	19,650	-
Dividend income from		
- B.I.G. Industrial Gas Sdn. Bhd.	-	10,455,025
- Kinalaju Supply Sdn. Bhd.	-	126,000
- Uni-Mix Sdn. Bhd.	-	4,862,836
Interest income from		
- Alpha Billion Sdn. Bhd.	37,746	-
- B.I.G. Communication Sdn. Bhd.	-	34,819
- B.I.G. Construction Sdn. Bhd.	2,210	57,834
- B.I.G. Industrial Gas Sdn. Bhd.	269,753	136,967
- Hypervictory Sdn. Bhd.	59,874	64,893
- Kinalaju Supply Sdn. Bhd.	104	-
- Lumanai Sdn. Bhd.	361	-
Expenditure		
Interest paid to Uni-Mix Sdn. Bhd.	7,714	-

In addition to the above transactions, the Company has transferred its property, plant and equipment to a subsidiary company, B.I.G. Industrial Gas Sdn. Bhd. at a net book value of RM563,905.

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.

Notes to the Financial Statements (cont'd)

- 31 December 2002

30. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(b) Directors' remuneration

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

	Group		Company	
	2002 RM	2001 RM	2002 RM	2001 RM
Executive Director				
Fees	12,000	12,000	12,000	12,000
Salaries, allowances and bonus	180,000	170,100	-	2,100
Employee Provident Fund	17,010	14,250	-	-
<hr/>				
Non-Executive Directors				
Fees	93,000	85,834	93,000	85,834
Salaries, allowances and bonus	12,000	22,000	-	500
<hr/>				

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

Band of remuneration	Number of Directors			
	Executive		Non-Executives	
	2002	2001	2002	2001
Nil	-	-	-	2
RM1 - RM50,000	-	-	7	8
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	1	-	-

31. SIGNIFICANT EVENTS

(a) Additional Investments in Subsidiary Companies

On 11 April 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, B.I.G. Marketing Sdn. Bhd., for a total consideration of RM99,998.

On 24 April 2002, the Company subscribed for an additional 150,000 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Lumanai Sdn. Bhd., for a total consideration of RM150,000.

On 15 November 2002, the Company subscribed for an additional 99,998 ordinary shares of RM1.00 each, maintaining its 100% equity interest in a subsidiary company, Alpha Billion Sdn. Bhd., for a total consideration of RM99,998.

Notes to the Financial Statements (cont'd)

- 31 December 2002

31. SIGNIFICANT EVENTS (cont'd)

(b) Corporate Exercises

On 9 December 2002, the Company announced that it has obtained the relevant approvals on 20 November 2002 and 3 December 2002 from the Foreign Investment Committee and Securities Commission respectively to undertake the following corporate exercises:-

- (i) Proposed renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company together with 19,218,000 free Warrants on the basis of one new ordinary share with one free Warrant for every one existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalised from the retained profits and share premium reserves of the Company;
- (ii) Proposed bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company on the basis of one Bonus Share for every two Rights Shares subscribed by the existing shareholders of the Company and/or their renounees pursuant to the Proposed Rights Issue with Warrants;
- (iii) Proposed establishment of an ESOS by the Company for the eligible directors and employees of the Group; and
- (iv) Proposed private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Proposed Rights Issue with Warrants and Proposed Bonus Issue.

At the date of this report, the above exercises are pending finalisation and completion.

32. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2002. The investment 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.

Notes to the Financial Statements (cont'd)

- 31 December 2002

32. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk

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

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

The net unhedged financial assets and liabilities of the Group as at 31 December 2002 that are not denominated in the functional currency of Ringgit Malaysia are as follows:

	Brunei Dollar Equivalent RM	Singapore Dollar Equivalent RM	Total RM
Functional currency			
Trade receivables Ringgit Malaysia	296,264	-	296,264
Cash and bank balances Ringgit Malaysia	143,772	-	143,772
Trade payables Ringgit Malaysia	-	(70,321)	(70,321)
	<u>440,036</u>	<u>(70,321)</u>	<u>369,715</u>

(d) Liquidity risk

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

(e) Credit risk

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

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

Notes to the Financial Statements (cont'd)

- 31 December 2002

32. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values

The aggregate net fair values of financial assets and financial liabilities as at 31 December 2002 which are not carried at fair value on the balance sheets of the Company and of the Group are represented as follows:

	Note	Group		Company	
		Carrying Amount RM	Fair value RM	Carrying Amount RM	Fair value RM
Financial assets					
Investment in golf club		224,000	*	-	-
Investment in quoted shares		184,263	46,426	-	-
Amounts due from related companies	15	111,404	**	20,408,680	**
Financial liabilities					
Amounts due to related companies	15	-	**	28,770	**
Land premium payable	22	998,881	**	-	-
Term loans	25	4,485,304	***	-	-

* It is not practical to estimate the fair value of the Group's investment in golf club because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. However, the Group believes that the carrying amount represents the recoverable values.

** It is also not practical to estimate the fair values of amounts due to/from related companies and land premium payable due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be received or settled.

*** 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 25 to the financial statements.

Notes to the Financial Statements (cont'd)
 - 31 December 2002

32. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

The nominal/notional amount and net fair value of financial instruments not recognised in the balance sheet as at 31 December 2002 are:

	Note	Company	
		Nominal/ Notional Amount RM	Net Fair value RM
Contingent liabilities	28	26,991,299	****

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

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and cash equivalents, receivables, payables, amount due to/from related companies and short-term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

33. COMPARATIVES

Certain comparative figures have been reclassified to conform with current year's presentation. The presentation and classification of items in the segment information (Note 29) of the previous financial year have been changed to comply with the requirements for MASB Standard 22: Segment Reporting which was adopted during the year.

Comparatives are not disclosed for certain information relating to financial instruments as permitted by MASB Standard 24 – Financial Instruments: Disclosure and Presentation, upon first application.

34. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 21 April 2003.

Analysis of Shareholdings – As at 6 May 2003

Authorised Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM19,218,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	No. of Shares Held	%
Less than 100	2	12	0.00
100 to 1,000	1,250	1,245,441	6.48
1,001 to 10,000	1,126	3,956,914	20.59
10,001 to 100,000	106	2,613,330	13.60
100,001 to 960,899 (*)	18	5,726,191	29.80
960,900 and above (**)	4	5,676,112	29.53
TOTAL	2,506	19,218,000	100.00

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 6 MAY 2003

No.	Name of Substantial Shareholders	No. of Shares	%
1.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Metas Holdings Sdn. Bhd.</i>	1,564,032	8.14
2.	OSK Nominees (Tempatan) Sdn. Berhad <i>Pledged securities account for Har Mei Yee</i>	1,548,000	8.05
3.	Pristine Corporation Sdn. Bhd.	1,470,254	7.65
4.	Ratus Alam Sdn. Bhd.	1,093,826	5.69
5.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Weng (Dealer 088-Margin)</i>	801,344	4.17
6.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Zainuddin Bin Yakkop</i>	652,506	3.40
7.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Teng Dark Kwong (Dealer 088-Margin)</i>	590,000	3.07
8.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Mei Yee (D72)</i>	470,887	2.45

Analysis of Shareholdings (cont'd)

– As at 6 May 2003

THIRTY (30) LARGEST SHAREHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 6 MAY 2003

No.	Name of Substantial Shareholders	No. of Shares	%
9.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Firmbind Sdn. Bhd.</i>	387,863	2.02
10.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Lee Sheng Fung</i>	350,000	1.82
11.	Lau Cheng Ming	318,104	1.65
12.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Wong Kim Jiok (D72)</i>	306,000	1.59
13.	Kalaka Sdn. Bhd.	292,000	1.52
14.	Balia Bin Munir	281,854	1.47
15.	Hj Mohd Sepawie B Mohd Jahar	215,712	1.12
16.	Quality Concrete Sdn. Bhd.	208,174	1.08
17.	Faridah Binti Satem	159,500	0.83
18.	Best Choice Marketing Sdn. Bhd.	145,185	0.76
19.	Firmbind Sdn. Bhd.	144,135	0.75
20.	Mohd Fauzi B Hj Abd Hamid	140,000	0.73
21.	Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Dato' Noor Azman @ Noor Hizambin Mohd Nurdin (471842)</i>	134,000	0.70
22.	Balia Bin Munir	128,927	0.67
23.	Albert Bonaventure @ Ho Siew Lung	99,657	0.52
24.	Chan Kok Hwa	98,733	0.51
25.	Metas Capital Sdn. Bhd.	89,391	0.47
26.	Ng See Fook	80,000	0.42
27.	Abdillah Bin Yassin	78,000	0.40
28.	Leong Soo Har @ Leong Stek Fan	70,000	0.36
29.	Har Cheong Kit	67,000	0.35
30.	Ching Gek Lee	65,000	0.34
	Total	12,050,084	62.70

Analysis of Shareholdings (cont'd)

– As at 6 May 2003

LIST OF SUBSTANTIAL SHAREHOLDERS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 6 MAY 2003

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.	3,034,286 (i)	15.79	–	–
2.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	–	–	3,034,286 (ii)	15.79
3.	Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohammed Tahir	–	–	3,034,286 (ii)	15.79
4.	Har Mei Yee	2,059,887 (iii)	10.72	–	–
5.	Ratus Alam Sdn. Bhd.	1,093,826	5.69	–	–
6.	Fauziahanim Binti Hj. Jaffar	–	–	1,093,826 (iv)	5.69

NOTES:

- (i) Indirect holding through OSK Nominees (Tempatan) Sdn. Bhd. (1,564,032 shares) and direct holding (1,470,254 shares).
- (ii) Deemed interested by virtue of his substantial shareholding in Pristine Corporation Sdn. Bhd.
- (iii) Indirect holding through Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. (470,887 shares), OSK Nominees (Tempatan) Sdn. Bhd. (1,548,000 shares) and direct holding (41,000 shares).
- (iv) Deemed interested by virtue of her substantial shareholding in Ratus Alam Sdn. Bhd.

DIRECTORS' INTEREST

AS AT 6 MAY 2003

No.	Name of Directors	Direct Interest	No. of Shares		%
			%	Deemed Interest	
1.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	–	–	3,034,286 (i)	15.79
2.	Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohammed Tahir	–	–	3,034,286 (i)	15.79

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

List of Properties Held by the Group

Location	Description	Approximately Age of Building	Land Area (Sq. m)	Area Tenure (Expiring Date)	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	19 years & 10 years	3,310	2044	202,796	1984
2. Lot 1830, Block 4 Miri Concession Land District Piasau Industrial Estate Jalan Kilang, Miri	An Acetylene Plant and Fabrication Works Building	17 years	2,448	2052	198,690	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	8 years & 5 years	12,141	2053	1,180,556	1994
4. Lot 35, Block 13 Senggi Poak Land District Paku, Bau	Vacant Land	N/A	5,339	2039	45,833	1997
5. Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate, Lorong Then Kung Suk 5, Sibul	An Office Building and Refilling Plant	11 years	1,966	2038	258,462	1992
6. Lot 977, Block 26 Kemena Land District Kidurong, Light Industrial Estate Kidurong Road, Bintulu	An Oxygen/Nitrogen Plant, Acetylene Plant and Office Building	13 years	7,719	2051	410,440	1991
7. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	470,161	1992
8. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	264,970	1991

List of Properties Held by the Group (cont'd)

Location	Description	Approximately Age of Building	Land Area (Sq. m)	Area Tenure (Expiring Date)	Net Book Value (RM)	Date of Acquisition
9. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	14 years	553.3	2049	56,492	1990
10. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plans	4 years	808 1,045	2919	541,706	1997
11. Lot 1950, 1951 Block 5, Kuala Baram Land District Miri	Vacant Land	N/A	1,750.9	2056	205,962	2002
12. Lot 3 & 4, Jalan Bakau Off Km 9, Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 5 years	7,620	2027	749,503	1986
13. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	6 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity Perpetuity	497,613	1997 1996 1996 1996
14. NT044012115** NT044012124** NT043131540** FR1265** NT044012633** FR044012044** FR044015161** FR044012697**	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,426,581	1996 1996 1996 1996 1998 1997 1999 2001

Note :

* Lands hold in trust by Mr. Chan Kok Hwa and subleased to Uni-Mix Sdn. Bhd.

** Lands hold in trust by Mr. Chan Kok Hwa and subleased to Hypervictory Sdn. Bhd.

Group Corporate Directory

HEAD OFFICE & FACTORY

B. I. G. INDUSTRIES BERHAD
Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

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

KUCHING BRANCH
Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

MIRI BRANCH
Lot 759, Block 4
Piasau Industrial Estate
P.O. Box 1297
98008 Miri, Sarawak
Tel : 085-653995
Fax : 085-654841

LABUAN BRANCH
Lot 112-3, Court Light Industrial Park
Jalan Pohon Batu
P.O. Box 81566
87025 F T Labuan
Tel : 087-465818
Tel : 087-465597

SIBU BRANCH
Lot 564, 16 SLD
Upper Lanang Road, CDT 36
96008 Sibu, Sarawak
Tel : 084-213059
Fax : 084-214953

BINTULU BRANCH
Lot 977, Block 26
Tanjung Kidurong
P.O. Box 1106
97008 Bintulu, Sarawak
Tel : 086-252430
Fax : 086-252558

B. I. G. MARKETING SDN. BHD.
Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

ALPHA BILLION SDN. BHD.
Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

LUMANAI SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

KINALAJU SUPPLY SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

HYPERVICTORY SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

UNI-MIX SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

FACTORY
5¹/₂ Miles, Jalan Tuaran
Likas Industrial Estate, Inanam
Kota Kinabalu, Sabah
Tel : 088-420543
Fax : 088-429330

B. I. G. COMMUNICATIONS SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430



B.I.G. INDUSTRIES BERHAD (Company No. 195285-D)
Incorporated in Malaysia

PROXY FORM

for annual general meeting

Number of shares held

I/We,
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

being a member/members of B.I.G. INDUSTRIES BERHAD (195285-D) hereby, appoint.....

.....
(FULL NAME IN BLOCK LETTERS)

of
(FULL ADDRESS)

or failing him/her, the Chairperson of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Monday, 16 June 2003 at 12.00 noon.

My/our proxy is to vote as indicated below:-

No.	Ordinary Resolutions	For	Against
1.	Adoption of Reports and Financial Statements		
2.	Approval of Directors' Fees		
3.	Re-election of Y. Bhg. Datuk Haji Mazelan Bin Bugo pursuant to Article 106		
4.	Re-election of Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai pursuant to Article 106		
5.	Re-election of Ms. Yong Siew Kat pursuant to Article 106		
6.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
7.	Authority to issue shares pursuant to Section 132D of the Companies Act, 1965		

Please indicate with an "X" or "✓" in the appropriate box against the resolution 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 of2003.

.....
Signature of Member/Common Seal

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 authorize such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.
3. An instrument appointing a proxy shall be in writing under the hand of the appointor or if the appointor is a corporation either under its common seal or under the hand of an attorney duly authorised. Where a member appoints two proxies, the appointments shall be invalid unless the number of shares to be represented by each proxy is specified.
4. An instrument appointing a proxy or representative must be deposited at the Registered Office of the Company, 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.



Please Fold Along This Line

STAMP
HERE

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

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B.I.G. INDUSTRIES BERHAD Incorporated in Malaysia • (195285-D)
Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak
Tel: 082-486321 Fax: 082-336933