

Annual Report 2004



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

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



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

Notice of FIFTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Thursday, 30 June 2005 at 11.00 a.m. to transact the following matters:-

AGENDA

- | | |
|--|------------------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2004 and the Directors' and Auditors' Reports thereon. | Resolution 1 |
| 2. To declare a final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2004. | Resolution 2 |
| 3. To approve the payment of Directors' fees amounting to RM104,000 in respect of the year ended 31 December 2004. | Resolution 3 |
| 4. 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. Mr. Wong Choon Seng
ii. Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusof @ Mohd Yusof | Resolution 4
Resolution 5 |
| 5. To consider and if thought fit, to pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 ("the Act") as Ordinary Resolution of the Company:-

" That pursuant to Section 129(6) of the Act, Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai who retires pursuant to Section 129(2) of the Act, be and is hereby re-appointed as Director of the Company and to hold office until the conclusion of the next Annual General Meeting ("AGM") of the Company". | Resolution 6 |
| 6. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. | Resolution 7 |

AS SPECIAL BUSINESS

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

- | | |
|---|--------------|
| 7. Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares | Resolution 8 |
| "THAT pursuant to Section 132D of the Act and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to allot and issue new shares in the Company at any time, at such price, upon such terms and conditions and for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution in any one financial year does not exceed 10% of the total issued share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company". | |

Notice of FIFTEENTH ANNUAL GENERAL MEETING (cont'd)

8. Proposed Renewal of Existing Share Buy Back Authority

Resolution 9

"THAT subject to compliance with the Act, the Memorandum and Articles of Association of the Company, the Listing Requirements of the Bursa Securities and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to allocate an amount not exceeding the total audited share premium reserve and retained profit of the Company for the purpose of and to purchase such amount of ordinary shares of RM1.00 each in the Company ("Proposed Renewal of Share Buy Back Authority") as may be determined by the Directors of the Company provided that the aggregate number of shares purchased and/or held as Treasury Shares pursuant to this resolution does not exceed RM7,927,300 comprising of 7,927,300 ordinary shares of RM1.00 each in the Company, representing ten percent (10%) of the total issued and paid-up capital of the Company (assuming the Proposed Private Placement has been completed, all of the warrants and the options that have been/may be granted pursuant to the Company's employees share option scheme in the Company are exercised).

Based on the latest audited financial statement for the financial year ended 31 December 2004, the retained profits and share premium account of the Company were approximately RM6,743,000 and RM150,000 respectively, amounting to a total of RM6,893,000.

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

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

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

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

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

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

Notice of FIFTEENTH ANNUAL GENERAL MEETING (cont'd)

9. Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature Resolution 10

"THAT approval be and is hereby given for the renewal of the Existing Shareholders' Mandate for the Company's subsidiary to enter into and give effect to specified recurrent transactions of a revenue or trading nature and with specified classes of the related parties as stated in Section 3.3(a) of the Circular to Shareholders dated 8 June 2005 ("the Circular") which are necessary for the Group's day to day operations.

THAT a New Mandate be and is hereby granted for the Company to enter into additional recurrent related party transactions of a revenue or trading nature from time to time with the Related Party, namely Brilliant Vintage Sdn. Bhd. as stated in Section 3.3(b) of the Circular to Shareholders dated 8 June 2005; which are necessary for the Company's day to day operations.

The Proposed Renewal of the Existing Shareholders' Mandate and the Proposed New Shareholders' Mandate ("Proposed Shareholders' Mandate") are subject to the following:-

- a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders;
- b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholders' Mandate authority during the financial year based on the following information:-
 - i) the type of the recurrent transaction made; and
 - ii) the names of the related parties involved in each type of the recurrent transaction made and their relationship with the Company.

THAT such approval shall commence immediately upon the passing of this resolution and shall continue to be in force until:-

- i) the conclusion of the next AGM of the Company following the general meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- ii) the expiration of the period within which the next AGM is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may allowed pursuant to Section 143(2) of the Act); or
- iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting;

whichever is earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution".

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

Notice of FIFTEENTH ANNUAL GENERAL MEETING (cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Fifteenth Annual General Meeting, the final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2004 will be paid on 8 August 2005 to depositors registered in the Record of Depositors on 14 July 2005.

A depositor shall qualify for entitlement only in respect of:-

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 14 July 2005 in respect of transfers; and
- b) Shares bought on the Bursa Securities on a cum entitlement basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

CHAN SAU LENG (MAICSA 7012211)

HON LI CHUENG (MIA 17951)

Company Secretaries

Kuching, Sarawak
8 June 2005

Notes:-

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

Explanatory Notes on Special Business

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

The Ordinary Resolution 8 proposed under Agenda 7, 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 AGM.

b) Proposed Renewal of Existing Share Buy Back Authority

The Ordinary Resolution 9 proposed under Agenda 8, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company (assuming the Proposed Private Placement has been completed, all of the warrants and the options that have been/may be granted pursuant to the Company's employees share option scheme in the Company are exercised). This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM. For further information on the Proposed Renewal of Existing Share Buy Back Authority, please refer to the Circular dated 8 June 2005, which is despatched together with the Company's Annual Report 2004.

c) Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolution 10 proposed under Agenda 9, if passed, will empower the Company's subsidiary to enter into and give effect to specified recurrent transaction of a revenue or trading nature and with specified classes of the related parties as stated in the Circular dated 8 June 2005 which are necessary for the Group's day to day operations in the ordinary course of business and on terms not more favourable to the related parties than those generally available to the public where applicable and not to the detriment of the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next AGM. For further information on the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, please refer to the Circular dated 8 June 2005, which is despatched together with the Company's Annual Report 2004.

Statement Accompanying Notice of FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

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

- i) Mr. Wong Choon Seng
- ii) Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof

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

There were 8 Board Meetings held during the financial year.

The Board Meetings for the financial year ended 31 December 2004 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	8	8
Mr. Wong Choon Seng	8	8
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	8	8
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai	8	6
Ms. Yong Siew Kat	8	8
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	8	6
Encik Khairil Annas Bin Jusoh (Resigned on 15/07/2004)	8	4
Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir (Resigned on 07/02/2005)	8	7

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

Date	Time	Venue
25.02.2004	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
26.04.2004	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
31.05.2004	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
15.06.2004	2.30 p.m.	The Sarawak Club Jalan Taman Budaya, 93000 Kuching, Sarawak
29.06.2004	11.00 a.m.	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
30.08.2004	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
29.11.2004	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13 40675 Shah Alam, Selangor Darul Ehsan
11.12.2004	11.00 a.m.	Conference Room Lot 2225, Section 66, Jalan Dermaga Pending Industrial Estate 93450 Kuching, Sarawak

Statement Accompanying Notice of FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY (cont'd)

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

i)	Name	Mr. Wong Choon Seng
	Age	55
	Nationality	Malaysian
	Qualification	<ul style="list-style-type: none"> - Masters Degree in International Marketing from University of Strathclyde, Glasgow - Degree in Economics from University Malaya - Associate of Chartered Insurance Institute, London - Associate of Malayan Insurance Institute
	Position in the Company	Executive Director
	Working experience & occupation	Mr. Wong Choon Seng joined the Company as a Group General Manager in 1998. He was promoted to Executive Director on 1 February 2000. Prior to that, Mr. Wong started his career in the insurance industry after graduating in 1973 and was sent overseas for training in U.K. and the U.S.A. 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. In 1989, he started his own furniture manufacturing business. In year 1996, Mr. Wong joined American International Assurance (M) Sdn. Bhd. as the head of its training and education department.
	Any other directorships of public companies	None
	The securities holdings in the Company and its subsidiaries	None
	The family relationship with any directors and/or major shareholders 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 FIFTEENTH 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. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof
Age	42
Nationality	Malaysian
Qualification	- B.A Architecture, RIBA Part I, Hull School of Architect, U.K. (1984) - Dip. in Architecture, RIBA Part II, Hull School of Architecture, U.K (1987).
Position in the Company	Non-Independent & Non-Executive Director
Working experience & occupation	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof was appointed to the Board of Directors of the Company as an Independent Non-Executive Director on 16 July 1999 and was re-designated as Senior Independent Non-Executive Director on 21 April 2003. He is a Corporate Member of Pertubuhan Arkitek Malaysia since 1991, the Royal Institute of British Architects since 1989 and the Registered Architect with the Lembaga Arkitek Malaysia since 1991. He has about 18 years of working experience in Design and Architect works. Currently, he runs F.I. Architects Sdn. Bhd.
Any other directorships of public companies	Ngiu Kee Corporation (M) Berhad
The securities holdings in the Company and its subsidiaries	Deemed Interest – 2,991,236 shares (6.22%) via Pristine Corporation Sdn. Bhd. Deemed Interest – 2,134,300 warrants (11.13%) via Pristine Corporation Sdn. Bhd.
The family relationship with any directors and/or major shareholders 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 FIFTEENTH ANNUAL GENERAL MEETING OF THE COMPANY (cont'd)

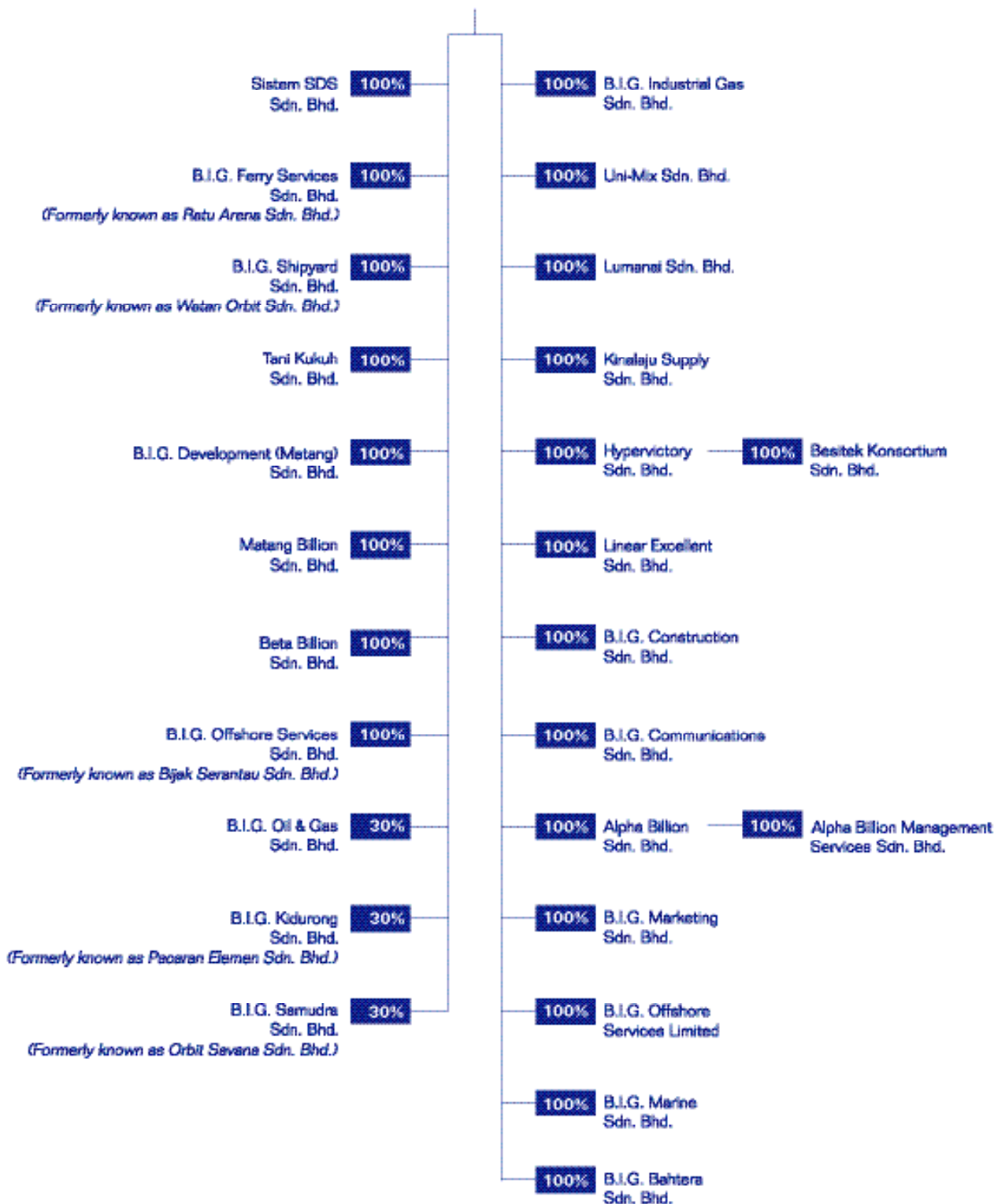
5. Further details of Director who is standing for re-appointment

Name	Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
Age	70
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 directors and/or major shareholders 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

Group CORPORATE STRUCTURE



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



Corporate INFORMATION

BOARD OF DIRECTORS

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

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

Wong Choon Seng
(Executive Director)

Yong Siew Kat
(Senior Independent Non-Executive Director)

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

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusof @ Mohd Yusof
(Non-Independent & Non-Executive Director)

AUDIT COMMITTEE

Chairman

Y. Bhg. Datuk Haji Mazelan
Bin Bugo

Members

Y. Bhg. Tan Sri Dato' Dr. Lau
Ban Tin
Yong Siew Kat

NOMINATION COMMITTEE

Chairman

Y. Bhg. Datuk Haji Mazelan
Bin Bugo

Members

Y. Bhg. Tan Sri Dato' Dr. Lau
Ban Tin
Y. Bhg. Tan Sri Datuk Amar Chong
Siew Fai
Yong Siew Kat

REMUNERATION COMMITTEE

Chairman

Y. Bhg. Datuk Haji Mazelan
Bin Bugo

Members

Y. Bhg. Tan Sri Dato' Dr. Lau
Ban Tin
Yong Siew Kat

ESOS COMMITTEE

Chairman

Wong Choon Seng

Members

Yong Siew Kat
Choong Wye Lin
Ng Mun Yew

COMPANY SECRETARIES

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

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

Epsilon Registration Services
Sdn. Bhd.
312, 3rd Floor, Block C
Kelana Square
17 Jalan SS7/26
47301 Petaling Jaya
Selangor Darul Ehsan
Tel: 03-7806 2116/03-7803 1126
Fax: 03-7806 1261

AUDITORS

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

PRINCIPAL BANKER

Malayan Banking Berhad

PRINCIPAL SOLICITORS

Al Nathan & Isa Aziz Ibrahim

STOCK EXCHANGE LISTING

The Bursa Malaysia Securities
Berhad
(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 51, 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 the Bursa Malaysia Securities Berhad.

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 Sarawakians who has carved 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 MATTA 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 eight (8) Board Meetings held during the financial year ended 31 December 2004.

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

MR. WONG CHOON SENG *Executive Director*

MR. WONG CHOON SENG, aged 55, 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.

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 is a Chairman of the ESOS Committee and he has attended all the eight (8) Board Meetings held during the financial year ended 31 December 2004. He does not have any family relationship with any Directors and/or Substantial Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

Profile of the BOARD OF DIRECTORS (cont'd)

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN *Non-Independent & Non-Executive Director*

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 49, a Malaysian, was appointed to the Board of the Company on 18 November 1998. He is a Chartered Management Accountant by profession. He is a fellow member of several institutions which include the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants. He obtained his MBA and DBA from the Southern Cross University of Australia.

He was the pioneer in the setting up of the Tawakal Hospital in Kuala Lumpur and was the financial consultant for the Bandar Tun Razak Project under DBKL. Currently, he is the Chairman of Malaysia Red Crescent Society, Klang Chapter, the President of Kolej Tunku Abdul Rahman School of Business Studies Ex-Students Association, the President of the Federation of Tunku Abdul Rahman College Alumni Associations and the Vice President of Malaysian Institute of Corporate Governance. Other public listed companies in which he is a Director are Ngiu Kee Corporation (M) Berhad and Yong Tai Berhad. Other businesses 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 eight (8) Board Meetings held during the financial year ended 31 December 2004.

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

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI *Independent Non-Executive Director*

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI, aged 70, 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 practicing 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.

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 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 eight (8) Board Meetings held during the financial year ended 31 December 2004.

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.

Profile of the BOARD OF DIRECTORS (cont'd)

MS. YONG SIEW KAT

Senior Independent Non-Executive Director

MS. YONG SIEW KAT, aged 52, a Malaysian, was appointed to the Board of the Company on 2 August 1999 and was re-designated as Senior Independent Non-Executive Director on 15 March 2004. She 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 that was 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 which involved in major acquisitions, joint venture projects and privatisation 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 Bursa Malaysia Securities Berhad, 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 that 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 stockbroking 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 eight (8) Board Meetings held during the financial year ended 31 December 2004.

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

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

Non-Independent & Non-Executive Director

Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF, aged 42, a Malaysian, was appointed to the Board of the Company as Independent Non-Executive Director on 16 July 1999 and was re-designated as Non-Independent & Non-Executive Director on 15 March 2004. He holds a B.A Architecture, RIBA Part I, Hull School of Architecture, U.K. (1984) and a Dip. in Architecture, RIBA Part II, Hull School of Architecture, U.K (1987). Y. Bhg. Dato' Haji Mohd Fauzi has 18 years of working experience in this field. Presently, he is also a Senior Independent Non-Executive Director of Ngiu Kee Corporation (M) Berhad.

Y. Bhg. Dato' 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.

Y. Bhg. Dato' Haji Mohd Fauzi's work of art includes 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.

Y. Bhg Dato' 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 he runs F.I. Architects Sdn. Bhd.

Y. Bhg. Dato' Haji Mohd Fauzi has attended six (6) out of eight (8) Board Meetings held during the financial year ended 31 December 2004. He is deemed to have an interest in the Company by virtue of his interest in Pristine Corporation Sdn. Bhd. Save for the aforesaid, he does not have any family relationship with any Directors and/or Substantial Shareholders of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

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 six (6) members of which three (3) are Independent Non-Executive Directors, two (2) Non-Independent and Non-Executive Director and one (1) Executive Director. The size of Independent Non-Executive Directors forms three over six (3/6) of the entire Board structure and the biographical details of the members of the Board on Page 12 to Page 14 demonstrate the range of experience and independent judgement they each bring to bear on Board matters. The Chairman undertakes the running of the Board 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, Y. Bhg. Datuk Haji Mazelan Bin Bugo, Mr. Wong Choon Seng, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin, Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir, Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof and Encik Khairil Annas Bin Jusoh attended the Continuing Education Programme (CEP) conducted by Rating Agency Malaysia Berhad (RAM) and other programme providers as prescribed by Bursa Malaysia Securities Berhad.

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 2004, the Board has met a total of eight (8) 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 6.

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

• **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 External Auditors are invited to attend the meetings. The Committee may also invite other Directors and employees to attend any of its meetings to assist in resolving and clarifying matters raised when necessary. The Company Secretary acts as secretary to the Committee.

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

The Nomination Committee is responsible 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.

Corporate GOVERNANCE STATEMENT (cont'd)

- **Remuneration Committee – Directors’ Remuneration**

a) Level and make-up of remuneration

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.

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	
	2004	2003	2004	2003
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	7
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 – RM250,000	1	1	-	-

Corporate GOVERNANCE STATEMENT (cont'd)

c) Disclosure of remuneration (cont'd)

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive Director				
Fees	12,000	30,000	12,000	12,000
Salaries, allowances and bonus	210,824	175,650	-	-
Employee Provident Fund	21,744	20,448	-	-
Non-Executive Directors				
Fees	92,000	96,000	92,000	96,000
Salaries, allowances and bonus	-	-	-	-

• Employees' Share Option Scheme (ESOS) Committee

The ESOS Committee was established on 26 February 2004 to administer the ESOS of the Group in accordance with the objectives and regulations thereof and to determine the participation eligibility, option offers and share allocations (based on the performance, seniority and number of years of service as well as the employees actual or potential contribution to the Group) and to attend to such other matters as may be required.

The composition of the ESOS Committee comprises the following members:-

- Chairman : Mr. Wong Choon Seng (*Executive Director*)
- Members : Ms. Yong Siew Kat (*Senior Independent Non-Executive Director*)
 Ms. Choong Wye Lin (*Senior Group Accountant*)
 Ms. Ng Mun Yew (*Human Resource Executive*)

The ESOS Committee's responsibilities are as follows:-

- To administer the ESOS Scheme in accordance with the Bye-Laws of the ESOS and, in such manner, as it shall in its discretion deem fit and, within such powers and duties as are conferred upon it by the Board of Directors.
- To review and amend, at any time and from time to time, any provisions of the Scheme and the ESOS Bye-Laws, provided that the amendments are not prejudicial to the eligible employees. Such modification/variation shall be subject to the approval of the Board.

The functions of the ESOS Committee, shall be governed by the Bye-Laws of the Scheme which, inter alia, include:-

- To assist the Board in determining all questions of policy and expediency that may arise in the administration of the ESOS and generally exercises all acts that are necessary to promote the best interest of the Group.
- To oversee the Management's implementation of the Scheme and decides inter alia on the offer, offer date, eligibility, basis of allotment, the exercise of the option, the administration, modification, dispute and termination issues in relation to the Scheme, in line with the ESOS Bye-Laws.
- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the Scheme and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service.

Corporate GOVERNANCE STATEMENT (cont'd)

• Employees' Share Option Scheme (ESOS) Committee (cont'd)

- To determine the number of options exercisable by the eligible employees for each year during the duration of the Scheme, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised.
- To formulate guidelines/procedures for the administration of the Scheme.
- To consider the appeals by staff on ESOS issues.

The ESOS Committee meets when necessary. A Quorum shall not be less than two (2). The Company Secretary shall be the secretary of the Committee.

The ESOS Committee met four times in year 2004 to approve the ESOS Committee's terms of reference, amendment to the Bye-Laws, to deliberate and approve on matters relating to the basis and allocation of ESOS to the eligible employees and to approve the issuance of the first and second tranches of ESOS to the eligible employees.

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.

Pursuant to Section 129 of the Companies Act, 1965, Directors who are over the age of seventy (70) years shall retire at every Annual General Meeting and shall be eligible for re-appointment until the next Annual General Meeting.

Particulars of Directors for re-election or re-appointment are disclosed in the Statement Accompanying the Notice of Annual General Meeting in this Annual Report.

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.

In addition, Ms. Yong Siew Kat acts as the Senior Independent Non-Executive Director. Any matters 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.

Corporate GOVERNANCE STATEMENT (cont'd)

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.

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 25 to 29 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 2004, 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.

Corporate GOVERNANCE STATEMENT (cont'd)

OTHER INFORMATION

Status of Utilisation of Proceeds Raised from the Rights Issue with Warrants

For the financial year ended 31 December 2004, the status of the utilisation of proceeds raised from the Rights Issue of 19,218,000 new ordinary shares of RM1.00 each together with 19,218,000 free detachable warrants at an issue price of RM1.00 per rights share which was completed on 18 February 2004 as follows:-

Description	Approved Utilisation RM'000	Actual Utilisation RM'000
Repayment of B.I.G. Group's bank borrowings	10,000,000	11,000,000
Working capital of B.I.G. Group	1,107,340	705,003
Expenses relating to the corporate exercises	1,000,000	402,337
Total	12,107,340	12,107,340

Note:-

The Board of Directors of the Company had resolved to utilise RM402,337 and RM597,663 of the proceeds earlier earmarked for working capital of B.I.G. Group and expenses relating to the corporate exercises of B.I.G. Group respectively, totaling RM1,000,000, for part repayment of bank borrowings of B.I.G. Group.

Share Buybacks

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

Options, Warrants or Convertible Securities

The Company's Employees Share Option Scheme ("ESOS") is governed by the ESOS Bye-Laws which was approved by the Shareholders at the Extraordinary General Meeting held on 23 May 2003.

The Company had on 8 March 2004 and 10 April 2004, granted 4,247,000 options and 150,000 options at RM2.72 and RM2.83 per share, being 9.93% and 10% discount respectively of the 5-day weighted average market price to eligible employees of the Company and Group in accordance with the ESOS Bye-Laws. During the financial year ended 31 December 2004, no option has been exercised by the eligible employees of the Company and the Group.

During the financial year, 19,218,000 free detachable warrants 2004/2009 attached on the basis of one free warrant for every one ordinary share of RM1.00 each, issued pursuant to the Rights Issue with Warrants has been listed on the Second Board of the Bursa Securities on 18 February 2004.

As at 31 December 2004, 42,200 warrants issued by the Company has been converted into ordinary shares and has been listed on the Second Board of the Bursa Malaysia Securities Berhad.

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

The Company did not sponsor any ADR or GDR programmes 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 RM11,500.00.

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.

Corporate GOVERNANCE STATEMENT (cont'd)

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.

Recurrent Related Party Transactions of a Revenue or Trading Nature

The Group had entered into the following Recurrent Related Party Transactions during the financial year ended 31 December 2004 pursuant to the mandate approved by the shareholders at the Extraordinary General Meeting held on 11 August 2004, the aggregate value of which is as follows:-

No.	Type of Recurrent Related Party Transactions	Related Parties	Interested Directors/Major Shareholders and persons connected to them	Value of Transactions (RM)
1.	Receipt of construction contract for main building works from Pristana Sdn. Bhd.	Pristana Sdn. Bhd.	Tan Sri Dato' Dr. Lau Ban Tin, a Director and Major Shareholder of B.I.G. Industries Berhad, is a substantial shareholder holding 50% direct equity interest in Pristana Sdn. Bhd.	3,422,488
2.	Receipt of construction contract for reservoir and building works from Seristana Sdn. Bhd.	Seristana Sdn. Bhd.	Tan Sri Dato' Dr. Lau Ban Tin, a Director and Major Shareholder of B.I.G. Industries Berhad, is deemed a substantial shareholder by virtue of his 70% equity interest in Iras Harapan Sdn. Bhd. which in turn is a 100% holding company of Seristana Sdn. Bhd.	NIL*
3.	Receipt of construction contract for main building works from Waristana Sdn. Bhd.	Waristana Sdn. Bhd.	Tan Sri Dato' Dr. Lau Ban Tin, a Director and Major Shareholder of B.I.G. Industries Berhad, is deemed a substantial shareholder by virtue of his 90% equity interest in Rindu Syahdu Sdn. Bhd. which in turn is a 100% holding company of Waristana Sdn. Bhd. He is also a Director in both Rindu Syahdu Sdn. Bhd. and Waristana Sdn. Bhd.	NIL*

Note:-

* The construction works have not commenced during the financial year ended 31 December 2004.

Statement on INTERNAL CONTROL

(Pursuant to para 15.27(b) of the BMSB's 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 Bursa Malaysia Securities Berhad's Task Force on Internal Control. The Board confirms that there is an on-going process for identifying, evaluating, managing and reporting the significant risks faced by the Group as follows:-

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

Statement on INTERNAL CONTROL (cont'd)

(Pursuant to para 15.27(b) of the BMSB's 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 maximise the use of resources and for effective coverage of audit risks;
- Carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company;
- Carrying out environmental and safety audits on the Company and the Group; and
- Identifying opportunities to improve the operations of business processes in the Company and the Group.

The 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

Chairman

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

Members

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

Ms. Yong Siew Kat
(Senior 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 Bursa Malaysia Securities Berhad.
- 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.

The review shall focus on:-

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

AUDIT COMMITTEE

Report (cont'd)

4. DUTIES AND RESPONSIBILITIES (cont'd)

- ii) To review with the External Auditors the following:-
 - the audit plan, scope and nature of the audit for the Company and the Group
 - the evaluation of the system of internal controls
 - audit report
 - problems and reservations arising from their interim and final audits
 - the assistance given by employees of the Company or Group to the External Auditors
- iii) To review the internal audit functions on the following:-
 - adequacy of the scope, 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.

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 External Auditors shall normally be invited to attend meetings of the Committee. The Committee may also invite other Directors and employees to attend any of its meetings to assist in resolving and clarifying matters raised.

Quorum

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

AUDIT COMMITTEE

Report (cont'd)

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 Financial Statements of the Company and the Group for the financial year ended 31 December 2004 before it was tabled to the Board.
- v) reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2004 before tabling at the Board Meeting for release to the Bursa Malaysia Securities Berhad and Securities Commission.
- vi) reviewed the internal audit plan and job scope of the Internal Auditors for the Group for year 2005.
- vii) reviewed and endorsed the preliminary audit plan and job scope of External Auditors for the Group for year 2005.
- viii) reviewed and discussed on any related party transactions that may arise to ensure compliance with the relevant regulatory requirements.

8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Six (6) Audit Committee Meetings were held during the financial year ended 31 December 2004. 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 (<i>Chairman</i>)	6	6
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	6	6
Ms. Yong Siew Kat	6	6

AUDIT COMMITTEE

Report (cont'd)

8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE (cont'd)

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 (<i>Chairman</i>)	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	2
Ms. Yong Siew Kat	2	2

9. STATEMENT BY AUDIT COMMITTEE ON THE COMPANY'S EMPLOYEES SHARE OPTION SCHEME ("ESOS")

Appendix 9C Part A Item No. 25 of the Listing Requirements of Bursa Malaysia Securities Berhad requires a statement by the Audit Committee in relation to the allocation of options pursuant to any share scheme for employees as required under paragraph 8.21A.

The Audit Committee is satisfied that the allocation of options pursuant to the Company's ESOS during the financial year ended 31 December 2004, has complied with the criteria set out in the ESOS Bye-Laws.

There are no options being offered to any non-executive directors of the Company pursuant to the ESOS in respect of the financial year ended 31 December 2004.

10. 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 of B.I.G. Industries Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2004.

FINANCIAL PERFORMANCE

The Group recorded a turnover of RM65.83 million for the year under review. This represents an increase of 23.9% compared to the previous year's turnover of RM53.15 million. In tandem with the increased turnover, the Group's profit after taxation grew 19% to RM4.63 million compared to RM3.89 million in the previous year.

OPERATING ENVIRONMENT

2004 saw a development boom in Sabah and Sarawak, fueled by a rise in commodity prices. During the year we saw an all time high in oil price, a resurgent timber market as well as firm crude palm oil prices.

Development projects were launched by the Sabah and Sarawak governments which included major infrastructure projects, highways, dam and water treatment plants. Not to be left out, private sector investments also provide catalyst for growth. Residential property development increased significantly together with commercial projects. In Kota Kinabalu, Sabah, plans are crystallising for the construction of 5 major shopping malls which aimed at enhancing the state's status as a tourist center. All these put Sabah's 5% construction growth, second only to the Klang Valley.

On this background, the Group performed commendably. The Group's industrial gas division was encouraging with 2004 recording a turnover of RM27.5 million against RM21.3 million in the previous year. Much of increase came in the second half of 2004. This was brought about by increased activities in the oil and gas sector as well as the shipbuilding and fabrication sectors. Meanwhile, in Sabah, where the Group ready mixed concrete and quarry activities are based, turnover increased from RM28.6 million in 2003 to RM31.2 million in 2004, an increase of 9.1%.

In the property development, turnover increased by 62.1% to RM4.7 million in 2004 from RM2.9 million in 2003. The Company's project in Demak Laut, Kuching has progressed to the second phase whereby two blocks of apartments and 103 units of terrace houses have been launched. The Company is actively looking into acquiring a few pieces of prime land in Sabah and Sarawak to expand this division.

DIVIDEND

The Board of Directors has recommended a final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2004 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The total dividend to be paid out for the year ended 31 December 2004 will be RM480,922.

SIGNIFICANT EVENTS

Acquisition of Subsidiary Companies

On 9 June 2004, the Company acquired the entire issued and paid-up share capital of Sistem SDS Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 28 June 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Ferry Services Sdn. Bhd. (formerly known as Ratu Arena Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

CHAIRMAN'S Statement (cont'd)

SIGNIFICANT EVENTS (cont'd)

Acquisition of Subsidiary Companies (cont'd)

On 16 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Samudra Sdn. Bhd. (formerly known as Orbit Savana Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 19 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Kidurong Sdn. Bhd. (formerly known as Pacaran Elemen Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 12 August 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Shipyard Sdn. Bhd. (formerly known as Watan Orbit Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 1 October 2004, the Company acquired additional 40% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd., a company incorporated in Malaysia, comprising 4 ordinary shares of RM1.00 each for a cash consideration of RM4.00.

On 8 November 2004, the Company's wholly owned subsidiary company, Alpha Billion Sdn. Bhd. acquired the entire issued and paid-up share capital of Alpha Billion Management Services Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 30 December 2004, the Company acquired the entire issued and paid-up share capital of Tani Kukuh Sdn. Bhd., a company incorporated in Malaysia, comprising 5,000,000 ordinary shares of RM1.00 each for a cash consideration of RM5,800,000.

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Development (Matang) Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Matang Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Beta Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 4 March 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Offshore Services Sdn. Bhd. (formerly known as Bijak Serantau Sdn. Bhd.), a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

CORPORATE DEVELOPMENT

On 24 September 2004, the Company obtained approval from the Securities Commission for extension of time to implement the Private Placement to 18 February 2005. On 4 February 2005, the Company announced that an application had been made to the Securities Commission for a further extension of time from 18 February 2005 to 18 August 2005 to implement the Private Placement. The application is pending approval by the Securities Commission.

On 1 April 2005, the Company announced that it will be seeking shareholders' approval on the following proposals at its forthcoming Annual General Meeting to be convened:-

- i) Proposed Renewal of Existing Share Buy Back Authority;
- ii) Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature; and
- iii) Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue of Trading Nature.

CHAIRMAN'S Statement (cont'd)

CORPORATE DEVELOPMENT (cont'd)

On 14 April 2005, the Company announced that it is proposing to implement the following:-

- i) a share split involving the subdivision of every one (1) existing share of RM1.00 each in the Company into ten (10) shares of RM0.10 each ("Proposed Share Split"); and
- ii) amendments to be made to the Memorandum and Articles of Association of BIG in conjunction with the Proposed Share Split.

As at the date of this report, the abovementioned Proposed Share Split is still pending for the approval from the Securities Commission and Bursa Malaysia Securities Berhad.

As at to-date, the issued and paid-up share capital of the Company was increased from RM48,045,000 to RM48,092,200 comprising of 48,092,200 ordinary shares of RM1.00 each by the issuance of 47,200 new ordinary shares of RM1.00 each arising from the Exercise of Warrants.

FUTURE OUTLOOK

The Board of Directors is greatly encouraged with the increase in activities in the oil and gas and construction industries in East Malaysia. These activities have shown a marked growth especially in the last quarter of 2004 and are expected to be on the increasing trend in 2005.

Exploration work has started in the Kikeh Oilfield off Sabah and in Sarawak. Fabrication contracts have been awarded. Onshore processing facilities have been planned which we see additional multi million ringgit LNG plants being constructed in East Malaysia. In anticipation of these developments the Group is taking the necessary measures including purchase of new equipment to capture the higher demand for products and services in this sector.

In Sabah, infrastructure projects like highways linking the East Coast to the West as well as dams and water treatment plants have started.

The demand for private and public housing in East Malaysia is still high. This has given the Group a good opportunity to expand our property development division.

The Government has also given priority to implement the Industrial Building System ("IBS") concept in the construction industry. Developers are given incentives to have 50% of their construction process using pre cast concrete products. The Group is in a good position to capitalise on this development to start an IBS division.

Given the above, the Board of Directors is optimistic of the Group's revenue and profit growth in 2005.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to extend our sincere appreciation to our fellow Board Member, Encik Khairil Annas Bin Jusoh who had resigned during the year for his contributions to the Company.

My gratitude and thanks also go to our Management and all employees for their hard work, dedication and commitment to the Group.

The Board of Directors also wishes to express its gratitude to all our customers, suppliers, shareholders, financial institutions, government authorities and business associates for their invaluable support and confidence in the Group.

Y. BHG. DATUK HAJI MAZELAN BIN BUGO
Chairman

23 April 2005

DIRECTORS' REPORT

The Directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2004.

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 companies are described in Note 10 to the financial statements.

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

FINANCIAL RESULTS

	Group RM	Company RM
Profit after taxation	4,626,283	5,903,917

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

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.

DIVIDENDS

During the financial year, the Company declared and paid a final tax exempt dividend of 1% per share amounting to RM480,650.

At the forthcoming Annual General Meeting ("AGM"), a final tax exempt dividend in respect of the financial year ended 31 December 2004 of 1% per share on 48,092,200 ordinary shares, amounting to a total dividend of RM480,922 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2005.

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
Wong Choon Seng
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
Yong Siew Kat
Y. Bhg. Dato' Haji Mohd Fauzi bin Yusuf @ Mohd Yusof
Khairil Annas bin Jusoh (resigned on 15 July 2004)
Y. H. Dato' Long Ahmad Zainal Abidin bin Mohd Tahir (resigned on 7 February 2005)

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 the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS (cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive any benefits (other than benefits 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' INTERESTS

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

	← Number of Ordinary Shares of RM1.00 each →				
	1.1.2004	Acquired	Disposed	31.12.2004	
The Company					
<i>Direct interest:-</i>					
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	-	8,506,150	-	8,506,150	
Yong Siew Kat	437,900	613,600	23,100	1,028,400	
<i>Indirect interest:-</i>					
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	3,034,286	4,551,450	4,344,500	3,241,236	
Y. H. Dato' Long Ahmad Zainal Abidin bin Mohd Tahir	3,034,286	4,551,450	7,585,736	-	
Y. Bhg. Dato' Haji Mohd Fauzi bin Yusuf @ Mohd Yusof	-	7,585,736	4,344,500	3,241,236	
	← Number of Warrants of RM1.00 each →				
	1.1.2004	Acquired	Disposed	31.12.2004	
The Company					
<i>Direct interest:-</i>					
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	-	4,521,100	1,676,000	2,845,100	
<i>Indirect interest:-</i>					
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	-	3,034,300	400,000	2,634,300	
Y. H. Dato' Long Ahmad Zainal Abidin bin Mohd Tahir	-	3,034,300	3,034,300	-	
Y. Bhg. Dato' Haji Mohd Fauzi bin Yusuf @ Mohd Yusof	-	3,034,300	400,000	2,634,300	
	← Number of Options Over Ordinary Shares of RM1.00 each →				
	1.1.2004	Granted	Exercised	Lapsed	31.12.2004
The Company					
Wong Choon Seng	-	502,000	-	-	502,000

By virtue of their interest in shares of B.I.G. Industries Berhad pursuant to Section 6A(4) of the Companies Act, 1965, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Y. Bhg. Dato' Haji Mohd Fauzi bin Yusuf @ Mohd Yusof 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 in office at the end of the financial year had any interest in shares in the Company or its related corporations during the year.

DIRECTORS' REPORT (cont'd)

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM19,218,000 to RM48,087,200 by way of:-

- (i) the two-call Rights Issue of 19,218,000 ordinary shares of RM1.00 each together with 19,218,000 free Warrants, at an issue price of RM1.00 per Rights Share, whereby the first call of RM0.63 per Rights Share shall be in the form of cash payment and the second call of RM0.37 per Rights Share to be capitalised from the revenue and share premium reserves of the Company;
- (ii) the Bonus Issue of 9,609,000 ordinary shares of RM1.00 each on the basis of one Bonus Share for every two Rights Shares subscribed by entitled shareholders; and
- (iii) the Warrants conversion of 42,200 ordinary shares of RM1.00 each for cash at an exercise price of RM1.00 per ordinary share.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company.

SHARE BUY BACK

The shareholders of the Company had approved the proposed purchase by the Company of up to ten percent (10%) of its own shares at the Extraordinary General Meeting held on 26 August 2004. The aforesaid approval is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM unless such approval is renewed by an ordinary resolution passed at the AGM.

On 1 April 2005, the Board of Directors of the Company announced its intention to seek the approval of the shareholders of the Company for the Proposed Renewal of the Existing Share Buy Back Authority at the forthcoming AGM.

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

EMPLOYEES' SHARE OPTION SCHEME (ESOS)

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

The salient features and other terms of the ESOS are disclosed in Note 25(d) to the financial statements.

The Company has been granted an exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1.00 each. The list of employees who has been granted options to subscribe for 100,000 or more ordinary shares of RM1.00 each during the financial year is as follows:-

Name	Offer Date	Expiry Date	Exercise Price	Number of Share Options		
				Granted	Exercised	31.12.2004
Wong Choon Seng	08/03/2004	25/02/2009	2.72	502,000	-	502,000
Ch'ng Ping Teong	08/03/2004	25/02/2009	2.72	481,000	-	481,000
Chua Chee Kien	08/03/2004	25/02/2009	2.72	122,000	-	122,000
Choong Wye Lin	08/03/2004	25/02/2009	2.72	121,000	-	121,000
Lau Keat Hoo	10/04/2004	25/02/2009	2.83	120,000	-	120,000

Details of options granted to Directors are disclosed in the Section on Directors' Interests in this report.

DIRECTORS' REPORT (cont'd)

WARRANTS 2004/2009

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

The salient features of the Warrants 2004/2009 are disclosed in Note 25(c) to the financial statements.

DIRECTORS' REMUNERATION

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive Director				
Fees	30,000	30,000	12,000	12,000
Salaries, allowances and bonus	210,824	175,650	-	-
Employee Provident Fund	21,744	20,448	-	-
Non-Executive Directors				
Fees	92,000	96,000	92,000	96,000

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

	Number of Directors			
	Executive		Non-Executive	
	2004	2003	2004	2003
Band of remuneration				
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	7
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	-	-	-
RM200,001 - RM250,000	1	1	-	-

The Executive Director of the Company has been granted the following number of options under the ESOS:-

	Group and Company 2004
At 1 January	-
Granted	502,000
Exercised	-
Lapsed	-
At 31 December	502,000

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 25(d)).

SIGNIFICANT EVENTS

(a) Corporate Exercises

In the previous financial year 2003, the Company announced that it had obtained the relevant approvals 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 revenue 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 renounces 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.

On 2 December 2003, the Company obtained approval from the Securities Commission for extension of time to fully implement the aforementioned corporate exercises by 31 March 2004. The Company has subsequently implemented Item (i) and (ii) of the aforementioned corporate exercises on 18 February 2004.

The additional 19,218,000 and 9,609,000 new ordinary shares of RM1.00 each in the Company issued pursuant to the aforesaid Rights Issue with Warrants and Bonus Issue respectively have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's 19,218,000 Warrants issued pursuant to the Rights Issue with Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's additional 20,000 and 22,200 new ordinary shares of RM1.00 each arising from the Exercise of Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 9 June 2004 and 9 September 2004 respectively.

As at 31 December 2004, the issued and paid-up share capital of the Company was increased from RM19,218,000 to RM48,087,200 ordinary shares of RM1.00 each by the issuance of 28,869,200 new ordinary shares of RM1.00 each arising from the aforesaid Rights Issue with Warrants, Bonus Issue and conversion of Warrants.

The Company has implemented its ESOS on 26 February 2004 for the benefit of the eligible employees and Executive Director of the Group. This is to accord them the opportunity to participate in the overall growth of the Group in addition to reward them for their contributions. A total of 4,012,000 options were offered to the eligible employees and Executive Director of the Group on 8 March and 10 April 2004 at the exercise price of RM2.72 and RM2.83 per new share respectively.

On 24 September 2004, the Company obtained approval from the Securities Commission for extension of time to implement the Private Placement to 18 February 2005. On 4 February 2005, the Company announced that an application had been made to the Securities Commission for a further extension of time from 18 February 2005 to 18 August 2005 to implement the Private Placement. The application is pending approval by the Securities Commission.

DIRECTORS' REPORT (cont'd)

SIGNIFICANT EVENTS (cont'd)

(b) Acquisition of new subsidiary companies

On 1 April 2004, the Company acquired 60% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd., a company incorporated in Malaysia, comprising 6 ordinary shares of RM1.00 each for a cash consideration of RM6.00.

On 16 April 2004, the Company incorporated a 100% wholly owned subsidiary company namely B.I.G. Offshore Services Limited, a company incorporated in Labuan F.T. Malaysia under the Offshore Companies Act 1990 with an authorised capital of RM49,997 (US\$13,157) comprising 13,157 shares of RM3.80 (US\$1.00) each and paid-up share capital of RM38.00 (US\$10.00) comprising 10 shares of RM3.80 (US\$1.00) each.

On 20 April 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Marine Sdn. Bhd., a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 9 June 2004, the Company acquired the entire issued and paid-up share capital of Sistem SDS Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 28 June 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Ferry Services Sdn. Bhd. (formerly known as Ratu Arena Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 16 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Samudra Sdn. Bhd. (formerly known as Orbit Savana Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 19 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Kidurong Sdn. Bhd. (formerly known as Pacaran Elemen Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 12 August 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Shipyard Sdn. Bhd. (formerly known as Watan Orbit Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 1 October 2004, the Company acquired additional 40% of the issued and paid-up capital of B.I.G. Bahtera Sdn. Bhd., a company incorporated in Malaysia, comprising 4 ordinary shares of RM1.00 each for a cash consideration of RM4.00.

On 8 November 2004, the Company's wholly owned subsidiary company, Alpha Billion Sdn. Bhd. acquired the entire issued and paid-up of Alpha Billion Management Services Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 30 December 2004, the Company acquired the entire issued and paid-up share capital of Tani Kukuh Sdn. Bhd., a company incorporated in Malaysia, comprising 5,000,000 ordinary shares of RM1.00 each for a cash consideration of RM5,800,000.

SUBSEQUENT EVENTS

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Matang Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

DIRECTORS' REPORT (cont'd)

SUBSEQUENT EVENTS (cont'd)

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Beta Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Development (Matang) Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 4 March 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Offshore Services Sdn. Bhd. (formerly known as Bijak Serantau Sdn. Bhd.), a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 15 April 2005, another additional 5,000 new ordinary shares of RM1.00 each arising from the Exercise of Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad.

OTHER STATUTORY INFORMATION

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:-
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of 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 Group and of the Company 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 not otherwise dealt with in this report or financial statements of the Group and of the Company which would render:-
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements 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 Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the Directors:-

- (i) no contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company 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 Group and of the Company for the financial year in which this report is made.

AUDITORS

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

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

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

Wong Choon Seng

Kuching, Malaysia
Date: 23 April 2005

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**, do hereby state that in our opinion, the accompanying financial statements set out on pages 43 to 83 are drawn up in accordance with applicable MASB Approved Accounting Standards in Malaysia and the provisions of the Companies Act, 1965 so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2004 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

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

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

Wong Choon Seng

Kuching, Malaysia
Date: 23 April 2005

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, **Hon Li Chueng**, being the officer 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 43 to 83 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Hon Li Chueng**
at Kuching
in the State of Sarawak
on 23 April 2005

Hon Li Chueng

Before me,

Peter Sim Hoi Peng (No. Q 078)
Commissioner for Oaths

Kuching, Sarawak

REPORT OF THE AUDITORS

to the Members of B.I.G. Industries Berhad

We have audited the financial statements set out on pages 43 to 83. These financial statements are the responsibility of the Company's Directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We 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 MASB Approved Accounting Standards in Malaysia so as to give a true and fair view of:-
 - (i) the financial position of the Group and of the Company as at 31 December 2004 and of the results and cash flows of the Group and of the Company 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.
- (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 have considered the financial statements and the auditors' reports thereon of the subsidiary companies of which we have not acted as auditors, as indicated in Note 10 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in the 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
1769/04/06 (J/PH)
Partner

Kuching, Malaysia
Date: 23 April 2005

INCOME STATEMENTS

for the year ended 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Revenue	3	65,826,331	53,152,861	6,332,205	186,000
Other operating income		812,859	631,990	313,741	252,897
Changes in inventories of finished goods		(580,146)	481,939	-	-
Inventories purchased and raw materials consumed		(35,093,381)	(27,061,542)	-	-
Staff costs		(5,697,474)	(5,402,303)	-	-
Depreciation of property, plant and equipment		(4,735,039)	(4,628,561)	-	-
Amortisation of quarry development expenses		(12,769)	(44,470)	-	-
Other operating expenses		(13,029,402)	(11,785,934)	(271,356)	(194,601)
Profit from operations		7,490,979	5,343,980	6,374,590	244,296
Finance costs		(3,371,948)	(1,650,610)	(319,592)	(290,476)
Share of results of associated companies		(11,831)	(6,461)	-	-
Profit/(loss) before taxation	4	4,107,200	3,686,909	6,054,998	(46,180)
Taxation	5	519,083	202,528	(151,081)	-
Profit/(loss) after taxation		4,626,283	3,889,437	5,903,917	(46,180)
Earnings per share (sen)	6				
Basic		9.77	12.74		
Diluted		8.14	*		
Net dividends per ordinary share (sen)	7	1	-	1	-

* The Group did not have potential ordinary shares in issue for the previous financial year. Therefore, diluted earnings per share has not been presented.

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

BALANCE SHEETS

as at 31 December 2004

	Note	Group		Company	
		2004 RM	2003 RM	2004 RM	2003 RM
Non-current assets					
Property, plant and equipment	8	47,344,693	46,022,075	-	-
Quarry development expenditure	9	1,822,760	1,622,463	-	-
Investment in subsidiary companies	10	-	-	28,801,445	22,401,385
Investment in associated companies	11	41,064	22,892	60,003	30,000
Other investments	12	11,767,561	1,893,139	8,997,422	-
Land held for property development	13	5,002,363	202,567	-	-
Amount due from a related company	14	-	-	1,479,873	-
Current assets					
Property development costs	13	7,465,269	3,663,555	-	-
Inventories	15	4,401,939	4,061,699	-	-
Trade receivables	16	25,211,347	17,509,566	-	-
Other receivables, deposits and prepayments	17	14,816,888	7,468,394	3,932,085	336,650
Amount due from related companies	14	187,570	110,492	58,626,099	20,095,152
Fixed deposits with licensed banks and financial institutions	18	2,333,640	122,101	-	-
Cash and bank balances		16,735,392	5,228,266	204,783	5,046
		71,152,045	38,164,073	62,762,967	20,436,848
Current liabilities					
Bank overdrafts	19	514,976	3,271,196	-	-
Short term borrowings	20	19,577,591	28,331,091	1,500,000	5,000,000
Trade payables	21	5,423,770	6,154,342	-	-
Other payables and accruals	22	5,597,692	3,191,728	75,463	44,544
Amount due to related companies	14	75,671	-	529,989	14,283
Lease payables	23	390,733	557,081	-	-
Land premium payable	24	-	313,185	-	-
Tax payable		16,383	790	16,383	-
		31,596,816	41,819,413	2,121,835	5,058,827
Net current assets/(liabilities)		39,555,229	(3,655,340)	60,641,132	15,378,021
		105,533,670	46,107,796	99,979,875	37,809,406
Financed by:-					
Share capital	25	48,087,200	19,218,000	48,087,200	19,218,000
Reserves	26	8,352,393	22,221,923	6,892,675	18,591,406
Shareholders' equity		56,439,593	41,439,923	54,979,875	37,809,406
Long term and deferred liabilities					
Lease payables	23	962,638	277,200	-	-
Term loans	27	46,039,539	1,722,873	45,000,000	-
Deferred taxation	28	2,091,900	2,667,800	-	-
		105,533,670	46,107,796	99,979,875	37,809,406

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

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December 2004

	Share capital RM	Share premium reserve RM	Non-distributable Reserve arising on consolidation RM	Distributable Revenue reserve RM	Total RM
Group					
At 1 January 2003	19,218,000	1,891,113	2,495,422	13,945,951	37,550,486
Profit for the year	-	-	-	3,889,437	3,889,437
At 31 December 2003	19,218,000	1,891,113	2,495,422	17,835,388	41,439,923
Issue of ordinary shares:-					
Pursuant to Rights Issue	19,218,000	(1,338,662)	-	(5,771,998)	12,107,340
Bonus issue	9,609,000	-	-	(9,609,000)	-
Pursuant to conversion of Warrants	42,200	-	-	-	42,200
Utilisation for issue expenses	-	(402,338)	-	-	(402,338)
Goodwill arising from additional interest in subsidiary companies	-	-	(893,165)	-	(893,165)
Dividends paid	-	-	-	(480,650)	(480,650)
Profit for the year	-	-	-	4,626,283	4,626,283
At 31 December 2004	48,087,200	150,113	1,602,257	6,600,023	56,439,593
Company					
At 1 January 2003	19,218,000	1,891,113	-	16,746,473	37,855,586
Loss for the year	-	-	-	(46,180)	(46,180)
At 31 December 2003	19,218,000	1,891,113	-	16,700,293	37,809,406
Issue of ordinary shares:-					
Pursuant to Rights Issue	19,218,000	(1,338,662)	-	(5,771,998)	12,107,340
Bonus issue	9,609,000	-	-	(9,609,000)	-
Pursuant to conversion of Warrants	42,200	-	-	-	42,200
Utilisation for issue expenses	-	(402,338)	-	-	(402,338)
Dividends	-	-	-	(480,650)	(480,650)
Profit for the year	-	-	-	5,903,917	5,903,917
At 31 December 2004	48,087,200	150,113	-	6,742,562	54,979,875

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

CASH FLOW STATEMENTS

for the year ended 31 December 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash flow from operating activities				
Operating profit/(loss) before taxation	4,107,200	3,686,909	6,054,998	(46,180)
Adjustments for:-				
Amortisation of quarry development expenses	12,769	44,470	-	-
Bad debts written off	17,016	48,011	-	-
Depreciation of property, plant and equipment	4,735,039	4,628,561	-	-
Loss/(gain) on disposal of property, plant and equipment	26,994	(781,420)	-	-
Gain on foreign exchange	(30,857)	(22,942)	-	-
Impairment of other investments	-	174,963	-	-
Interest expense	3,302,215	1,604,107	319,592	290,366
Interest income	(188,278)	(159,712)	(299,093)	(252,897)
Inventories written off	-	19,975	-	-
Property, plant and equipment written off	9,481	14,196	-	-
Share of loss in an associated company	11,831	6,461	-	-
Foreign exchange losses	-	-	300	-
Dividend income	(50,877)	-	(6,024,579)	-
Realised gain on disposal of quoted shares	(99,516)	-	(97,626)	-
Unrealised loss on quoted shares	59,031	-	-	-
Operating profit/(loss) before working capital changes	11,912,048	9,263,579	(46,408)	(8,711)
Changes in working capital:-				
Property development costs	(3,801,714)	-	-	-
Inventories	(340,240)	(945,283)	-	-
Receivables	(15,524,171)	3,970,743	(3,583,415)	(97,882)
Payables	1,622,605	(3,323,305)	30,920	(146,879)
Related companies	(1,407)	912	(39,495,116)	299,041
Cash (used in)/generated from operations	(6,132,879)	8,966,646	(43,094,019)	45,569
Interest paid	(2,747,235)	(1,096,043)	-	-
Interest received	188,278	159,712	299,093	252,897
Realised exchange gain	31,157	22,942	-	-
Taxation paid net of refund	(4,301)	(38,224)	-	-
Dividend received	38,557	-	5,877,561	-
Net cash (used in)/generated from operating activities	(8,626,423)	8,015,033	(36,917,365)	298,466

CASH FLOW STATEMENTS (cont'd)

for the year ended 31 December 2004

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(6,616,299)	(4,336,940)	-	-
Acquisition of shares in subsidiary companies	(5,785,955)	-	(6,400,060)	-
Acquisition of unquoted investments	-	(1,659,839)	-	-
Addition to quarry development expenditure	(213,066)	(529,530)	-	-
Acquisition of land held for development	202,567	(202,567)	-	-
Fixed deposit uplifted	-	174,957	-	-
Proceeds from disposal of property, plant and equipment	516,938	2,339,541	-	-
Repayment of land premium	(313,185)	(685,696)	-	-
Acquisition of shares in associated company	(30,003)	-	(30,003)	-
Acquisition in quoted shares	(10,582,038)	-	(8,247,843)	-
Proceeds from disposal of quoted shares	5,248,103	-	3,848,048	-
Subscription of bonds	(4,500,000)	-	(4,500,000)	-
Net cash used in investing activities	(22,072,938)	(4,900,074)	(15,329,858)	-
Cash flows from financing activities				
Proceeds from issuance of shares, net	11,747,202	-	11,747,202	-
(Decrease)/increase in bank borrowings	(9,068,930)	9,165,699	(3,500,000)	4,800,000
(Increase)/decrease in fixed deposits pledged	(691)	1,418	-	-
Interest paid	(554,980)	(508,064)	(319,592)	(290,366)
Lease payables obtained	1,227,000	86,400	-	-
Repayment of lease payables	(707,910)	(712,145)	-	-
Drawdown of term loan	45,000,000	-	45,000,000	-
Dividends paid	(480,650)	-	(480,650)	-
Net cash generated from financing activities	47,161,041	8,033,308	52,446,960	4,509,634
Net increase in cash and cash equivalents	16,461,680	11,148,267	199,737	4,808,100
Cash and cash equivalents at the beginning of the year	1,957,070	(9,191,197)	5,046	(4,803,054)
Cash and cash equivalents at date of Incorporation	12,514	-	-	-
Cash and cash equivalents at the end of the year	18,431,264	1,957,070	204,783	5,046
Analysis of cash and cash equivalents:-				
Cash and bank balances	16,735,392	5,228,266	204,783	5,046
Fixed deposits with licensed banks and financial institutions, not pledged (Note 18)	2,210,848	-	-	-
Bank overdrafts	(514,976)	(3,271,196)	-	-
	18,431,264	1,957,070	204,783	5,046
Analysis of acquisition of property, plant and equipment:-				
By cash	(5,389,299)	(4,250,540)	-	-
By lease	(1,227,000)	(86,400)	-	-
	(6,616,299)	(4,336,940)	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2004

1. CORPORATE INFORMATION

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

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 Group and of the Company during the current financial year.

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

The financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 April 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

During the financial year ended 31 December 2004, the Group adopted the following MASB Standard for the first time:-

MASB Standard 32 Property Development Activities

The adoption of MASB Standard 32 has not given rise to any adjustments to the opening balances of revenue reserve of the prior year and current year or to changes in comparatives.

(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 10.

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. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Basis of consolidation (cont'd)

(ii) Associated company

Associated company is a company in which the Group exercises significant influence but not control, through participation in the financial and operating policy decisions of the Group.

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 interest in associated company is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves.

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.

(c) Revenue recognition

Revenue is recognised when 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) Provision of services and maintenance, engineering products and marine transportation

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

(iii) Development properties

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

(iv) Construction contracts

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

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

(v) Transportation and handling fees

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(c) Revenue recognition (cont'd)

(vi) Dividends

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

(vii) Management fee

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

(viii) Interest

Revenue is recognised as the interest accrues 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 2(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

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 2(h).

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Inventories

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

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

(h) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its 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 amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

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. Reversal of impairment losses recognised in prior periods is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(i) Development properties, land and development expenditure

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

Land held for development consists of land held for future development where no significant development has been undertaken, and is stated at cost. Cost includes cost of land and attributable development expenditure. Such assets are classified as development properties when significant development work has been undertaken and the development is expected to be completed within the normal operating cycle.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Financial instruments (cont'd)

(i) *Other non-current investments*

Non-current investments other than investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

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.

(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.

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

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Leases (cont'd)

(i) Finance leases (cont'd)

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(l) Employees benefits

(i) Short term benefits

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

(m) Income Tax

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

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

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Foreign currencies

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:-

	2004 RM	2003 RM
Brunei Dollar	2.35	2.25
Singapore Dollar	2.35	2.25

(o) Cash and cash equivalents

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

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

3. REVENUE

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

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

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Sales of goods and provision of services and maintenance	56,773,485	46,256,193	-	-
Vessel charter fee	802,581	-	-	-
Sales of development properties	2,459,146	2,040,254	-	-
Contract income	2,236,093	828,821	-	-
Transportation and handling fees	3,372,186	3,957,625	-	-
Hiring of plant and machinery	41,214	69,968	-	-
Dividends received	44,000	-	6,024,579	-
Management fee charged to subsidiary companies	-	-	210,000	186,000
Realised gain in quoted shares	97,626	-	97,626	-
	65,826,331	53,152,861	6,332,205	186,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2004

4. PROFIT/(LOSS) BEFORE TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
(a) This is stated after charging:-				
Administration fees	168,406	70,831	-	-
Amortisation of quarry development expenses	12,769	44,470	-	-
Auditors' remuneration				
- statutory audits				
- current year	88,904	61,000	23,000	7,000
- under provision in prior year	27,150	2,490	15,350	1,940
Bad debt written off	17,016	48,011	-	-
Depreciation of property, plant and equipment	4,735,039	4,628,561	-	-
Directors' fees	122,000	126,000	104,000	108,000
Directors' emoluments	232,568	196,098	-	-
Hire of plant and equipment	854,719	1,122,071	-	-
Impairment of other investments	-	174,963	-	-
Interest expense	3,302,215	1,604,107	302,453	290,366
Inventories written off	-	19,975	-	-
Loss on disposal of property, plant and equipment	26,994	-	-	-
Property, plant and equipment written off	9,481	14,196	-	-
Rental expense	392,536	295,779	-	-
Unrealised foreign exchange loss	300	-	300	-
And crediting:-				
Gain on disposal of property, plant and equipment	-	(781,420)	-	-
Gain on foreign exchange	(31,157)	(22,942)	-	-
Income from hire of plant and equipment	(36,996)	-	-	-
Interest income	(188,278)	(159,712)	(299,093)	(252,897)
Management fee received	-	-	(210,000)	(186,000)
Rental income	(106,415)	(42,737)	-	-
Realised gain on disposal of quoted shares	(99,516)	-	(97,626)	-
(b) Employee information				
Number of employees as at 31 December	291	285	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

5. TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Income tax:-				
Tax expense for the year:-				
Malaysian income tax	65,916	38,340	151,081	-
(Over)/underprovided in prior years:-				
Malaysian income tax	(9,099)	11,049	-	-
	56,817	49,389	151,081	-
Deferred tax:-				
Relating to origination and reversal of temporary differences (Note 28)	(575,900)	(231,802)	-	-
Relating to reduction in Malaysia income tax rate (Note 28)	-	(20,115)	-	-
	(575,900)	(251,917)	-	-
	(519,083)	(202,528)	151,081	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2003: 28%) of the estimated assessable profit for the year.

A reconciliation of income tax expense at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Profit/(loss) before taxation	4,107,200	3,686,909	6,054,998	(46,180)
Taxation at Malaysian Statutory rate of 28% (2003: 28%)	1,150,016	1,032,335	1,695,399	(12,930)
Effect of lower income tax rate	(18,495)	(26,448)	-	-
Expenses not deductible for tax purposes	265,768	172,915	22,881	17,540
Income not subject to tax	(363,675)	(371,123)	(1,567,199)	-
Utilisation of previously unrecognised unabsorbed capital allowances	-	(4,610)	-	(4,610)
Utilisation of previously unrecognised unutilised reinvestment allowances	(969,072)	(1,026,601)	-	-
Deferred tax assets not recognised during the period	50,001	9,955	-	-
Deferred tax assets recognised on reinvestment allowance	(969,072)	-	-	-
Underprovided in prior years	335,446	11,049	-	-
Tax expense for the year	(519,083)	(202,528)	151,081	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

6. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year adjusted for the Bonus Issue of 9,609,000 ordinary shares and the bonus element arising from the Rights Issue as if the Bonus Issue and bonus element had occurred at the beginning of the previous financial year:-

	2004	2003
Net profit for the year (RM)	4,626,283	3,889,437
Weighted average number of ordinary shares in issue	47,355,516	30,539,766
Basic earnings per share (sen)	9.77	12.74

(b) Diluted

For the purpose of calculating diluted earnings per share, the net profit for the year and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the Bonus Issue and bonus element as mentioned in (a) above and the dilutive effects (if any) of all potential ordinary shares, i.e. share options granted to employees and Warrants:-

	2004	2003
Net profit for the year (RM)	4,626,283	*
Weighted average number of ordinary shares in issue	47,355,516	*
Effects of dilution:- Warrants	9,483,684	*
Adjusted weighted average number of ordinary in issue and issuable	56,839,200	*
Diluted earnings per share (sen)	8.14	*

* The Group did not have potential ordinary shares in issue for the previous financial year. Therefore, diluted earnings per share has not been presented.

7. NET DIVIDENDS PER ORDINARY SHARE

	Amount		Net dividends per ordinary share	
	2004 RM	2003 RM	2004 Sen	2003 Sen
Final				
1% tax exempt on 48,065,000 ordinary shares	480,650	-	1	-

At the forthcoming Annual General Meeting, a final tax exempt dividend in respect of the financial year ended 31 December 2004 of 1% per share on 48,092,200 ordinary shares, amounting to a total dividend of RM480,922 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of revenue reserve in the financial year ending 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

8. PROPERTY, PLANT AND EQUIPMENT

	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
Group						
Cost						
At 1 January 2004	7,455,309	776,445	6,992,159	57,049,285	8,200,832	80,474,030
Additions	47,004	-	223,869	5,202,285	1,143,141	6,616,299
Disposals	-	-	-	(1,250,749)	(318,506)	(1,569,255)
At 31 December 2004	7,502,313	776,445	7,216,028	61,000,821	9,025,467	85,521,074
Accumulated depreciation						
Charge for 2003	120,471	12,558	400,024	3,928,838	166,670	4,628,561
At 1 January 2004	768,872	83,766	2,467,094	30,002,245	1,129,978	34,451,955
Charge for the year	97,639	11,582	471,015	3,990,151	164,652	4,735,039
Disposals	-	-	-	(826,898)	(183,715)	(1,010,613)
At 31 December 2004	866,511	95,348	2,938,109	33,165,498	1,110,915	38,176,381
Net book value						
At 31 December 2004	6,635,802	681,097	4,277,919	27,835,323	7,914,552	47,344,693
At 31 December 2003	6,686,437	692,679	4,525,065	27,047,040	7,070,854	46,022,075

Included in the above are assets acquired under lease instalments with net book value of RM2,463,814 (2003: RM1,929,697).

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

	Group	
	2004	2003
Leasehold land and buildings	8,679,833	5,322,125
Plant, machinery and motor vehicles	9,003,422	7,378,739
Furniture, fixture and equipment	-	109,216
	17,683,255	12,810,080

Certain long leasehold land of the Group with a net book value of RM2,376,725 (2003: RM2,033,760) 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 2004

9. QUARRY DEVELOPMENT EXPENDITURE

	Group	
	2004 RM	2003 RM
At 1 January	1,622,463	1,137,403
Additions	213,066	529,530
Less: Amount amortised	12,769	44,470
At 31 December	1,822,760	1,622,463

10. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2004 RM	2003 RM
Unquoted shares, at cost	28,801,445	22,401,385

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

Name of company	Principal activities	Effective group interest	
		2004	2003
B.I.G. Industrial Gas Sdn. Bhd.	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd.	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd.	Quarry operations	100%	100%
Lumanai Sdn. Bhd.	Provision of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd.	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd.	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd.	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd.	General trading	100%	100%
B.I.G. Construction Sdn. Bhd.	Construction contractor	100%	100%
Linear Excellent Sdn. Bhd.	Inactive	100%	100%
Tani Kukuh Sdn. Bhd.*	Investment holding	100%	-
Sistem SDS Sdn. Bhd.	Trading and distribution of electrical home appliances, consumer durables and other related products on credit instalment scheme	100%	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of company	Principal activities	Effective group interest	
		2004	2003
B.I.G. Marine Sdn. Bhd.	Ship owner and vessel chartering	100%	-
B.I.G. Bahtera Sdn. Bhd.	Inactive	100%	-
B.I.G. Offshore Services Limited *	Inactive	100%	-
B.I.G. Ferry Services Sdn. Bhd. (formerly known as Ratu Arena Sdn. Bhd.)	Inactive	100%	-
B.I.G. Shipyard Sdn. Bhd. (formerly known as Watan Orbit Sdn. Bhd.)	Inactive	100%	-
Subsidiary company of Alpha Billion Sdn. Bhd.			
Alpha Billion Management Services Sdn. Bhd.	Inactive	100%	-
Subsidiary company of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd.	Inactive	100%	100%

* Not audited by Ernst & Young, Malaysia.

Acquisitions of subsidiary companies

The acquisitions had the following effect on the Group's financial results for the year:-

	2004 RM
Revenue	2,293,097
Profit from operations	123,540
Net profit for the year	95,475

The acquisitions had the following effect on the financial position of the Group as at the end of the year:-

	2004 RM
Development expenditure	5,002,363
Trade receivables	187,466
Other receivables	41
Cash in hand	14,071
Other payables	(87,895)
Amount due to holding company	(209,185)
	<u>4,906,861</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

10. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary companies were as follows:-

	2004 RM
Development expenditure	5,002,363
Trade receivables	187,466
Other receivables	41
Cash in hand	14,071
Other payables	(87,895)
Amount due to holding company	(209,185)
Group's share of net assets	4,906,861
Goodwill on acquisition	893,165
Cost of acquisition	5,800,026
Purchase consideration satisfied by cash	5,800,026
Cash and cash equivalents of subsidiary companies acquired	(14,071)
Net cash outflow of the Group	5,785,955

11. INVESTMENT IN ASSOCIATED COMPANIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted shares, at cost	60,003	30,000	60,003	30,000
Less: Share of post-acquisition losses	18,939	7,108	-	-
	41,064	22,892	60,003	30,000

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

	Group	
	2004 RM	2003 RM
Share of net assets	29,534	11,362
Share of goodwill in associated companies	11,530	11,530
	41,064	22,892

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

11. INVESTMENT IN ASSOCIATED COMPANIES (cont'd)

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

Name of company	Principal activities	Effective group interest	
		2004	2003
B.I.G. Oil and Gas Sdn. Bhd.	Inactive	30%	30%
B.I.G. Kidurong Sdn. Bhd. (formerly known as Pacaran Elemen Sdn. Bhd.)	Inactive	30%	-
B.I.G. Samudra Sdn. Bhd. (formerly known as Orbit Savana Sdn. Bhd.)	Inactive	30%	-

12. OTHER INVESTMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Unquoted investments:-				
Unquoted shares, at cost	1,659,839	1,659,839	-	-
Golf and country club membership, at cost	224,000	224,000	-	-
Junior Bond	4,500,000	-	4,500,000	-
	6,383,839	1,883,839	4,500,000	-
Quoted investments:-				
Quoted shares, at cost	5,897,716	464,263	4,497,422	-
Less: Accumulated impairment losses	513,994	454,963	-	-
	5,383,722	9,300	4,497,422	-
Total investments	11,767,561	1,893,139	8,997,422	-
Market value of quoted investments	5,595,987	9,300	4,709,687	-

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2004

13. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS

(a) Land held for property development

	Leasehold land RM
Group	
At 31 December 2004:-	
Cost	
At 1 January 2004	202,567
Additions	5,002,363
Transfer to property development costs	<u>(202,567)</u>
At 31 December 2004	<u>5,002,363</u>
Carrying amount at 31 December 2004	<u>5,002,363</u>
At 31 December 2003:-	
Cost	
At 1 January 2003	202,567
Transfer to property development costs	<u>-</u>
At 31 December 2003	<u>202,567</u>
Carrying amount at 31 December 2003	<u>202,567</u>

(b) Property development costs

	Group	
	2004 RM	2003 RM
Property development costs at 1 January:-		
Leasehold land	1,727,098	1,727,098
Development costs	3,847,572	66,265
	<u>5,574,670</u>	<u>1,793,363</u>
Costs incurred during the year:-		
Leasehold land	4,347,231	-
Development costs	1,821,631	3,781,307
	<u>6,168,862</u>	<u>3,781,307</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

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

(b) Property development costs (cont'd)

	Group	
	2004 RM	2003 RM
Costs recognised in income statement:-		
At 1 January	1,911,115	-
Development costs	2,569,715	1,911,115
	4,480,830	1,911,115
Transfers:-		
From land held for property development	202,567	-
Property development costs at 31 December	7,465,269	3,663,555

14. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Amount due from subsidiary companies	-	-	59,995,330	19,984,660
Amount due from associated company	187,570	110,492	110,642	110,492
	187,570	110,492	60,105,972	20,095,152
Amount due to subsidiary companies	-	-	(499,990)	(14,283)
Amount due to associated company	(75,671)	-	(29,999)	-
	111,899	110,492	59,575,983	20,080,869

Certain amounts due from/(to) the related companies are unsecured, interest free and under no fixed term of repayment. Certain amount due from subsidiary companies earns interest at rates ranging from 3.34% to 8.65% (2003: 0.30% to 8.37%) per annum and are repayable on demand.

15. INVENTORIES

	Group	
	2004 RM	2003 RM
Industrial gases	556,563	755,401
Welding equipment and construction materials	915,736	1,068,487
Raw materials	740,724	844,366
Spare parts and consumables	361,761	319,851
Stone	980,175	1,006,442
Goods in transit	846,980	67,152
	4,401,939	4,061,699

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

16. TRADE RECEIVABLES

	Group	
	2004 RM	2003 RM
Trade receivables	25,211,347	17,509,566

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.

17. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Other receivables	8,509,327	6,037,475	286,391	49,704
Deposits	4,201,896	456,918	3,246,971	8,624
Prepayments	1,789,479	840,696	180,742	232,160
Current tax assets	316,186	133,305	217,981	46,162
	14,816,888	7,468,394	3,932,085	336,650

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

18. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group	
	2004 RM	2003 RM
Fixed deposits with licensed banks:-		
- Pledged	122,792	122,101
- Not pledged	1,200,000	-
Fixed deposits with licensed financial institutions:-		
- Not pledged	1,010,848	-
	2,333,640	122,101

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

The weighted average interest rates during the financial year ranges from 3.20% to 4.05% (2003: 3.34% to 3.70%) and the maturities of deposits as at 31 December 2004 ranges from 30 to 365 days.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

19. BANK OVERDRAFTS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Secured	514,976	3,025,440	-	-
Unsecured	-	245,756	-	-
	514,976	3,271,196	-	-

During the financial year, the weighted average effective interest rate for bank overdrafts of the Company was Nil (2003: 7.47%) while the weighted average effective interest rates for the Group ranges from 2.89% to 6.99% (2003: 7.13% to 7.50%) respectively.

The secured bank overdrafts of the Group are secured by certain assets of the Group and of the Company as disclosed in Note 8.

20. SHORT TERM BORROWINGS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Secured:-				
Bill payables	3,822,061	4,455,015	-	-
Revolving credit	4,100,000	4,300,000	-	-
Term loans	1,464,877	3,318,118	-	-
	9,386,938	12,073,133	-	-
Unsecured:-				
Bill payable	6,090,653	6,357,958	-	-
Revolving credit	3,500,000	9,300,000	1,500,000	5,000,000
Term loans	600,000	600,000	-	-
	10,190,653	16,257,958	1,500,000	5,000,000
Total borrowings:-				
Bill payable	9,912,714	10,812,973	-	-
Revolving credits	7,600,000	13,600,000	1,500,000	5,000,000
Term loans (Note 27)	2,064,877	3,918,118	-	-
	19,577,591	28,331,091	1,500,000	5,000,000

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

	Group		Company	
	2004	2003	2004	2003
Bill payable	1.85% to 3.83%	1.39% to 4.73%	-	-
Revolving credit	4.62% to 6.04%	4.17% to 5.58%	5.48%	5.58%
Term loans	4.53% to 8.65%	5.10% to 10.44%	8.65%	-

The secured revolving credits, trust receipts and term loans of the Group are secured by certain assets of the Group as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
31 December 2004

21. TRADE PAYABLES

	Group	
	2004	2003
	RM	RM
Trade payables	5,402,050	4,500,122
Progress billings in respect of property development costs	21,720	1,654,220
	<u>5,423,770</u>	<u>6,154,342</u>

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

22. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2004	2003	2004	2003
	RM	RM	RM	RM
Other payables	1,310,990	1,018,500	36,569	13,650
Deposits	668,386	359,172	-	-
Accruals	3,618,316	1,814,056	38,894	30,894
	<u>5,597,692</u>	<u>3,191,728</u>	<u>75,463</u>	<u>44,544</u>

23. LEASE PAYABLES

	Group	
	2004	2003
	RM	RM
Repayable within twelve months	390,733	557,081
Repayable after twelve months	962,638	277,200
	<u>1,353,371</u>	<u>834,281</u>
Minimum lease payments:-		
Not later than one year	461,334	610,447
Later than one year but not later than five years	1,084,321	286,412
	<u>1,545,655</u>	<u>896,859</u>
Less: Future finance charges on finance leases	192,284	62,578
Present value of finance lease liabilities	<u>1,353,371</u>	<u>834,281</u>

The lease payables bore interest at rates ranging from 4.00% to 10.02% (2003: 4.00% to 10.02%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

24. LAND PREMIUM PAYABLE

	Group	
	2004 RM	2003 RM
Amount due within one year	-	313,185

25. SHARE CAPITAL

	Group and Company			
	Number of Ordinary Shares of RM1.00 each		Amount	
	2004	2003	2004	2003
	RM	RM	RM	RM
Authorised:-				
At 1 January and 31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid:-				
At 1 January	19,218,000	19,218,000	19,218,000	19,218,000
Issued during the year:-				
Pursuant to Rights Issue, for cash	12,107,340	-	12,107,340	-
Pursuant to Rights Issue by way of capitalisation of revenue and share premium reserves	7,110,660	-	7,110,660	-
Bonus issue	9,609,000	-	9,609,000	-
Pursuant to conversion of Warrants, for cash	42,200	-	42,200	-
At 31 December	48,087,200	19,218,000	48,087,200	19,218,000

(a) Rights Issue

During the financial year, the Company issued 19,218,000 new ordinary shares of RM1.00 each through Rights Issue at an issue price of RM1.00 per share, whereby the first call of RM12,107,340 was in the form of cash and the second call of RM7,110,660 was capitalised from the revenue and share premium reserves. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

(b) Bonus Issue

During the financial year, the Company issued 9,609,000 new ordinary shares of RM1.00 each on the basis of one Bonus Share for every two Rights Shares subscribed by the entitled shareholders. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

25. SHARE CAPITAL (cont'd)

(c) Warrants 2004/2009

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

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

Terms	Details
"Transferability"	The Warrants shall be transferable by an instrument of transfer in any usual or common form or such other form as may be approved by the Directors, Bursa Malaysia Depository Sdn. Bhd. and the Bursa Malaysia Securities Berhad ("Bursa Securities"). Subject to the provisions of the Central Depositories Act and the Rules, no person shall be recognised by the Company as having title to a Warrant entitling the Warrantholder thereof to subscribe for a fraction-al part of a New Share or otherwise than as the holder of the entirety of such New Shares. Each Warrantholder shall be deemed to remain the registered holder of the Warrant registered in his name until the name of the transferee is entered into the Record of Depositors in the manner provided under the Central Depositories Act and the Rules.
"Tenure"	Five (5) years from the date of issuance of the Warrants
"Exercise Period"	means the period commencing on and including the date of issue of the Warrants and ending at the close of business at 5.00 p.m. in Malaysia on a date being five (5) years from the Issue Date of the Warrants to be determined at the discretion of the Company subject to the approval of the relevant authorities, the shareholders of the Company and the Warrantholders, in accordance to the procedure set out by this Deed and/or the laws.
"Exercise Price"	RM1.00 payable in full upon the exercise of each Warrant.
"Expiry Date"	means the date falling on the fifth (5th) year from the Issue Date of the Warrants.
"Entitlement"	Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder during the Exercise Period to subscribe for one (1) new BIG Share at the Exercise Price of RM1.00.
"Mode of Exercise"	The registered holder of the Warrants must complete and sign the Exercise Form and deliver the same to the Registrar together with a remittance in Malaysian currency for the amount equal to the subscription moneys when subscribing for new BIG Shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

25. SHARE CAPITAL (cont'd)

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

Terms	Details
Board Lot	For the purposes of trading on the Bursa Securities, a Board Lot for the Warrants shall be One Hundred (100) Warrants carrying the right at the date of issue of the Warrants, to subscribe for One Hundred (100) New Shares.
Ranking of the new BIG Shares from exercise of Warrants	The new BIG Shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up capital of BIG, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new BIG Shares to be issued pursuant to the exercise of the Warrants.

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

	Number of Warrants 2004/2009
At 18 February 2004	19,218,000
Exercised during the financial year	<u>42,200</u>
At 31 December 2004	<u>19,175,800</u>

(d) Employees' Share Option Scheme ("ESOS")

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

The salient features of the ESOS are as follows:-

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant options to eligible employees of the Group to subscribe for new ordinary shares of RM1.00 each in the Company.
- (ii) Subject to the discretion of the ESOS Committee, any full time employee (including executive director) as at the date of offer, whose employment has been confirmed and have completed one year of service within the Company or its subsidiaries (which are not dormant) shall be eligible to participate in the ESOS.
- (iii) The total number of shares to be issued under the ESOS shall not exceed ten percent (10%) of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than fifty percent (50%) of the shares shall be allocated, in aggregate, to Directors and other senior management of the Group. In addition, not more than ten percent (10%) of the shares available under the ESOS shall be allocated to any individual eligible employee or executive director of the Group, who either singly or collectively through his/her associates, hold twenty percent (20%) or more of the issued and paid-up capital of the Company and no option shall be granted for less than one hundred (100) shares.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

25. SHARE CAPITAL (cont'd)

(d) Employees' Share Option Scheme ("ESOS") (cont'd)

- (iv) The option price for each share shall be the 5-day weighted average market price of the Company's shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately prior to the Date of Offer, if the ESOS Committee shall so determine at their discretion from time to time, at a discount of not more than 10% or the par value of the shares of the Company of RM1.00, whichever is higher.
- (v) All new ordinary shares issued and allotted upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not rank for any rights, dividends, allotment and/or distributions declared which entitlement date precedes the date of exercise of the said options and will be subject to the provisions of the Articles of Association of the Company.
- (vi) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

The terms of share options outstanding as at the end of the financial year are as follows:-

Offer Date	Expiry Date	Exercise Price RM	Number of Share Options				At 31 December 2004
			At 1 January 2004	Granted	Exercised	Lapsed	
08/03/2004	25/02/2009	2.72	-	4,247,000	-	931,000	3,316,000
10/04/2004	25/02/2009	2.83	-	150,000	-	15,000	135,000

26. RESERVES

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

Based on the estimated Section 108 tax credits available, approximately RM2.9 million (2003: RM2.9 million) is available for distribution by way of dividends without incurring additional tax liability. In addition, the Company has tax exempt credit estimated at RM14.4 million (2003: RM14.9 million) which is available for distribution as tax exempt dividends. These amounts are subject to agreement by the Inland Revenue Board.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

27. TERM LOANS

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Secured:-				
Bank loan repayable by 84 equal monthly instalments commencing August 1997	119,391	204,345	-	-
Bank loan repayable by 20 equal quarterly instalments commencing September 1998	-	-	-	-
Bank loan repayable by 60 monthly instalments commencing January 2000	-	-	-	-
Bank loan repayable by 60 monthly instalments commencing January 2000	-	871,084	-	-
Bank loan repayable by 60 monthly instalments commencing January 2001	226,452	429,553	-	-
Bank loan repayable by 47 equal monthly instalments commencing July 2001	568,597	388,883	-	-
Bank loan repayable by 60 monthly instalments commencing August 2001	40,446	62,490	-	-
Bank loan repayable by 60 monthly instalments commencing October 2001	375,305	577,770	-	-
Bank loan repayable by 33 monthly instalments commencing March 2003	-	348,690	-	-
Bank loan repayable by 36 monthly instalments commencing November 2003	391,921	664,959	-	-
Bank loan repayable by 35 equal quarterly instalments commencing October 2003	782,304	893,217	-	-
	2,504,416	4,440,991	-	-
Unsecured:-				
Bank loan repayable by 60 monthly instalments commencing January 2001	600,000	1,200,000	-	-
Bank loan repayable in August 2009	45,000,000	-	45,000,000	-
	48,104,416	5,640,991	45,000,000	-
Repayable within 12 months (Note 20)	2,064,877	3,918,118	-	-
Repayable after 12 months	46,039,539	1,722,873	45,000,000	-
	48,104,416	5,640,991	45,000,000	-

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 8. The weighted average interest rates for term loans are stated in Note 20.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

28. DEFERRED TAXATION

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
At 1 January	2,667,800	2,919,717	-	-
Recognised in income statement (Note 5)	(575,900)	(231,802)	-	-
Effect of reduction in Malaysia income tax rate (Note 5)	-	(20,115)	-	-
At 31 December	2,091,900	2,667,800	-	-
Presented after appropriate offsetting as follows:-				
Deferred tax assets	(2,912,505)	(2,660,469)	-	-
Deferred tax liabilities	5,004,405	5,328,269	-	-
	2,091,900	2,667,800	-	-

29. CONTINGENT LIABILITIES

	Group	
	2004 RM	2003 RM
Corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities	15,031,046	30,480,465

30. CAPITAL COMMITMENTS

	Group	
	2004 RM	2003 RM
Approved and contracted for	735,000	4,347,231

31. SEGMENT INFORMATION

(a) Business segments

The Group is organised into three major business segments:-

- (i) Oil & Gas / Industrial Gas;
- (ii) Ready Mix Concrete (RMC) / Quarry; and
- (iii) Property development and construction.

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

The Directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business and have been established on 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 2004

31. SEGMENT INFORMATION (cont'd)

	Oil & Gas/ Industrial Gas RM	RMC/ Quarry RM	Property Development & Construction RM	Other RM	Eliminations RM	Consolidated RM
2004						
Revenue						
External sales	27,536,573	31,159,829	4,695,239	2,434,690	-	65,826,331
Inter-segment sales	-	16,393,673	-	6,206,178	(22,599,851)	-
	<u>27,536,573</u>	<u>47,553,502</u>	<u>4,695,239</u>	<u>8,640,868</u>	<u>(22,599,851)</u>	<u>65,826,331</u>
Results						
Profit from operations						7,490,979
Finance cost, net						(3,371,948)
Share of results of associated company						(11,831)
Taxation						<u>519,083</u>
Profit after taxation						<u>4,626,283</u>
Assets and liabilities						
Segment assets	78,167,314	38,931,402	12,095,837	118,085,716	(110,190,847)	137,089,422
Investment in associated companies	-	-	-	60,003	(18,939)	<u>41,064</u>
						<u>137,130,486</u>
Segment liabilities	62,832,059	28,207,296	12,313,528	57,677,411	(80,339,401)	<u>80,690,893</u>
Other information						
Amortisation	-	12,769	-	-		12,769
Depreciation	2,372,860	2,266,570	1,818	93,791		4,735,039

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

31. SEGMENT INFORMATION (cont'd)

	Oil & Gas/ Industrial Gas RM	RMC/ Quarry RM	Property Development & Construction RM	Other RM	Eliminations RM	Consolidated RM
2003						
Revenue						
External sales	21,327,107	28,559,092	2,869,075	397,587	-	53,152,861
Inter-segment sales	6,836	12,328,091	-	186,000	(12,520,927)	-
	<u>21,333,943</u>	<u>40,887,183</u>	<u>2,869,075</u>	<u>583,587</u>	<u>(12,520,927)</u>	<u>53,152,861</u>
Result						
Profit from operations						5,343,980
Finance cost, net						(1,650,610)
Share of results of associated company						(6,461)
Taxation						<u>202,528</u>
Profit after taxation						<u>3,889,437</u>
Assets and liabilities						
Segment assets	45,694,639	39,225,357	5,971,206	47,065,131	(50,052,016)	87,904,317
Investment in associated company	-	-	-	30,000	(7,108)	<u>22,892</u>
						<u>87,927,209</u>
Segment liabilities	29,547,289	28,196,452	6,032,956	9,311,220	(26,600,631)	<u>46,487,286</u>
Other information						
Amortisation	-	44,470	-	-		44,470
Depreciation	2,149,275	2,476,618	-	2,668		4,628,561

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

31. SEGMENT INFORMATION (cont'd)

(b) Geographical segments:-

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

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	Company	
	2004	2003
	RM	RM
<i>(a) Transactions with subsidiary companies:-</i>		
Income		
Management fee income from:-		
- B.I.G. Industrial Gas Sdn. Bhd.	72,000	118,200
- Hypervictory Sdn. Bhd.	18,000	7,200
- Lumanai Sdn. Bhd.	18,000	6,600
- Alpha Billion Sdn. Bhd.	24,000	24,000
- B.I.G. Marketing Sdn. Bhd.	6,000	24,000
- B.I.G. Construction Sdn. Bhd.	6,000	6,000
- Uni-Mix Sdn. Bhd.	6,000	-
- B.I.G. Marine Sdn. Bhd.	42,000	-
Interest income from:-		
- Alpha Billion Sdn. Bhd.	52,329	51,926
- B.I.G. Communication Sdn. Bhd.	147,564	153,979
- B.I.G. Industrial Gas Sdn. Bhd.	-	46,991
- Hypervictory Sdn. Bhd.	98,200	-
Dividend income from:-		
- B.I.G. Industrial Gas Sdn. Bhd.	5,499,513	-
- Uni-Mix Sdn. Bhd.	262,856	-
- Lumanai Sdn. Bhd.	192,500	-
- Kinalaju Supply Sdn. Bhd.	25,710	-
Expenditure		
Interest paid to Uni-Mix Sdn. Bhd.		
- Uni-Mix Sdn. Bhd.	3,247	19,750
- B.I.G. Industrial Gas Sdn. Bhd.	130,990	-

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 2004

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

(b) Directors' remuneration

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

	Group		Company	
	2004 RM	2003 RM	2004 RM	2003 RM
Executive Director				
Fees	30,000	30,000	12,000	12,000
Salaries, allowances and bonus	210,824	175,650	-	-
Employee Provident Fund	21,744	20,448	-	-
Non-Executive Directors				
Fees	92,000	96,000	92,000	96,000

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

	Number of Directors			
	Executive		Non-Executive	
	2004	2003	2004	2003
Band of remuneration				
Nil	-	-	-	-
RM1 – RM50,000	-	-	7	7
RM50,001 – RM100,000	-	-	-	-
RM100,001 – RM150,000	-	-	-	-
RM150,001 – RM200,000	-	-	-	-
RM200,001 – RM250,000	1	1	-	-

33. SIGNIFICANT EVENTS

(a) Corporate Exercises

In the previous financial year 2003, the Company announced that it had obtained the relevant approvals 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 revenue 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 renounces pursuant to the Proposed Rights Issue with Warrants;

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

33. SIGNIFICANT EVENTS (cont'd)

(a) Corporate Exercises (cont'd)

- (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.

On 2 December 2003, the Company obtained approval from the Securities Commission for extension of time to fully implement the aforementioned corporate exercises by 31 March 2004. The Company has subsequently implemented Item (i) and (ii) of the aforementioned corporate exercises on 18 February 2004.

The additional 19,218,000 and 9,609,000 new ordinary shares of RM1.00 each in the Company issued pursuant to the aforesaid Rights Issue with Warrants and Bonus Issue respectively have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's 19,218,000 Warrants issued pursuant to the Rights Issue with Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's additional 20,000 and 22,200 new ordinary shares of RM1.00 each arising from the Exercise of Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 9 June 2004 and 9 September 2004 respectively.

As at 31 December 2004, the issued and paid-up share capital of the Company was increased from RM19,218,000 to RM48,087,200 ordinary shares of RM1.00 each by the issuance of 28,869,200 new ordinary shares of RM1.00 each arising from the aforesaid Rights Issue with Warrants, Bonus Issue and conversion of Warrants.

The Company has implemented its ESOS on 26 February 2004 for the benefit of the eligible employees and Executive Director of the Group. This is to accord them the opportunity to participate in the overall growth of the Group in addition to reward them for their contributions. A total of 4,012,000 options were offered to the eligible employees and Executive Director of the Group on 8 March and 10 April 2004 at the exercise price of RM2.72 and RM2.83 per new share respectively.

On 24 September 2004, the Company obtained approval from the Securities Commission for extension of time to implement the Private Placement to 18 February 2005. On 4 February 2005, the Company announced that an application had been made to the Securities Commission for a further extension of time from 18 February 2005 to 18 August 2005 to implement the Private Placement. The application is pending approval by the Securities Commission.

(b) Acquisition of new subsidiary companies

On 1 April 2004, the Company acquired 60% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd., a company incorporated in Malaysia, comprising 6 ordinary shares of RM1.00 each for a cash consideration of RM6.00.

On 16 April 2004, the Company incorporated a 100% wholly owned subsidiary company namely B.I.G. Offshore Services Limited, a company incorporated in Labuan F.T. Malaysia under the Offshore Companies Act 1990 with an authorised capital of RM49,997 (US\$13,157) comprising 13,157 shares of RM3.80 (US\$1.00) each and paid-up share capital of RM38.00 (US\$10.00) comprising 10 shares of RM3.80 (US\$1.00) each.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

33. SIGNIFICANT EVENTS (cont'd)

(b) Acquisition of new subsidiary companies (cont'd)

On 20 April 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Marine Sdn. Bhd., a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 9 June 2004, the Company acquired the entire issued and paid-up share capital of Sistem SDS Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 28 June 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Ferry Services Sdn. Bhd. (formerly known as Ratu Arena Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 16 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Samudra Sdn. Bhd. (formerly known as Orbit Savana Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 19 July 2004, the Company acquired 30% of the issued and paid-up share capital of B.I.G. Kidurong Sdn. Bhd. (formerly known as Pacaran Elemen Sdn. Bhd.), a company incorporated in Malaysia, comprising 3 ordinary shares of RM1.00 each for a cash consideration of RM3.00.

On 12 August 2004, the Company acquired the entire issued and paid-up share capital of B.I.G. Shipyard Sdn. Bhd. (formerly known as Watan Orbit Sdn. Bhd.), a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

On 1 October 2004, the Company acquired additional 40% of the issued and paid-up capital of B.I.G. Bahtera Sdn. Bhd., a company incorporated in Malaysia, comprising 4 ordinary shares of RM1.00 each for a cash consideration of RM4.00.

On 8 November 2004, the Company's wholly owned subsidiary company, Alpha Billion Sdn. Bhd. acquired the entire issued and paid-up of Alpha Billion Management Services Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 30 December 2004, the Company acquired the entire issued and paid-up share capital of Tani Kukuh Sdn. Bhd., a company incorporated in Malaysia, comprising 5,000,000 ordinary shares of RM1.00 each for a cash consideration of RM5,800,000.

34. SUBSEQUENT EVENTS

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Matang Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of Beta Billion Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

34. SUBSEQUENT EVENTS (cont'd)

On 27 January 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Development (Matang) Sdn. Bhd., a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 4 March 2005, the Company acquired the entire issued and paid-up share capital of B.I.G. Offshore Services Sdn. Bhd. (formerly known as Bijak Serantau Sdn. Bhd.), a company incorporated in Malaysia, comprising 2 ordinary shares of RM1.00 each for a cash consideration of RM2.00.

On 15 April 2005, another additional 5,000 new ordinary shares of RM1.00 each arising from the Exercise of Warrants have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad.

35. 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 defined guidelines and the Group's policy is not to engage in speculative transactions.

(b) *Interest rate risk*

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2004. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

35. FINANCIAL INSTRUMENTS (cont'd)

(c) Foreign exchange risk (cont'd)

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

	Brunei Dollar Equivalent RM	Singapore Dollar Equivalent RM	US Dollar Equivalent RM	Total RM
Functional currency				
At 31 December 2004:-				
Trade receivables <i>Ringgit Malaysia</i>	393,935	-	661,574	1,055,509
Cash and bank balances <i>Ringgit Malaysia</i>	213,414	-	-	213,414
Trade payables <i>Ringgit Malaysia</i>	-	4,751	462,511	467,262
At 31 December 2003:-				
Trade receivables <i>Ringgit Malaysia</i>	163,658	-	-	163,658
Cash and bank balances <i>Ringgit Malaysia</i>	83,186	-	-	83,186

(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 2004

35. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values

The aggregate net fair values of financial assets and financial liabilities at the end of the financial year 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					
At 31 December 2004:-					
Investment in golf club membership	12	224,000	*	-	-
Investment in quoted shares	12	5,383,722	5,595,987	4,497,422	4,709,687
Investment in unquoted shares	12	1,659,839	*	-	-
Investment in bond	12	4,500,000	*	4,500,000	*
At 31 December 2003:-					
Investment in golf club membership	12	224,000	*	-	-
Investment in quoted shares	12	9,300	9,300	-	-
Investment in unquoted shares	12	1,659,839	*	-	-
Financial liabilities					
At 31 December 2004:-					
Term loans	27	46,039,539	***	45,000,000	-
At 31 December 2003:-					
Land premium payable	24	313,185	**	-	-
Term loans	27	1,722,873	***	-	-

* It is not practical to estimate the fair values of the Group's investments in golf club membership, unquoted shares and junior bond because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.

** It is also not practical to estimate the fair value of 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 amount recorded at the balance sheet date to be significantly different from the value that would eventually be 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 27.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 December 2004

35. 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 at the end of the financial year are:-

	Note	Company	
		Nominal/ notional amount RM	Net fair value RM
At 31 December 2004:-			
Contingent liabilities	29	15,031,046	****
At 31 December 2003:-			
Contingent liabilities	29	30,480,465	****

**** 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.

36. COMPARATIVES

As the Company has made a Bonus Issue of 9,609,000 ordinary shares and Rights Issue with a bonus element during the year, the comparative figures for Earnings Per Share as disclosed in Note 6 have been adjusted for the Bonus Issue and bonus element as if the Bonus Issue and bonus element had occurred at the beginning of the previous financial year.

ANALYSIS OF SHAREHOLDINGS

as at 11 May 2005

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	No. of Shares Held	%
Less than 100	46	1,101	0.00
100 to 1,000	774	621,851	1.29
1,001 to 10,000	1,220	4,173,037	8.68
10,001 to 100,000	143	3,573,378	7.43
100,001 to 2,404,609 (*)	61	29,658,489	61.67
2,404,610 and above (**)	3	10,064,344	20.93
TOTAL	2,247	48,092,200	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 11 MAY 2005

No.	Name of Substantial Shareholders	No. of Shares	%
1.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Lau Ban Tin (PB Retail Banking)</i>	4,000,000	8.32
2.	RC Nominees (Tempatan) Sdn. Bhd. <i>Lau Ban Tin (SBB DBGPS)</i>	3,250,950	6.76
3.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Weng (Dealer 088-Margin)</i>	2,813,394	5.85
4.	Employees Provident Fund Board	2,000,000	4.16
5.	Pristine Corporation Sdn. Bhd.	1,520,982	3.16
6.	HDM Nominees (Tempatan) Sdn. Bhd. <i>EON Finance Berhad for Pristine Corporation Sdn. Bhd.</i>	1,470,254	3.06
7.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Mei Yee (D)</i>	1,395,500	2.90
8.	HDM Nominees (Tempatan) Sdn. Bhd. <i>EON Finance Berhad for Ratus Alam Sdn. Bhd.</i>	1,093,826	2.27
9.	SJ SEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Ping Lan</i>	1,033,109	2.15

ANALYSIS OF SHAREHOLDINGS (cont'd) as at 11 May 2005

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 MAY 2005 (cont'd)

No.	Name of Substantial Shareholders	No. of Shares	%
10.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azurah Binti Hasan</i>	962,435	2.00
11.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Osman Bin Mohd Awal (D)</i>	942,700	1.96
12.	Mayban Securities Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teng Dark Kwong (Dealer 088-Margin)</i>	931,900	1.94
13.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mazlani Bin Nawawi</i>	860,387	1.79
14.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Ban Tin</i>	818,700	1.70
15.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Mei Yee</i>	765,100	1.59
16.	Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Zainuddin Bin Yakkop (473784)</i>	761,800	1.58
17.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Mayban Investment Management Sdn. Bhd. for Kumpulan Wang Simpanan Pekerja (N14011980810)</i>	753,400	1.57
18.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yong Siew Kat</i>	628,400	1.31
19.	Perbadanan Nasional Berhad	605,000	1.26
20.	Perbadanan Nasional Berhad	582,000	1.21
21.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar (D)</i>	525,850	1.09
22.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Zainuddin Bin Yakkop</i>	522,006	1.09
23.	Citicorp Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Mei Yee (473892)</i>	500,700	1.04
24.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Weng</i>	485,100	1.01
25.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	481,000	1.00
26.	OSK Nominees (Tempatan) Sdn. Berhad <i>Pledged Securities Account for Devanbu A/L Gnanamuthu</i>	432,000	0.90
27.	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Salasiah Binti Saidon (M09)</i>	415,800	0.87

ANALYSIS OF SHAREHOLDINGS (cont'd) as at 11 May 2005

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 MAY 2005 (cont'd)

No.	Name of Substantial Shareholders	No. of Shares	%
28.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teng Dark Kwong</i>	400,600	0.83
29.	HDM Nominees (Tempatan) Sdn. Bhd. <i>EON Finance Berhad for Lau Ban Tin</i>	400,000	0.83
30.	Affin-ACF Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yong Siew Kat</i>	400,000	0.83
Total		31,752,893	66.03

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 11 MAY 2005

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.	Y. Bhg Tan Sri Dato' Dr. Lau Ban Tin	8,506,150 (i)	17.69	2,991,236 (iii)	6.22
2.	Pristine Corporation Sdn. Bhd.	2,991,236 (ii)	6.22	-	-
3.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	2,991,236 (iii)	6.22
4.	Har Mei Yee	3,310,250 (iv)	6.88	-	-
5.	Har Weng	3,298,494 (v)	6.86	-	-
6.	Employees Provident Fund Board	2,753,400 (vi)	5.73	-	-

Notes:-

- (i) Indirect holdings through CIMB Nominees (Tempatan) Sdn. Bhd. (36,500 shares), RC Nominees (Tempatan) Sdn. Bhd. (3,250,950 shares), CIMSEC Nominees (Tempatan) Sdn. Bhd. (4,000,000 shares), HDM Nominees (Tempatan) Sdn. Bhd. (400,000 shares) and HLB Nominees (Tempatan) Sdn. Bhd. (818,700 shares).
- (ii) Direct holding (1,520,982 shares) and indirect holding through HDM Nominees (Tempatan) Sdn. Bhd. EON Finance Berhad for Pristine Corporation Sdn Bhd (1,470,254 shares).
- (iii) Deemed interested by virtue of their substantial shareholding in Pristine Corporation Sdn. Bhd.
- (iv) Direct holding (83,500 shares) and indirect holdings through PM Nominees (Tempatan) Sdn. Bhd. (1,395,500 shares), HLB Nominees (Tempatan) Sdn. Bhd. (22,750 shares), Kenanga Nominees (Tempatan) Sdn. Bhd. (765,100 shares), Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. (177,400 shares), Citicorp Nominees (Tempatan) Sdn. Bhd. (500,700 shares), Public Nominees (Tempatan) Sdn. Bhd. (243,800 shares) and Affin-ACF Nominees (Tempatan) Sdn. Bhd. (121,500 shares).
- (v) Indirect holding through Mayban Securities Nominees (Tempatan) Sdn. Bhd. (2,813,394 shares) and Kenanga Nominees (Tempatan) Sdn. Bhd. (485,100 shares)
- (vi) Direct holding (2,000,000 shares) and indirect holding through Mayban Investment Management (753,400 shares).

ANALYSIS OF SHAREHOLDINGS (cont'd) as at 11 May 2005

DIRECTORS' INTEREST As At 11 May 2005

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Y. Bhg Tan Sri Dato' Dr Lau Ban Tin	8,506,150	17.69	2,991,236 (i)	6.22
2.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	2,991,236 (i)	6.22
3.	Yong Siew Kat	1,028,400	2.14	-	-

No.	Name of Directors	No. of Warrants			
		Direct Interest	%	Deemed Interest	%
1.	Y. Bhg Tan Sri Dato' Dr Lau Ban Tin	2,845,100	14.84	2,134,300 (i)	11.13
2.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	2,134,300 (i)	11.13

Note:-

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

ANALYSIS OF WARRANTHOLDINGS

as at 11 May 2005

No. of Warrants Issued	:	19,170,800
Exercise Price of Warrants	:	RM1.00
Exercise Period	:	5 February 2004 - 4 February 2009
Exercise Rights	:	Each Warrant entitles the registered holder during the Exercise Period to subscribe for one (1) new ordinary share of RM1.00 each in the share capital of the Company
Voting Rights at Meeting of Warrantheolders	:	One vote per warrant holder on a show at hand One vote per warrant on a poll

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantheolders	No. of Warrantheolders	No. of Warrants Held	%
Less than 100	26	996	0.01
100 to 1,000	673	539,074	2.81
1,001 to 10,000	393	1,364,415	7.12
10,001 to 100,000	48	1,256,264	6.55
100,001 to 958,539 (*)	28	7,308,312	38.12
958,540 and above (**)	5	8,701,739	45.39
TOTAL	1,173	19,170,800	100.00

Remarks: * - Less than 5% of issued warrants
** - 5% and above of issued warrants

THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 MAY 2005

No.	Name of Warrantheolders	No. of Warrants	%
1.	Lau Ban Tin	2,424,000	12.65
2.	Pristine Corporation Sdn. Bhd.	2,084,300	10.87
3.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Teng Dark Kwong (Dealer 088-Margin)</i>	1,884,900	9.83
4.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Ch'ng Pheng Ting (PB-IU)</i>	1,162,439	6.06
5.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Mei Yee</i>	1,146,100	5.98
6.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Weng (Dealer 088-Margin)</i>	704,000	3.67
7.	Firmbind Sdn. Bhd.	588,400	3.07
8.	OSK Nominees (Tempatan) Sdn. Berhad <i>Pledged securities account for Devanbu A/L Gnanamuthu</i>	578,800	3.02

ANALYSIS OF WARRANTHOLDINGS (cont'd) as at 11 May 2005

THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 MAY 2005 (cont'd)

No.	Name of Warrantholders	No. of Warrants	%
9.	OSK Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Lee Sheng Fung</i>	565,400	2.95
10.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Lau Ban Tin</i>	421,100	2.20
11.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Mazlani Bin Nawawi (Margin-MY0054)</i>	400,000	2.09
12.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Weng</i>	350,000	1.83
13.	Noor Azurah Binti Hasan	326,300	1.70
14.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Mei Yee</i>	250,000	1.30
15.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Zainuddin Bin Yakkop</i>	237,800	1.24
16.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Ch'ng Pheng Ting (Margin-MY0065)</i>	230,000	1.20
17.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Wong Kim Jiok</i>	225,100	1.18
18.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ch'ng Ping Lan</i>	202,400	1.06
19.	RHB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Devanbu A/L Gnanamuthu</i>	200,000	1.04
20.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Teng Dark Kwong</i>	200,000	1.04
21.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mazni Binti Azasli</i>	200,000	1.04
22.	Har Mei Yee	192,200	1.00
23.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ch'ng Ping Lan (E-KLC)</i>	173,000	0.90
24.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mazlani Bin Nawawi (100691)</i>	145,600	0.76
25.	Mohd Fauzi B Hj Abd Hamid	140,000	0.73

ANALYSIS OF WARRANTHOLDINGS (cont'd) as at 11 May 2005

THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 11 MAY 2005 (Cont'd)

No.	Name of Warrantholders	No. of Warrants	%
26.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Zainuddin Bin Yakkop (100689)</i>	137,000	0.72
27.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ch'ng Ping Lan (100687)</i>	136,000	0.71
28.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Mazni Binti Azasli (Margin-M1184)</i>	134,800	0.70
29.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mazni Binti Azasli (100684)</i>	127,100	0.66
30.	Kuintan Binti Sepawi	120,112	0.63
	Total	15,686,851	81.83

LIST OF PROPERTIES Held by the Group as at 31 December 2004

Location	Description	Approximate Age of Building	Land Area (Sq. m)	Tenure	Net Book Value (RM)	Date of Acquisition
1. Lot 759, Block 4, Miri Concession Land District Plasau Industrial Estate Jalan Kilang, Miri	An Oxygen Plant and Office Building	21 years & 12 years	3,310	2044	412,096	1984
2. Lot 1830 Block 4 Miri Concession Land District Plasau Industrial Estate Jalan Kilang, Miri	An Acetylene Plant and Fabrication Works Building	19 years	2,448	2052	372,847	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	10 years & 7 years	12,141	2053	2,330,197	1994
4. Lot 35, Block 13 Senggi Poak Land District Paku, Bau	Vacant Land	N/A	5,339	2039	43,883	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	13 years	1,966	2038	460,504	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	15 years	7,719	2051	1,484,562	1991
7. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	451,023	1992
8. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	254,174	1991

LIST OF PROPERTIES Held by the Group (cont'd)
as at 31 December 2004

Location	Description	Approximate Age of Building	Land Area (Sq. m)	Tenure	Net Book Value (RM)	Date of Acquisition
9. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	16 years	553.3	2049	54,185	1990
10. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plans	6 years	808 1,045	2919	672,248	1997
11. Lot 1950, 1951 Block 5, Kuala Baram Land District Miri	Vacant Land	N/A	1,705.9	2056	244,588	2002
12. Lot 3 & 4, Jalan Bakau Off Km 9, Jalan Tuaran, Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 7 years	7,620	2027	1,358,191	1986
13. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran, Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	8 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	720,824	1997 1996 1996 1996
14. Indah Court Apartment, Kota Kinabalu	1 Unit Apartment	6	N/A	N/A	115,330	1998
15. Bukit Vor Apartment Kota Kinabalu	1 Unit Apartment	4	N/A	N/A	139,961	2000
16. NT044012115** NT044012124** NT043131540** FR1265** NT044012633** FR044012044** FR044015161** FR044012697** Telipok, Kota Kinabalu	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,480,205	1996 1996 1996 1996 1998 1997 1999 2001

Notes:-

* 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.

N/A: Not Applicable

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
Fax : 087-465597

SIBU BRANCH
19, Lorong Then Kung Suk 5
Lot 564, Block 16
Upper Lanung Road
C.D.T. 36, 96008 Sibu
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
5½ 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. CONSTRUCTION SDN. BHD.
Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

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B.I.G. INDUSTRIES BERHAD

(Company No. 195285-D)
(Incorporated in Malaysia)

PROXY Form

NO. OF SHARES HELD

I/We _____
(Full Name in Block Letters)

of _____
(Full Address)

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

(Full Name in Block Letters)

of _____
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Thursday, 30 June 2005 at 11.00 a.m.

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

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statement for the financial year ended 31 December 2004 and Reports of Directors and Auditors thereon		
2.	To declare a final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2004		
3.	Approval of Directors' Fees		
4.	Re-election of Mr. Wong Choon Seng as Director pursuant to Article 106		
5.	Re-election of Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof as Director pursuant to Article 106		
6.	Re-appointment of Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai as Director pursuant to Section 129 (6) of the Companies Act, 1965.		
7.	Re-appointment of Messrs. Ernst & Young as Auditors and authorising Directors to fix their remuneration		
8.	Authority given to Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
9.	Proposed Renewal of Existing Share Buy Back Authority		
10.	Proposed Renewal of Existing and New Shareholders' Mandate		

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 of _____ 2005.

Signature/Common Seal of shareholder

Notes:-

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
2. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company.
3. An instrument appointing a proxy shall be in writing under the hand of the appointor or if the appointor is a corporation either under its common seal or under the hand of an attorney duly authorised. Where a member appoints two proxies, the appointments shall be invalid unless the number of shares to be represented by each proxy is specified.
4. An instrument appointing a proxy or representative must be deposited at the Registered Office of the Company, 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 (1)

Postage
Stamp

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

Please fold along this line (2)