



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

# Annual Report



# 2006



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## Notice of Seventeenth Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Seventeenth Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at Hotel Grand Continental, Lot 42, Section 46, Ban Hock Road, 93100 Kuching, Sarawak on Monday, 25 June 2007 at 11.00 a.m. to transact the following matters:-

**AGENDA****AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2006 and the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' fees amounting to RM68,500 in respect of the year ended 31 December 2006.
3. To re-elect Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof who retires by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offers himself for re-election.
4. To elect the following Directors who retire pursuant to Article 114 of the Company's Articles of Association and being eligible offer themselves for election:-
  - i. Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
  - ii. Mr. Lau Keat Hoo
  - iii. Ms. Choong Wye Lin
5. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.

**Resolution 1****Resolution 2****Resolution 3****Resolution 4****Resolution 5****Resolution 6****Resolution 7****AS SPECIAL BUSINESS**

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

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

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

**Resolution 8**

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

"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 RM7,398,900 comprising of 7,398,900 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 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 unaudited financial statements for the financial period ended 31 March 2007, the retained profits and share premium account of the Company were approximately RM6,398,000 and RM150,000 respectively, amounting to a total of RM6,548,000.

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."

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# Notice of Seventeenth Annual General Meeting (cont'd)

## 8. SPECIAL RESOLUTION

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

“THAT the alteration, modifications, additions and/or deletions to the Articles of Association of the Company as set out in the Circular to Shareholders dated 31 May 2007, be and are hereby approved.”

**Resolution 10**

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

## BY ORDER OF THE BOARD

**CHAN SAU LENG** (MAICSA 7012211)  
**CHOONG WYE LIN** (MIA 16229)  
Company Secretaries

Kuching, Sarawak.  
31 May 2007

### 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 6, 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 Share Buy Back Authority

The Ordinary Resolution 9 proposed under Agenda 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company (assuming 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 Share Buy Back Authority, please refer to the Circular to Shareholders dated 31 May 2007, which is despatched together with the Company's Annual Report 2006.

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

The Special Resolution 10 proposed under Agenda 8, if passed, will allow the Company to incorporate certain amendments to its Articles of Association in compliance with the recent amendments to Bursa Securities' Listing Requirements governing the listed companies. The details of this proposal are set out in the Circular to Shareholders dated 31 May 2007.

### ANNUAL REPORT 2006

The Annual Report 2006 is in a CD-ROM format. Printed copy of the Annual Report shall be provided to the shareholders within four (4) market days from the date of receipt of the verbal or written request. Shareholders who wish to receive the printed copy of the Annual Report and who require assistance with viewing the CD-ROM, kindly contact Ms. Lim/Ms. Yvonne at Tel. No. 03-5512 9999. Alternatively, you may fax the duly completed Annual Report Requisition Form to Fax No. 03-5512 9282 or send it to 19D, 4th Floor, Block 2, Worldwide Business Centre, Jalan Tinju 13/50, Section 13, 40675 Shah Alam, Selangor Darul Ehsan. You may also e-mail your request to comsec@pm99.po.my for printed copy of the Annual Report.

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## Statement Accompanying Notice of Seventeenth Annual General Meeting of the Company

**Further details of Directors who are standing for election**

Name	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Age	51
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>▪ Doctorate of Business Administration</li> <li>▪ Master of Business Administration</li> <li>▪ Fellow member of the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants (U.K.)</li> <li>▪ Member of the Malaysian Institute of Accountants</li> </ul>
Position in the Company	Independent Non-Executive Director
Working experience & occupation	Details as contained on page 10
Any other directorships of public companies	Ngiu Kee Corporation (M) Berhad
The details of any interest in the securities of the Company and its subsidiaries	Direct Interest - 400,000 ordinary shares (0.83%)

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Name	Lau Keat Hoo
Age	45
Nationality	Malaysian
Qualification	<ul style="list-style-type: none"> <li>▪ Master in Business Administration</li> <li>▪ Bachelor in Civil Engineering (Hons)</li> </ul>
Position in the Company	Non-Independent & Non-Executive Director
Working experience & occupation	Details as contained on page 10
Any other directorships of public companies	None
The details of any interest in the securities of the Company and its subsidiaries	None

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

**Further details of Directors who are standing for election (cont'd)**

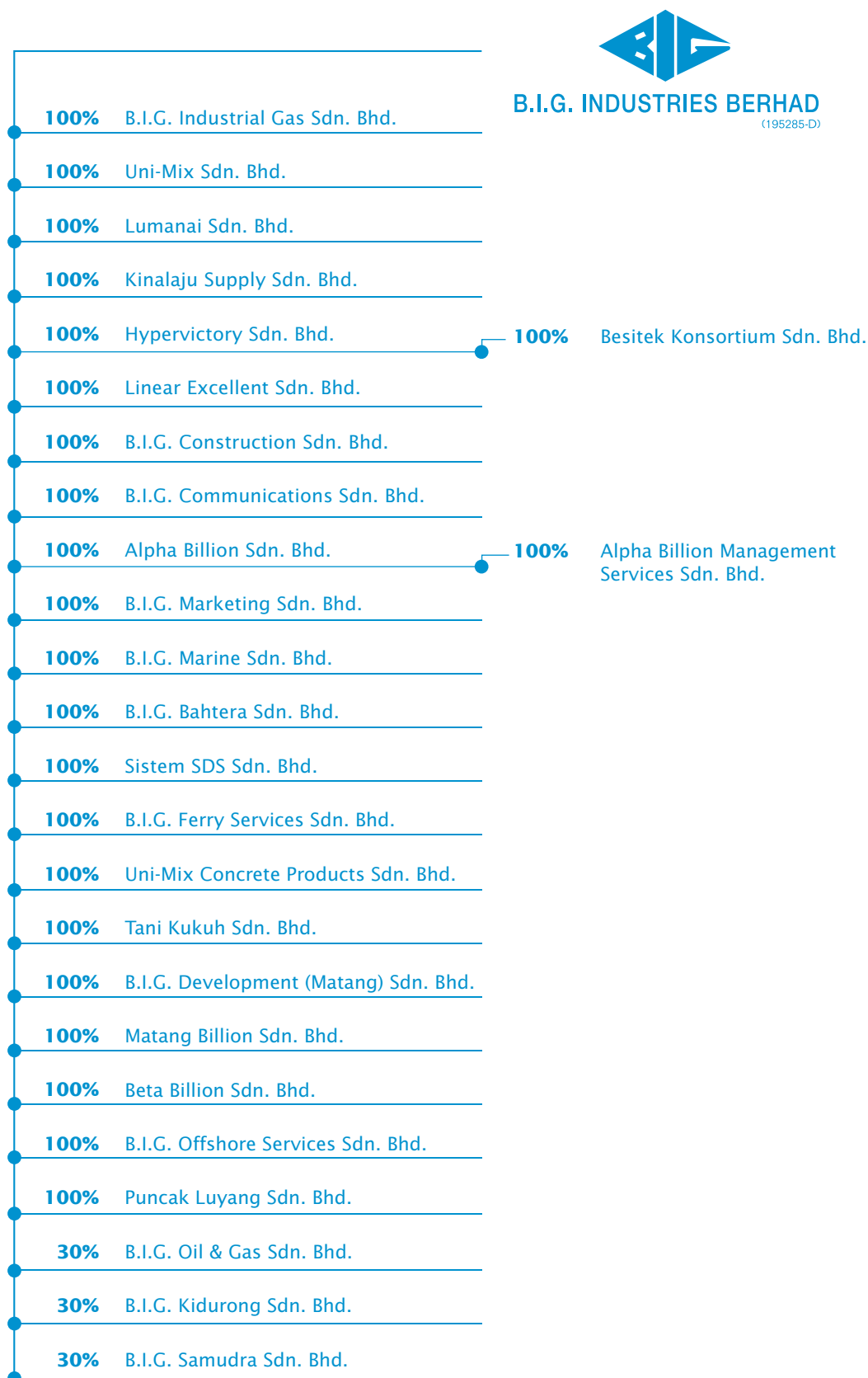
Name	Choong Wye Lin
Age	39
Nationality	Malaysian
Qualification	Member of Association of Chartered Certified Accountants
Position in the Company	Non-Independent & Non-Executive Director
Working experience & occupation	Details as contained on page 11
Any other directorships of public companies	Granasia Corporation Berhad
The details of any interest in the securities of the Company and its subsidiaries	None

## Save as disclosed:-

1. None of the Directors has any family relationship with any directors and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted for offences within the past 10 years other than traffic offences, if any.

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## Group Corporate Structure



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## Corporate Information

**BOARD OF DIRECTORS**

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

Yong Siew Kat  
(Senior Independent Non-Executive Director)

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

Lau Keat Hoo  
(Non-Independent & Non-Executive Director)

Choong Wye Lin  
(Non-Independent & Non-Executive Director)

**AUDIT COMMITTEE****Chairman**

Yong Siew Kat

**Members**

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Choong Wye Lin

**NOMINATION COMMITTEE****Chairman**

Yong Siew Kat

**Members**

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

**REMUNERATION COMMITTEE****Chairman**

Yong Siew Kat

**Members**

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

**ESOS COMMITTEE****Chairman**

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

**Members**

Yong Siew Kat  
Choong Wye Lin  
Ng Mun Yew

**COMPANY SECRETARIES**

Chan Sau Leng (MAICSA 7012211)  
Choong Wye Lin (MIA 16229)

**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 SS 7/26, 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**

A. I Nathan & Isa Aziz Ibrahim

**STOCK EXCHANGE LISTING**

The Bursa Malaysia Securities Berhad  
(Second Board)

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## Profile of the Board of Directors

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

Executive Chairman

Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF, aged 44, a Malaysian, was appointed to the Board of the Company as Independent Non-Executive Director on 16 July 1999 and was re-designated as Non-Independent & Non-Executive Director on 15 March 2004. Subsequently, he was re-designated as Executive Chairman of the Company on 27 December 2006. 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 20 years of working experience in this field. Presently, he is also an Independent Non-Executive Chairman of Ngiu Kee Corporation (M) Berhad.

Y. Bhg. Dato' Haji Mohd Fauzi is a Corporate Member of Pertubuhan Arkitek Malaysia since 1991 and a Chartered Member of Royal Institute of British Architects since 1989. He is also a Registered Architect with Lembaga Arkitek Malaysia since 1991.

Following his professional educations, Y. Bhg. Dato' Haji Mohd Fauzi works with several notable architectural consultants in the United Kingdom. His works during this period can be seen in parts of Leicestershire, Yorkshire, Humberside and Lincolnshire in England.

Y. Bhg Dato' Haji Mohd Fauzi came back to Malaysia in 1990 and handled a few housing projects with established developers in the Klang Valley. Currently he manages F.I. Architects Sdn. Bhd., an architectural consultancy firm which handled a variety of projects around the country.

Y. Bhg. Dato' Haji Mohd Fauzi is also a Chairman of the ESOS Committee and he has attended six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2006. He is deemed to have an interest in the Company by virtue of his interest in Pristine Corporation Sdn. Bhd.

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

**MS. YONG SIEW KAT**

Senior Independent Non-Executive Director

MS. YONG SIEW KAT, aged 54, 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 and is a graduate from the Association of Chartered Secretaries and Administrators. Presently, she is also a Chief Executive Officer of Ngiu Kee Corporation (M) Berhad.

Ms. Yong has vast experience in corporate banking, treasury and corporate finance exercise like new IPOs and other debt and equity-linked capital fund raising exercises. She was previously the General Manager of Corporate Planning in Lion Group as well as the General Manager of Corporate Finance in Arab Malaysian Securities Sdn. Bhd

Ms. Yong is also a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. She has attended all the seven (7) Board Meetings held during the financial year ended 31 December 2006.

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

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

Independent Non-Executive Director

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 51, a Malaysian, was appointed to the Board of the Company on 18 November 1998. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants. He is a fellow member of several professional bodies, which include the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants (U.K.). He obtained his MBA and DBA from the Southern Cross University of Australia.

He was a 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, an active Patron to Persatuan Penjagaan Kanak-Kanak Cacat Klang and the President of Kolej Tunku Abdul Rahman School of Business Studies Ex-Students Association. Beside these, Y. Bhg. Tan Sri Dato' Dr. Lau is a member of Young President Organisation, a member of Adjunct Faculty, University Tunku Abdul Rahman and adviser to Klang Chinese Chamber of Commerce and Industry. Other public listed company in which he is a Director is Ngiu Kee Corporation (M) 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 six (6) out of seven (7) Board Meetings held during the financial year ended 31 December 2006.

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

**MR. LAU KEAT HOO**

Non-Independent &amp; Non-Executive Director

MR. LAU KEAT HOO, aged 45, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 15 February 2007 and was re-designated to Non-Independent & Non-Executive Director on 13 March 2007. He holds a Master in Business Administration from University of Hull, United Kingdom and Bachelor in Civil Engineering (Hons) from University of Malaya.

He has more than 20 years experience in property development and construction starting his career as Trainee Engineer in 1983. His previous position includes Site Agent, Project Engineer, Project Manager, Senior Project Manager, General Manager and Executive Director.

Mr. Lau Keat Hoo is also a member of the Nomination Committee and Remuneration Committee of the Company.

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

**MS. CHOONG WYE LIN**

Non-Independent &amp; Non-Executive Director

MS. CHOONG WYE LIN, aged 39, a Malaysian, joined the Company as Group Accountant in 2002 and she was promoted as Senior Group Accountant in 2004. Subsequently, she was promoted as Financial Controller effective 1 October 2006 and appointed to the Board of the Company as Non-Independent & Non-Executive Director on 6 October 2006. She is a member of Association of Chartered Certified Accountants.

She started her career as a Junior Audit Assistant in 1991 with Ernst & Young and her last position in the company was Audit Senior. In 1994 she joined Arab-Malaysian Corporation Berhad as Assistant Manager in charge of the finance department of the infrastructure division. In 1995, she moved to United Overseas Bank (Malaysia) Berhad as Assistant Manager and her last position in the company was Deputy Manager. From 1997 to 2002 she was with Country Heights Holdings Berhad.

Ms. Choong Wye Lin is also a member of the Audit Committee of the Company. She has attended one (1) out of seven (7) Board Meetings held during the financial year ended 31 December 2006.

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

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 five (5) members of whom one (1) is an Executive Chairman, two (2) are Non-Independent & Non-Executive Directors and two (2) are Independent Non-Executive Directors. The size of Independent Non-Executive Directors forms two over five (2/5) of the entire Board structure and the biographical details of the members of the Board on Page 9 to Page 11 demonstrate the range of experience and independent judgement they each bring to bear on Board matters. The Executive Chairman undertakes the running of the Board and the general managers are responsible for running 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, accounting, business administration, engineering, property 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.

Training is available to all Directors on an ongoing basis and the Board of Directors will evaluate and determine the training needs of its Directors. Directors will undergo relevant training programmes to further enhance their knowledge on a continuous basis in compliance with the Listing Requirements of Bursa Securities. The trainings that the Directors had attended are as follows:-

Directors	Title of Seminar
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	<ul style="list-style-type: none"> <li>▪ Implementing Business Plan Strategies for Company Directors &amp; Senior Management</li> </ul>
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	<ul style="list-style-type: none"> <li>▪ 3rd Malaysia Singapore Business Forum</li> <li>▪ NAC – Generating Growth, Building Confidence</li> <li>▪ Symposium on Environmental Governance</li> <li>▪ Enterprise Risk Management Conference</li> </ul>
Ms. Yong Siew Kat	<ul style="list-style-type: none"> <li>▪ Executing Corporate Change Management Plan for Company Directors &amp; Senior Management</li> </ul>

Ms. Choong Wye Lin and Mr. Lau Keat Hoo, who were appointed as Directors on 6 October 2006 and 15 February 2007 respectively, had attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Securities.

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 2006, the Board has met a total of seven (7) times. At the end of every quarter, the Company's financial statements and results are tabled and deliberated by the Board. During the Board Meetings, the Board reviews all matters relating to financial results, operation and performance of the Company, Board appointments and other strategic issues that may affect the Company's business.

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:-

**Board Balance & Responsibilities (cont'd)**

- 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

**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 Secretaries and may seek independent advice should the need arises. Nevertheless the Board does not have any agreed procedure for Directors whether as a full Board or in their individual capacity, in furtherance of their duties to 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 & 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 Controller 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 Secretaries act as secretaries 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 Directors and is chaired by Ms. Yong Siew Kat and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Mr. Lau Keat Hoo.

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

## ▪ Remuneration Committee – Directors' Remuneration

### (a) Level and make-up of remuneration

The Remuneration Committee determines the remuneration of each Director. The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. It is the Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Director plays no part in deciding his 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 Ms. Yong Siew Kat and its member are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Mr. Lau Keat Hoo.

### (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 package for the Executive Director in all its forms, drawing from outside advice whenever necessary prior to making the relevant recommendation to the Board such that the level of remuneration is sufficient to attract and retain the Director needed to run the Company successfully. In 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 Director 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	
	2006	2005	2006	2005
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	5
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	1	-	-	-
RM200,001 - RM250,000	-	1	-	-

**(c) Disclosure of remuneration (cont'd)**

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Executive Director</b>				
Fees	17,500	30,000	7,000	12,000
Salaries, allowances and bonus	164,640	221,280	1,500	-
Employee Provident Fund	20,938	23,040	-	-
<b>Non-Executive Directors</b>				
Fees	60,000	74,000	60,000	74,000
Salaries, allowances and bonus	26,254	-	-	-
Employee Provident Fund	3,150	-	-	-

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

Members : Ms. Yong Siew Kat (*Senior Independent Non-Executive Director*)  
Ms. Choong Wye Lin (*Non-Independent & Non-Executive Director*)  
Ms. Ng Mun Yew (*Assistant Human Resource Manager*)

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.

#### ▪ **Employees' Share Option Scheme (ESOS) Committee (cont'd)**

- 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.
- 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 Secretaries shall be the secretaries of the Committee.

The ESOS Committee met three times in year 2006 to update on the status of ESOS allocation to the eligible employees for the financial year, the resignation and appointment of joint secretary and the resignation of ESOS Chairman.

#### **ELECTION AND RE-ELECTION OF DIRECTORS**

In accordance with the Company's Articles of Association, all Directors who are appointed by the Board are subject to 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.

Particulars of Directors for election are disclosed in the Statement Accompanying the Notice of Seventeenth 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 in CD-ROM form 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 her.

#### **ANNUAL GENERAL MEETING**

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports in CD-ROM form are sent out to shareholders at least twenty-one (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 Directors respond to shareholders' questions during the meeting.

For election/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 elected/re-elected.

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

**ACCOUNTABILITY AND AUDIT  
- FINANCIAL REPORTING**

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

**INTERNAL CONTROL**

The information on the Group's internal control is presented in the Statement 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 22 to 26 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 2006, 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 SOCIAL RESPONSIBILITY**

In its aim of pursuing the corporate objectives, the Company is also committed to ensure that its actions not only benefit its shareholders but also its employees, society and the environment.

**CORPORATE SOCIAL RESPONSIBILITY (cont'd)**

The Group has long maintained safe and healthy working conditions for all employees and continuously provides a safer and healthier working environment through various initiatives such as fire drills and development of sports and recreational activities. The Health and Safety Committee implement and ensure continuous improvement in health and safety in all of the Group's business operations through various programmes conducted throughout the financial year.

**OTHER INFORMATION****Utilisation of Proceeds**

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

**Share Buybacks**

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

**Options, Warrants or Convertible Securities**

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

**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 amounting to RM23,650.00

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

There is a variance of RM178,663 or 541% between the audited profit after taxation and minority interest of RM211,663 and the unaudited profit after taxation and minority interest of RM33,000 for the financial year ended 31 December 2006. The difference was mainly attributable to adjustments made relating to inclusion of expenses inadvertently omitted and originating and reversal of temporary timing differences of deferred taxation.

The reconciliation of the variance is tabulated as follows:-

	<b>RM'000</b>
Unaudited profit after taxation and minority interest as per announcement on 27 February 2007	33
Expenses inadvertently omitted	(165)
Originating and reversal of temporary differences of deferred taxation	344
Audited profit after taxation and minority interest	<u>212</u>

**Profit Guarantees**

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

**Material Contracts**

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

**Contracts relating to Loans**

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

**Revaluation of Landed Properties**

The Company's policy is to revalue landed properties as and when the Directors deem necessary. No revaluation has been carried out on the landed properties during the financial year.

**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 2006 pursuant to the mandate approved by the shareholders at the Annual General Meeting held on 27 June 2006, 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	Estimated Value of Transactions (RM)
1.	Receipt of construction contract for main building works from Waristana Sdn. Bhd.	Waristana Sdn. Bhd.	Tan Sri Dato' Dr. Lau Ban Tin, a Director of B.I.G. Industries Berhad, was 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 was also a Director in both Rindu Syahdu Sdn. Bhd. and Waristana Sdn. Bhd. #	NIL*
2.	Receipt of construction contract for main building works from Brilliant Vintage Sdn. Bhd.	Brilliant Vintage Sdn. Bhd.	Tan Sri Dato' Dr. Lau Ban Tin, a Director of B.I.G. Industries Berhad, was 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 Brilliant Vintage Sdn. Bhd. He was also a Director of Iras Harapan Sdn. Bhd. #	NIL*

**Note:**

\* The construction works have not commenced during the financial year ended 31 December 2006.

# Tan Sri Dato' Dr. Lau Ban Tin had on 28 June 2006 disposed off his 70% and 90% equity interest in Iras Harapan Sdn. Bhd. and Rindu Syahdu Sdn. Bhd. respectively. He also resigned as Director of Waristana Sdn. Bhd., Iras Harapan Sdn. Bhd. and Rindu Syahdu Sdn. Bhd. on 28 June 2006.

## Statement on Internal Control

(Pursuant to para 15.27(b) of the Bursa Securities' 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 to review the adequacy and integrity of system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, such a system by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

## Statement on Internal Control (cont'd)

(Pursuant to para 15.27(b) of the Bursa Securities' 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.

**COMPOSITION****MEMBERS OF THE AUDIT COMMITTEE****Chairman**

Ms. Yong Siew Kat

*(Senior Independent Non-Executive Director)*

**Members**

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

*(Independent Non-Executive Director)*

Ms. Choong Wye Lin

*(Non-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 Securities.
- (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.

**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.

**2. OBJECTIVES (cont'd)**

- (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

- (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

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

(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).

#### 6. SECRETARIES TO AUDIT COMMITTEE AND MINUTES

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

## 7. ACTIVITIES

The Committee met five (5) 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 2006 before it was tabled to the Board.
- (v) reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2006 before tabling at the Board Meeting for release to the Bursa Securities and Securities Commission.
- (vi) reviewed the internal audit plan and job scope of the Internal Auditors for the Group for year 2007.
- (vii) reviewed and endorsed the preliminary audit plan and job scope of External Auditors for the Group for year 2007.
- (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

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2006. The attendance record of each member is as follows:-

Audit Committee Members	Total number of meetings	Number of meetings attended
Ms. Yong Siew Kat ( <i>Chairman</i> )	5	5
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	5	4
Ms. Choong Wye Lin ( <i>Appointed on 7 November 2006</i> )	5	1

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
Ms. Yong Siew Kat ( <i>Chairman</i> )	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	1
Ms. Choong Wye Lin	2	2
Mr. Lau Keat Hoo ( <i>Appointed on 15 February 2007;</i> <i>Resigned on 24 April 2007</i> )	2	1

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

Appendix 9C Part A Item No. 27 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.

There are no options being offered to any eligible employees nor Non-Executive Directors of the Company pursuant to the ESOS in respect of the financial year ended 31 December 2006.

**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.

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 2006.

### **FINANCIAL PERFORMANCE**

The Group recorded a turnover of RM75.1 million for the year under review. This represents a decrease of 13.7% compared to the previous year's turnover of RM87.0 million. The Group's profit after taxation is RM0.2 million.

### **OPERATING ENVIRONMENT**

Continuing from last year, the Oil, Gas and Petrochemical Industry has remained active sustaining the demand for industrial gases, services & maintenance and engineering products in Sarawak.

The Ninth Malaysia Plan was announced in 2006 and with the Government's emphasis on its implementation, we saw an upsurge of activities for infrastructure projects like highways, dams and water treatment plants as well as private property development projects in Sabah.

Turnover for the Group's industrial gas and oil & gas division recorded a decrease in turnover of RM2.9 million from RM30.8 million in 2005 to RM27.9 million in 2006. The ready mixed concrete and quarry division also saw a decrease of RM1.9 million in turnover to RM40.8 million in 2006 from RM42.7 million in 2005. There is a decrease of RM7.2 million in turnover in property and construction divisions. The decrease was mainly due to property development cycle as well as the divestment of non-core businesses for the current year.

### **DIVIDEND**

The Board of Directors does not recommend any dividend be declared for the financial year ended 31 December 2006.

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

### **SIGNIFICANT EVENT**

On 22 November 2006, the Company acquired the remaining 49% of the total issued and paid-up share capital of Puncak Luyang Sdn. Bhd., a company incorporated in Malaysia, comprising 6,125,000 ordinary shares of RM1.00 each for a purchase consideration of RM5.684 million.

### **CORPORATE DEVELOPMENT**

On 27 April 2007, the Company announced that it will be seeking shareholders' approval on the following proposals at its forthcoming Annual General Meeting to be convened:-

- i) Proposed Renewal of Share Buy Back Authority; and
- ii) Proposed Amendments to the Articles of Association of the Company to be in line with the recent amendments to Bursa Malaysia Securities Berhad's Listing Requirements.

**FUTURE OUTLOOK**

The Board of Directors is optimistic that barring unforeseen circumstances, the economic climate in which our three core businesses operate will be able to sustain the momentum of growth and development of our Company.

The Ninth Malaysia Plan specifically identified the construction, agriculture and oil & gas industries as the areas of focus. The government has also emphasised on the successful implementation of all projects and strategies in this plan as the critical success factors for bringing the nation towards realising its dream of being a developed nation by 2020.

In line with our assessment, the Group will be investing in additional facilities and equipment for the industrial gas, ready mixed concrete and transportation division.

**ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I would like to express my deepest appreciation to our former Chairman, Y. Bhg. Datuk Haji Mazelan Bin Bugo for his invaluable contribution to the Company during his tenure and my best wishes for his future undertakings.

I would also like to welcome our new members, Ms. Choong Wye Lin and Mr. Lau Keat Hoo who were appointed to the Board.

My gratitude and thanks go to our Management and all employees for their hard work, dedication and commitment to the Group and not to forget to thank my fellow members of the Board for their guidance and support.

The Board of Directors wish to take this opportunity to express their heartfelt appreciation and thanks to all our customers, suppliers, shareholders, financial institutions, government authorities and business associates for their invaluable support and confidence in the Group.

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

Executive Chairman

27 April 2007

The Directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 15 to the financial statements.

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

### FINANCIAL RESULTS

	<b>Group RM</b>	<b>Company RM</b>
Profit for the year	211,663	77,540
Attributable to:		
Equity holders of the Company	243,090	77,540
Minority interests	(31,427)	-
	<u>211,663</u>	<u>77,540</u>

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

### RESERVES AND PROVISIONS

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

### DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2006.

### DIRECTORS

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

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusof @ Mohd Yusof  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin

(Vacated office on 28.06.2006;  
Appointed on 12.03.2007)

Yong Siew Kat  
Choong Wye Lin  
Lau Keat Hoo  
Y. Bhg. Datuk Haji Mazelan Bin Bugo  
Wong Choon Seng  
Noraini Binti Wahib

(Appointed on 06.10.2006)  
(Appointed on 15.02.2007)  
(Resigned on 12.06.2006)  
(Resigned on 04.08.2006)  
(Appointed on 29.09.2006;  
Resigned on 15.02.2007)

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

**DIRECTORS' INTERESTS**

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

	← Number of Ordinary Shares of RM1.00 each →			
	1.1.2006	Acquired	Disposed	31.12.2006
<b>The Company</b>				
Direct interest:				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	3,250,950	400,000	3,250,950	400,000
Yong Siew Kat	628,400	-	628,400	-
Indirect interest:				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	3,801,836	131,500	3,933,336	-
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	3,801,836	3,432,450	-	7,234,286

	Number of Options Over Ordinary Shares of RM1.00 each				
	1.1.2006	Granted	Exercised	Lapsed	31.12.2006
<b>The Company</b>					
Wong Choon Seng *	502,000	-	-	502,000	-

\* Resigned on 04.08.2006

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

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

**SHARE BUY BACK**

The shareholders of the Company had renewed their approval for the proposed purchase by the Company of up to ten percent (10%) of its own shares at the Annual General Meeting held on 27 June 2006. The aforesaid approval is subject to annual renewal and will lapse at the conclusion of the forthcoming AGM unless such approval is renewed by an ordinary resolution passed at the AGM.

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

**EMPLOYEES' SHARE OPTION SCHEME (ESOS)**

The salient features and other terms of the ESOS are disclosed in Note 26 to the financial statements.

**WARRANTS 2004/2009**

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

**OTHER STATUTORY INFORMATION**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has 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 their obligations 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 or of the Company for the financial year in which this report is made.

**SIGNIFICANT EVENT**

In addition to the significant event disclosed elsewhere in this report, another significant event is disclosed in Note 39 to the financial statements.

**SUBSEQUENT EVENT**

Details of a subsequent event are disclosed in Note 40 to the financial statements.

**AUDITORS**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2007

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

**Choong Wye Lin**

Shah Alam, Selangor Darul Ehsan  
27 April 2007

## Statement by Directors

Pursuant to Section 169(15) of the Companies Act, 1965

We, **Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof** and **Choong Wye Lin**, being two of the Directors of **B.I.G. Industries Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 35 to 86 are drawn up in accordance with the provision of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 April 2007

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

**Choong Wye Lin**

Shah Alam, Selangor Darul Ehsan  
27 April 2007

## Statutory Declaration

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

I, **Choong Wye Lin**, being the Director primarily responsible for the financial management of **B.I.G. Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 35 to 86 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 **Choong Wye Lin**  
at Shah Alam  
in Selangor Darul Ehsan  
on 27 April 2007

**Choong Wye Lin**

Before me,  
Jamilah Radzi (B160)  
Commissioner For Oaths  
Shah Alam, Selangor

## Report of the Auditors

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

We have audited the financial statements set out on pages 35 to 86. 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 have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities 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 2006 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; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We 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 15 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) the Act.

**Ernst & Young**  
AF: 0039  
Chartered Accountants

**Yong Voon Kar**  
1769/04/08 (J/PH)  
Partner

Kuching, Malaysia  
27 April 2007

## Income Statements

For the Year Ended 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>Revenue</b>	3	75,094,150	86,992,683	258,885	1,585,003
Other income	4	1,288,137	1,006,159	325,331	600,681
Changes in inventories of finished goods		1,028,044	1,532,804	-	-
Inventories purchased and raw materials consumed		(38,447,346)	(43,252,494)	-	-
Employee benefits expense	7	(7,600,881)	(7,262,455)	(68,500)	(86,000)
Depreciation of property, plant and equipment		(4,935,661)	(5,003,514)	-	-
Amortisation of mobilisation expense		(221,402)	(229,638)	-	-
Amortisation of quarry development expenses		(181,478)	(170,018)	-	-
Contract cost		(749,187)	(1,235,808)	-	-
Other expenses		(20,175,553)	(25,552,116)	(68,628)	(1,684,223)
<b>Operating profit</b>		5,098,823	6,825,603	447,088	415,461
Finance costs	5	(4,790,879)	(4,590,925)	(343,374)	(357,505)
Share of loss of associate companies		(81,777)	(41,064)	-	-
<b>Profit before tax</b>	6	226,167	2,193,614	103,714	57,956
Income tax expense	9	(14,504)	482,708	(26,174)	(7,155)
<b>Profit for the year</b>		211,663	2,676,322	77,540	50,801
Attributable to:					
Equity holders of the Company		243,090	2,685,376	77,540	50,801
Minority interests		(31,427)	(9,054)	-	-
		211,663	2,676,322	77,540	50,801
<b>Earnings per share attributable to equity holders of the Company (sen):</b>	10				
Basic, for profit from the year		0.44	5.58		
Diluted, for profit from the year		0.44	5.58		

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

## Balance Sheets

As at 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible asset	12	843,485	-	-	-
Property, plant and equipment	13	43,260,356	44,993,075	-	-
Quarry development expenditure	14	1,019,087	1,653,492	-	-
Investment in subsidiary companies	15	-	-	40,401,453	34,717,453
Investment in associate companies	16	28,865	-	120,003	60,003
Other investments	17	5,259,409	6,951,657	4,500,000	4,500,000
Land held for property development	18	19,177,039	17,816,107	-	-
Investment property	19	4,000,000	-	-	-
		73,588,241	71,414,331	45,021,456	39,277,456
<b>Current assets</b>					
Property development costs	18	12,938,074	16,652,561	-	-
Inventories	20	9,106,495	5,933,926	-	-
Trade receivables	21	28,149,473	31,823,279	-	-
Other receivables, deposits and prepayments	22	8,411,037	10,320,350	58,182	65,154
Amount due from related companies	23	92,327	177,479	55,961,156	61,660,542
Fixed deposits with licensed banks and financial institutions	24	914,807	1,412,558	-	-
Cash and bank balances		3,648,067	7,143,392	94,964	610,168
		63,260,280	73,463,545	56,114,302	62,335,864
<b>TOTAL ASSETS</b>		<b>136,848,521</b>	<b>144,877,876</b>	<b>101,135,758</b>	<b>101,613,320</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	25	48,092,200	48,092,200	48,092,200	48,092,200
Reserves	27	9,964,158	9,721,068	6,540,094	6,462,554
		58,056,358	57,813,268	54,632,294	54,554,754
<b>Minority interest</b>		-	4,871,942	-	-
<b>Total equity</b>		<b>58,056,358</b>	<b>62,685,210</b>	<b>54,632,294</b>	<b>54,554,754</b>

## Balance Sheets (cont'd)

As at 31 December 2006

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
<b>Non-current liabilities</b>					
Lease payables	28	1,509,843	1,136,863	-	-
Term loans	29	45,581,934	45,317,615	45,000,000	45,000,000
Deferred taxation	30	875,793	1,477,919	-	-
		47,967,570	47,932,397	45,000,000	45,000,000
<b>Current liabilities</b>					
Bank overdrafts	31	889,320	697,980	-	-
Term loans	29	704,317	948,215	-	-
Short term borrowings	32	11,949,605	14,664,897	1,000,000	1,500,000
Trade payables	33	8,419,987	8,526,611	-	-
Other payables and accruals	34	7,404,329	8,937,030	78,754	88,836
Amount due to related companies	23	29,999	29,999	419,551	461,543
Lease payables	28	815,208	433,831	-	-
Dividend payable		-	-	5,159	-
Current tax payable		611,828	21,706	-	8,187
		30,824,593	34,260,269	1,503,464	2,058,566
<b>Total liabilities</b>		78,792,163	82,192,666	46,503,464	47,058,566
<b>TOTAL EQUITY AND LIABILITIES</b>		136,848,521	144,877,876	101,135,758	101,613,320

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

## Statements of Changes in Equity

For the Year Ended 31 December 2006

	← Attributable to equity holders of the Company →					Minority interest RM	Total equity RM
	Share capital RM	Share premium reserve RM	Reserve arising on consolidation RM	Revenue reserve RM	Total RM		
<b>Group</b>							
<b>At 1 January 2005</b>	48,087,200	150,113	1,602,257	6,600,023	56,439,593	-	56,439,593
Issue of ordinary shares: Pursuant to conversion of Warrants	5,000	-	-	-	5,000	-	5,000
Goodwill arising from additional interest in subsidiary company	-	-	(835,779)	-	(835,779)	-	(835,779)
Dividends	-	-	-	(480,922)	(480,922)	-	(480,922)
Minority interest arising from acquisition of a new subsidiary	-	-	-	-	-	4,880,996	4,880,996
Profit for the year, representing total recognised income and expense during the year	-	-	-	2,685,376	2,685,376	(9,054)	2,676,322
<b>At 31 December 2005</b>	48,092,200	150,113	766,478	8,804,477	57,813,268	4,871,942	62,685,210
<b>At 1 January 2006</b>	48,092,200	150,113	766,478	8,804,477	57,813,268	4,871,942	62,685,210
Effects of adopting FRS 3	-	-	(766,478)	766,478	-	-	-
At 1 January 2006	48,092,200	150,113	-	9,570,955	57,813,268	4,871,942	62,685,210
Profit for the year representing total recognised income and expense during the year	-	-	-	243,090	243,090	(31,427)	211,663
Arising from acquisition of additional equity interest in subsidiary company	-	-	-	-	-	(4,840,515)	(4,840,515)
<b>At 31 December 2006</b>	48,092,200	150,113	-	9,814,045	58,056,358	-	58,056,358

## Statements of Changes in Equity (cont'd)

For the Year Ended 31 December 2006

	Share capital RM	Non-distributable Share premium reserve RM	Distributable Revenue reserve RM	Total RM
<b>Company</b>				
<b>At 1 January 2005</b>	48,087,200	150,113	6,742,562	54,979,875
Issue of ordinary shares:				
Pursuant to conversion of Warrants	5,000	-	-	5,000
Dividends	-	-	(480,922)	(480,922)
Profit for the year, representing total recognised income and expense for the year	-	-	50,801	50,801
<b>At 31 December 2005</b>	48,092,200	150,113	6,312,441	54,554,754
Profit for the year, representing total recognised income and expense for year	-	-	77,540	77,540
<b>At 31 December 2006</b>	48,092,200	150,113	6,389,981	54,632,294

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

## Cash Flow Statements

For the Year Ended 31 December 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Cash flow from operating activities</b>				
Profit before tax	226,167	2,193,614	103,714	57,956
Adjustments for:				
Amortisation of mobilisation expense	221,402	229,638	-	-
Amortisation of quarry development expenses	181,478	170,018	-	-
Bad debts written off	225	140,681	-	-
Depreciation of property, plant and equipment	4,935,661	5,003,514	-	-
Gain on disposal of property, plant and equipment	(668,135)	(57,860)	-	-
Gain on foreign exchange	(21,604)	(116,735)	-	(76,890)
Interest expense	4,790,879	4,590,925	343,374	322,087
Interest income	(877,723)	(405,696)	(325,331)	(503,135)
Inventories written off	-	75,909	-	-
Property, plant and equipment written off	6,312	71,704	-	-
Provision for diminution in value	-	9,300	-	-
Provision for doubtful debts	478,753	883,319	-	-
Quarry development expenditure written off	452,927	-	-	-
Share of loss in an associated company	81,777	41,064	-	-
Dividend income	(885)	(26,500)	(885)	(1,327,003)
Realised loss/(gain) on disposal of quoted shares	-	1,382,371	-	1,198,021
Unquoted investment impairment loss	1,692,248	-	-	-
Operating profit/(loss) before working capital changes	11,499,482	14,185,266	120,872	(328,964)
Changes in working capital:				
Property development costs	(1,646,445)	(9,187,292)	-	-
Inventories	(3,172,569)	(1,607,896)	-	-
Receivables	4,936,165	(4,088,666)	(898)	3,873,931
Payables	(933,143)	3,173,496	(4,923)	13,373
Related companies	34,510	35,581	5,657,394	(1,623,016)
Cash generated from operations	10,718,000	2,510,489	5,772,445	1,935,324
Interest paid	(4,352,393)	(3,907,663)	-	-
Interest received	809,624	405,696	325,331	503,135
Realised exchange gain	21,604	116,735	-	76,890
Tax paid, net of refund	(102,656)	(92,252)	(26,491)	(15,351)
Dividend received	885	19,500	885	1,320,003
Net cash generated from/(used in) operating activities	7,095,064	(947,495)	6,072,170	3,820,001

## Cash Flow Statements (cont'd)

For the Year Ended 31 December 2006

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(4,419,442)	(3,017,930)	-	-
Acquisition of shares in subsidiary companies	(5,684,000)	(5,403,938)	(5,684,000)	(5,916,008)
Acquisition of unquoted investments	-	(567,818)	-	-
Addition to quarry development expenditure	-	(750)	-	-
Proceeds from disposal of property, plant and equipment	2,556,863	401,502	-	-
Acquisition of shares in associated company	(60,000)	-	(60,000)	-
Acquisition in quoted shares	-	(4,603,182)	-	(4,363,437)
Proceeds from disposal of quoted shares	-	8,595,233	-	7,662,838
Subscription of bonds	-	-	-	-
Interest received	68,099	-	-	-
Net cash used in investing activities	(7,538,480)	(4,596,883)	(5,744,000)	(2,616,607)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares, net	-	5,000	-	5,000
Decrease in bank borrowings	(3,663,508)	(4,876,678)	(500,000)	-
Increase in fixed deposits pledged	24,541	-	-	-
Interest paid	(438,486)	(683,262)	(343,374)	(322,087)
Lease payables obtained	-	675,640	-	-
Repayment of lease payables	(607,643)	(268,042)	-	-
Drawdown of term loan	968,637	-	-	-
Dividends paid	-	(480,922)	-	(480,922)
Net cash used in financing activities	(3,716,459)	(5,628,264)	(843,374)	(798,009)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(4,159,875)	(11,172,642)	(515,204)	405,385
<b>Cash and cash equivalents at the beginning of the year</b>	7,258,622	18,431,264	610,168	204,783
<b>Cash and cash equivalents at the end of the year</b>	3,098,747	7,258,622	94,964	610,168
<b>Analysis of cash and cash equivalents:</b>				
Cash and bank balances	3,648,067	7,143,392	94,964	610,168
Fixed deposits with licensed banks and financial institutions, not pledged (Note 24)	340,000	813,210	-	-
Bank overdrafts (Note 31)	(889,320)	(697,980)	-	-
	3,098,747	7,258,622	94,964	610,168

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

## 1. CORPORATE INFORMATION

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the 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, Sarawak.

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 15 of 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.

The financial statement were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 April 2007.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 2.3.

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

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

### 2.2 Summary of significant accounting policies

#### (a) *Subsidiary companies and basis of consolidation*

##### (i) *Subsidiary companies*

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

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

##### (ii) *Basis of consolidation*

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

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

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

### 2.2 Summary of significant accounting policies (cont'd)

#### **(a) Subsidiary companies and basis of consolidation (cont'd)**

##### *(ii) Basis of consolidation (cont'd)*

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

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

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

#### **(b) Associate companies**

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

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

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

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

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

### 2.2 Summary of significant accounting policies (cont'd)

#### **(b) Associate companies (cont'd)**

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

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

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

#### **(c) Intangible assets**

##### *Goodwill*

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

#### **(d) Revenue recognition**

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

##### *(i) Sale of goods*

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

##### *(ii) Provision of services and maintenance, engineering products and marine transportation*

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

##### *(iii) Sale of properties*

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(d) Revenue recognition (cont'd)***(iv) Construction contracts*

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

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

*(v) Transportation and handling fees*

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

*(vi) Dividends*

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

*(vii) Management fee*

Management fees are recognised when services are rendered.

*(viii) Interest income*

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

**(e) Property, plant and equipment and depreciation**

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

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2 (i).

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(e) Property, plant and equipment and depreciation (cont'd)**

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

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

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

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

**(f) Quarry development expenditure**

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

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

**(g) Investments in subsidiary and associate companies**

The Company's investments in subsidiary and associated companies are stated at cost less impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(i).

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

**(h) Inventories**

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

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

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

### 2.2 Summary of significant accounting policies (cont'd)

#### (i) Impairment of non-financial assets

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

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

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

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

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

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

#### (j) Land held for property development and property development costs

##### (i) Land held for property development

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(j) Land held for property development and property development costs (cont'd)***(ii) Property development costs*

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

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

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

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

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

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

**(k) Financial instruments**

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

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

*(i) Cash and cash equivalents*

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

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

*(ii) Other non-current investments*

Non-current investments other than investments in subsidiary and associate companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.2(i).

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(k) Financial instruments (cont'd)***(iii) Receivables*

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

*(iv) Payables*

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

*(v) Interest-bearing loans and borrowings*

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

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

*(vi) Equity instruments*

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

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

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

**(l) Leases***(i) Classification*

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

- Property held under operating leases that would otherwise meet the definition of an investment property is classified as an investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (Note 2.2(p)); and

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(l) Leases (cont'd)***(i) Classification (cont'd)*

- Land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

*(ii) Finance leases - the Group as lessee*

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

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

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(e).

*(iii) Operating leases - the Group as lessee*

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

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

**(m) Employees benefits***(i) Short term benefits*

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(m) Employees benefits (cont'd)***(ii) Defined contribution plans*

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

*(iii) Share based compensation*

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

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

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

**(n) Income Tax**

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

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)****(n) Income Tax (cont'd)**

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

**(o) Foreign currencies***(i) Functional and presentation currency*

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

*(ii) Foreign currency transactions*

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

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in either the functional currency of the reporting entity or the foreign operation, are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss. Exchange differences arising on monetary items that form part of the Group's net investment in foreign operation, where that monetary item is denominated in a currency other than the functional currency of either the reporting entity or the foreign operation, are recognised in profit or loss for the period. Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation, regardless of the currency of the monetary item, are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate.

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

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.2 Summary of significant accounting policies (cont'd)*****(p) Investment properties***

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

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

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

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

**2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs**

On 1 January 2006, the Group and the Company adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2006:

FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 5	Non-current Assets Held for Sale and Discontinued Operations
FRS 101	Presentation of Financial Statements
FRS 102	Inventories
FRS 108	Accounting Policies, Changes in Estimates and Errors
FRS 110	Events after the Balance Sheet Date
FRS 116	Property, Plant and Equipment
FRS 121	The Effects of Changes in Foreign Exchange Rates
FRS 127	Consolidated and Separate Financial Statements
FRS 128	Investments in Associates
FRS 131	Interests in Joint Ventures
FRS 132	Financial Instruments: Disclosure and Presentation
FRS 133	Earnings Per Share
FRS 136	Impairment of Assets
FRS 138	Intangible Assets
FRS 140	Investment Property

The Group has not early adopted the following new and revised FRS for the financial periods beginning on or after 1 January 2006:

FRS 117	Leases
FRS 124	Related Party Disclosures

The Group has also not early adopted the FRS 139 – Financial Instruments: Recognition and Measurement whose effective date has yet to be determined.

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

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

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were in issue but not yet effective:

FRS 6	:	Exploration for and Evaluation of Mineral Resources
Amendment to FRS 119 <sup>2004</sup>	:	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures
Amendment to FRS 121	:	The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation
IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 <sup>2004</sup> Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The adoption of FRS 6 and the above amendments and Interpretations will have no impact on the financial statements of the Group and of the Company.

The adoption of revised FRS 2, 5, 102, 108, 116, 121, 127, 128, 131, 132, 133 and 140 do not result in significant changes in accounting policies of the Group. The principal changes in accounting policies and their effects resulting from the adoption of the other new and revised FRSs are discussed below:

#### (a) FRS 2: Share-based Payment

Prior to 1 January 2006, no compensation expense was recognised in profit or loss for share options granted. The Group and the Company recognised an increase in share capital and share premium when the options were exercised. Upon the adoption of FRS 2, the total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period.

The Group has applied FRS 2 in accordance with its transitional provisions which allow this change in accounting policy to be applied to share options that were granted on or before 1 January 2005.

Since the Company's ESOS was granted to eligible employees in year 2004, FRS 2 need not be applied in full except for certain disclosure requirements.

#### (b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 January 2006.

**2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.3 Changes in accounting policies and effects arising from adoption of new and revised FRSs (cont'd)****(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets (cont'd)**

- (i) *Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)*

Prior to 1 January 2006, negative goodwill was recognised in equity. Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisitions, after reassessment, is now recognised immediately in profit or loss. In accordance with the transitional provisions of FRS 3, the negative goodwill as at 1 January 2006 of RM766,478 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2005 or prior periods. The effects on the consolidated balance sheet as at 31 December 2006 are listed out below:

<b>Group</b>	<b>RM</b>
Reserve arising on consolidation	(766,478)
Revenue reserve	<u>766,478</u>

This change has no impact on the Company's financial statements.

**(c) FRS 101: Presentation of Financial Statements**

- (i) *Other presentation*

Prior to 1 January 2006, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidated income statement, minority interests are presented as an allocation of the total profit or loss for the year. A similar requirement is also applicable to the statement of changes in equity. The revised FRS 101 also requires disclosure, on the face of the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

Prior to 1 January 2006, the Group's share of taxation of associate companies accounted for using the equity method was included as part of the Group's income tax expense in the consolidated income statement. Upon the adoption of the revised FRS 101, the share of taxation of associate companies accounted for using the equity method are now included in the respective share of profit or loss reported in the consolidated income statement before arriving at the Group's profit or loss before tax.

These changes in presentation have no impact on the Company's financial statements.

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

### 2.4 Significant accounting estimates

#### *Key sources of estimation uncertainty*

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

#### *(i) Property development*

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

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

One of the main composition of property development costs is construction materials, which are sensitive to price fluctuations, thus affecting the stage of completion, carrying amount of property development costs and liabilities. The carrying amount of property development costs and liabilities of the Group as at 31 December 2006 are RM12,938,074 (2005: RM16,652,561) and RM8,419,987 (2005: RM8,526,611) respectively.

#### *(ii) Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2006 was RM843,485.

## 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.

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**3. REVENUE (cont'd)**

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Sales of goods and provision of services and maintenance	65,861,301	73,207,144	-	-
Vessel charter fee	1,639,647	1,741,541	-	-
Sales of development properties	3,815,750	2,323,610	-	-
Contract income	256,755	6,382,472	-	-
Transportation and handling fees	3,415,828	3,172,609	-	-
Hiring of plant and machinery	103,984	138,807	-	-
Dividends received	885	26,500	885	1,327,003
Management fee charged to subsidiary companies	-	-	258,000	258,000
	75,094,150	86,992,683	258,885	1,585,003

**4. OTHER INCOME**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Gain in foreign exchange	21,604	116,735	-	76,890
Gain on disposal of property, plant and equipment	668,135	57,860	-	-
Interest income	247,320	405,696	325,331	503,135
Rental income	133,330	95,134	-	-
Sundry income	217,748	330,734	-	20,656
	1,288,137	1,006,159	325,331	600,681

**5. FINANCE COSTS**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest expense on:				
Bank borrowings	4,639,208	4,510,594	109,403	74,749
Hire purchase	121,555	66,855	-	-
Others	30,116	13,476	233,971	282,756
Total interest expense	4,790,879	4,590,925	343,374	357,505

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**6. PROFIT BEFORE TAX**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
The following amounts have been included in arriving at profit before tax:				
Employee benefits expense (Note 7)	7,600,881	7,262,455	1,500	-
Non-executive directors' remuneration (Note 8)	89,404	74,000	60,000	74,000
Amortisation of mobilisation expense	221,402	229,638	-	-
Amortisation of quarry development expenses	181,478	170,018	-	-
Auditors' remuneration:				
- statutory audits:				
- current year	99,900	88,142	15,000	15,000
- under provision in prior year	-	6,100	-	-
Bad debt written off	225	140,681	-	-
Depreciation of property, plant and equipment	4,935,661	5,003,514	-	-
Inventories written off	-	75,909	-	-
Management fee received	-	-	(258,000)	(258,000)
Property, plant and equipment written off	6,312	71,704	-	-
Provision for diminution in value	-	9,300	-	-
Provision for doubtful debts	478,753	883,319	-	-
Quarry development expenditure written off	452,927	-	-	-
Realised loss on disposal of quoted shares	-	1,382,371	-	1,198,021
Unrealised investment impairment loss	1,692,248	-	-	-
Rental expenses	483,378	570,396	-	-
Gain on disposal of property, plant and equipment	(668,135)	(57,860)	-	-
Gain on foreign exchange	(21,604)	(116,735)	-	(76,890)

**7. EMPLOYEE BENEFITS EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Wages and salaries	6,862,617	6,605,863	68,500	86,000
Social security contributions	89,165	79,332	-	-
Contributions to defined contribution plan	649,099	577,260	-	-
	7,600,881	7,262,455	68,500	86,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM203,078 (2005: RM274,320) and RM8,500 (2005: RM12,000) respectively as further disclosed in Note 8.

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**8. DIRECTORS' REMUNERATION**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Executive directors' remuneration (Note 7):				
Fees	17,500	30,000	7,000	12,000
Other emoluments	185,578	244,320	1,500	-
	203,078	274,320	8,500	12,000
Non-executive directors' remuneration (Note 6):				
Fees	60,000	74,000	60,000	74,000
Other emoluments	29,404	-	-	-
	89,404	74,000	60,000	74,000
Total directors' remuneration including benefits-in-kind	292,482	348,320	68,500	86,000

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

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Executive:				
Salaries and other emoluments	148,688	221,280	1,500	-
Fees	17,500	30,000	7,000	12,000
Bonus	15,952	-	-	-
Defined contribution plan	20,938	23,040	-	-
	203,078	274,320	8,500	14,000
Non-Executive:				
Fees	60,000	74,000	60,000	74,000
Salaries and other emoluments	26,125	-	-	-
Defined contribution plan	3,150	-	-	-
Social security contributions	129	-	-	-
	292,482	348,320	68,500	86,000

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**8. DIRECTORS' REMUNERATION (cont'd)**

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

		<b>Number of Directors</b>	
		<b>2006</b>	<b>2005</b>
<b>Executive directors:</b>			
RM1	- RM50,000	-	-
RM50,001	- RM100,000	-	-
RM100,001	- RM150,000	-	-
RM150,001	- RM200,000	1	-
RM200,001	- RM250,000	-	1
<b>Non-executive directors:</b>			
RM1	- RM50,000	7	5
RM50,001	- RM100,000	-	-
RM100,001	- RM150,000	-	-
RM150,001	- RM200,000	-	-
RM200,001	- RM250,000	-	-

**9. INCOME TAX EXPENSE**

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Current income tax:</b>				
Malaysian income tax	615,503	82,914	2,300	19,437
Under/(over) provision in prior years	1,127	48,359	23,874	(12,282)
	616,630	131,273	26,174	7,155
<b>Deferred tax: (Note 30)</b>				
Relating to origination and reversal of temporary differences (Note 30)	(1,247,565)	(652,813)	-	-
Under provision in prior year (Note 30)	645,439	38,832	-	-
	(602,126)	(613,981)	-	-
	14,504	(482,708)	26,174	7,155

Domestic current income tax is calculated at the statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from current year's rate of 28% effective year of assessment 2007 and to 26% effective year of assessment 2008. The computation of deferred tax as at 31 December 2006 has reflected these changes.

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**9. INCOME TAX EXPENSE (cont'd)**

A reconciliation of income tax expense applicable to profit before taxation 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	
	2006 RM	2005 RM	2006 RM	2005 RM
Profit before tax	226,167	2,193,614	103,714	57,956
Taxation at Malaysian Statutory rate of 28% (2005: 28%)	63,327	614,212	29,039	16,228
Effect of lower income tax rate	(6,733)	(91,658)	-	-
Effect of decrease in income tax rate	(24,761)	-	-	-
Expenses not deductible for tax purposes	1,457,539	968,674	18,802	420,574
Income not subject to tax	(12,074)	(296,574)	(385)	(416,413)
Utilisation of previously unrecognised unabsorbed capital allowances	(45,156)	(952)	(1,339)	(952)
Utilisation of previously unrecognised unutilised reinvestment allowances	(1,429,392)	(920,871)	-	-
Utilisation of deferred tax assets previously not recognised	-	(1,053)	(43,817)	-
Deferred tax assets not recognised during the period	795,372	76,870	-	-
Deferred tax assets recognised on reinvestment allowance	(1,429,392)	(918,547)	-	-
Under/(over)provision in prior years	646,566	87,191	23,874	(12,282)
Utilisation of current year capital allowances	(792)	-	-	-
Income tax expense for the year	14,504	(482,708)	26,174	7,155

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

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

	2006	2005
Profit attributable to ordinary equity holders of the Company (RM)	243,090	2,685,376
Weighted average number of ordinary shares in issue	48,092,200	48,090,472
Basic earnings per share for profit for the year (sen)	0.44	5.58

**10. EARNINGS PER SHARE (cont'd)****(b) Diluted**

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

	2006	2005
Profit attributable to ordinary equity holders of the Company (RM)	243,090	2,685,376
Weighted average number of ordinary shares in issue	48,092,200	48,090,742
Effects of dilution:		
Warrants	-	-
Options	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	48,092,200	48,090,742
Diluted earnings per share for profit for the year (sen)	0.44	5.58

**11. DIVIDENDS**

	Dividends in respect of year		Dividends recognised in year	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Recognised during the year</b>				
Final dividend for 2005: 1% tax exempt on 48,092,200 ordinary shares (1 sen per ordinary shares)	-	480,922	-	480,922

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2006.

**12. INTANGIBLE ASSETS**

	<b>Goodwill RM</b>
<b>Group</b>	
<b>Cost</b>	
At 1 January 2005	-
Acquisition of subsidiary	-
	<hr/>
At 31 December 2005 and 1 January 2006	-
Acquisition of subsidiary	843,485
	<hr/>
At 31 December 2006	843,485
<b>Accumulated amortisation and impairment</b>	
At 1 January 2005	-
Amortisation	-
	<hr/>
At 31 December 2005 and 1 January 2006	-
Amortisation	-
	<hr/>
At 31 December 2006	-
<b>Net carrying amount</b>	
At 31 December 2005	-
	<hr/>
At 31 December 2006	843,485
	<hr/>

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## 13. PROPERTY, PLANT AND EQUIPMENT

Group	Long leasehold land RM	Short leasehold land RM	Plant, machinery, and motor vehicles RM		Furniture, fixtures and equipment RM	Capital work-in-progress RM	Total RM
			Buildings RM				
<b>Cost</b>							
At 1 January 2006	7,502,313	776,445	7,255,155	62,154,662	9,872,748	-	87,561,323
Additions	-	642,343	83,719	3,534,408	1,340,317	180,655	5,781,442
Adjustment	-	-	-	(683,460)	-	-	(683,460)
Disposals/written off	-	-	-	(5,597,334)	(199,454)	-	(5,796,788)
Reclassifications	-	-	-	81,161	(81,161)	-	-
At 31 December 2006	7,502,313	1,418,788	7,338,874	59,489,437	10,932,450	180,655	86,862,517
<b>Accumulated depreciation</b>							
At 1 January 2006	987,899	107,905	3,342,154	37,040,552	1,089,738	-	42,568,248
Charge for the year	121,102	17,191	434,043	4,158,854	204,471	-	4,935,661
Disposals/written off	-	-	-	(3,868,633)	(33,115)	-	(3,901,748)
Reclassifications	23,148	976	(24,124)	12,405	(12,405)	-	-
At 31 December 2006	1,132,149	126,072	3,752,073	37,343,178	1,248,689	-	43,602,161
<b>Net carrying amount</b>							
	6,370,164	1,292,716	3,586,801	22,146,259	9,683,761	180,655	43,260,356

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

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Total RM
<b>Cost</b>						
At 1 January 2005	7,502,313	776,445	7,216,028	61,000,821	9,025,467	85,521,074
Additions	-	-	103,680	1,632,542	1,281,708	3,017,930
Disposals/written off	-	-	(64,553)	(487,155)	(475,285)	(1,026,993)
Acquisition of subsidiary	-	-	-	8,454	40,858	49,312
At 31 December 2005	7,502,313	776,445	7,255,155	62,154,662	9,872,748	87,561,323
<b>Accumulated depreciation</b>						
At 1 January 2005	866,511	95,348	2,938,109	33,165,498	1,110,915	38,176,381
Charge for the year	121,388	12,557	447,491	4,241,262	180,816	5,003,514
Disposals/written off	-	-	(43,446)	(366,208)	(201,993)	(611,647)
At 31 December 2005	987,899	107,905	3,342,154	37,040,552	1,089,738	42,568,248
<b>Net carrying amount</b>	6,514,414	668,540	3,913,001	25,114,110	8,783,010	44,993,075

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

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

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Plant, machinery and motor vehicles	3,320,610	2,394,094

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

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Leasehold land and buildings	4,733,595	4,927,736
Plant, machinery and motor vehicles	4,224,410	4,714,492
	<b>8,958,005</b>	<b>9,642,228</b>

- (c) Certain long leasehold land of the Group with a net carrying amounts of RM2,885,119 (2005: RM3,052,036) are held in trust by third parties, who are former Director or staff of a subsidiary company.

- (d) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM5,781,442 (2005: RM3,017,930) of which RM1,362,000 (2005: RM488,168) were acquired by means of hire purchase arrangement.

**14. QUARRY DEVELOPMENT EXPENDITURE**

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
At 1 January	1,653,492	1,822,760
Additions	-	750
Less: Amount amortised	(181,478)	(170,018)
Less: Written off during the year	(452,927)	-
At 31 December	<b>1,019,087</b>	<b>1,653,492</b>

**15. INVESTMENT IN SUBSIDIARY COMPANIES**

	<b>Company</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares at cost	40,401,453	34,717,453

**15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

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

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2006	2005
Held by the Company:			
B.I.G. Industrial Gas Sdn. Bhd. *	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd. *	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd. *	Quarry operations	100%	100%
Lumanai Sdn. Bhd. *	Provision of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd. *	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd. *	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd. *	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd. *	General trading	100%	100%
B.I.G. Construction Sdn. Bhd. *	Construction contractor	100%	100%
Linear Excellent Sdn. Bhd. *	Contractor	100%	100%
Tani Kukuh Sdn. Bhd. *	Investment holding	100%	100%
Sistem SDS Sdn. Bhd. *	Trading and distribution of electrical home appliances, consumer durables and other related products on credit instalment scheme	100%	100%
B.I.G. Marine Sdn. Bhd. *	Ship owner and vessel chartering	100%	100%
B.I.G. Bahtera Sdn. Bhd. *	Money lending	100%	100%
B.I.G. Offshore Services Limited **	Inactive (struck off on 18 December 2006)	100%	100%
B.I.G. Ferry Services Sdn. Bhd. *	Inactive	100%	100%
Uni-Mix Concrete Products Sdn. Bhd. *	Inactive	100%	100%

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

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2006	2005
Held by the Company:			
Matang Billion Sdn. Bhd. *	Inactive	100%	100%
Beta Billion Sdn. Bhd. *	Inactive	100%	100%
B.I.G. Development (Matang) Sdn. Bhd. *	Inactive	100%	100%
B.I.G. Offshore Services Sdn. Bhd. **	Inactive	100%	100%
Puncak Luyang Sdn. Bhd. **	Project management and property developer.	100%	51%
Held through subsidiary companies:			
<b>Subsidiary company of Alpha Billion Sdn. Bhd.</b>			
Alpha Billion Management Services Sdn. Bhd. *	Inactive	100%	100%
<b>Subsidiary company of Hypervictory Sdn. Bhd.</b>			
Besitek Konsortium Sdn. Bhd. *	Inactive	100%	100%

\* Audited by Ernst & Young, Malaysia

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

**Additional investment in a subsidiary company**

On 22 November 2006, the Company acquired the remaining 49% of the total issued and paid-up share capital of Puncak Luyang Sdn. Bhd., a company incorporated in Malaysia, comprising 6,125,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,684,000.

The acquired subsidiary company has contributed the following results to the Group:

	2006 RM	2005 RM
Revenue	410,673	349,751
Net loss for the year	(31,427)	(26,575)

If the acquisition had occurred on 1 January 2006, the Group's revenue and profit for the year would have been RM75,094,150 and RM211,663 respectively.

**15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)**

The assets and liabilities arising from the acquisition are as follows:

	Fair value recognised on acquisition		Acquiree's carrying amount	
	2006 RM	2005 RM	2006 RM	2005 RM
Land held for development	14,706,031	12,713,744	14,706,031	12,713,744
Property, plant and equipment	32,789	46,441	32,789	46,441
Trade receivables	398,535	-	398,535	-
Other receivables	34,335	24,982	34,335	24,982
Cash and bank balances	851,596	512,070	851,596	514,057
	16,023,286	13,297,237	16,023,286	13,299,224
Trade payables	(3,482,943)	(1,737,879)	(3,482,943)	(1,737,879)
Other payables	(2,661,741)	(1,450,730)	(2,661,741)	(1,452,730)
Amount due to fellow subsidiaries	-	(165,880)	-	(173,963)
Post acquisition loss	-	18,477	-	-
	(6,144,684)	(3,336,012)	(6,144,684)	(3,364,572)

	Fair value recognised on acquisition	
	2006 RM	2005 RM
Fair value of net assets	9,878,602	9,961,225
Less: Interest of Group's share/Minority interests	(5,038,087)	(4,880,996)
Group's share of net assets	4,840,515	5,080,229
Goodwill on acquisition	843,485	835,779
Total cost of acquisition	5,684,000	5,916,008
The cash outflow on acquisition is as follows:		
Purchase consideration satisfied by cash	5,684,000	5,916,008
Cash and cash equivalents of the subsidiary company acquired	-	(512,070)
Net cash outflow from the Group	5,684,000	5,403,938

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**16. INVESTMENT IN ASSOCIATE COMPANIES**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Unquoted shares at cost	120,003	60,003	120,003	60,003
Less: Share of post-acquisition reserves	(91,138)	(60,003)	-	-
	28,865	-	120,003	60,003

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

<b>Name of associate Companies</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
		<b>2006</b>	<b>2005</b>
B.I.G. Oil and Gas Sdn. Bhd.	Sale of industrial gases	30%	30%
B.I.G. Kidurong Sdn. Bhd.	Inactive	30%	30%
B.I.G. Samudra Sdn. Bhd.	Inactive	30%	30%

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

	<b>2006 RM</b>	<b>2005 RM</b>
<b>Assets and liabilities</b>		
Current assets	311,467	174,343
Current liabilities	190,980	224,150
<b>Results</b>		
Revenue	24,353	-
Profit for the year	(29,706)	(148,254)

## 17. OTHER INVESTMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
<b>Unquoted investments:</b>				
Unquoted shares at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(1,692,248)	-	-	-
	535,409	2,227,657	-	-
Golf and country club membership at cost	224,000	224,000	-	-
Junior Bond	4,500,000	4,500,000	4,500,000	4,500,000
	5,259,409	6,951,657	4,500,000	4,500,000
<b>Quoted investments:</b>				
Quoted shares at cost	-	464,263	-	-
Less: Accumulated impairment losses	-	(464,263)	-	-
	-	-	-	-
Total investments	5,259,409	6,951,657	4,500,000	4,500,000

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

## (a) Land held for property development

	Leasehold land RM
<b>Group</b>	
<b>At 31 December 2006:</b>	
<b>Cost</b>	
At 1 January 2006	17,816,107
Additions	1,360,932
At 31 December 2006	19,177,039
<b>Carrying amount at 31 December 2006</b>	<b>19,177,039</b>
<b>At 31 December 2005:</b>	
<b>Cost</b>	
At 1 January 2005	5,002,363
Additions	100,000
Acquisition of subsidiary company	12,713,744
At 31 December 2005	17,816,107
<b>Carrying amount at 31 December 2005</b>	<b>17,816,107</b>

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**18. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)****(b) Property development costs**

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
Property development costs at 1 January:		
Leasehold land	9,588,091	9,588,091
Development costs	8,829,157	2,719,895
	<u>18,417,248</u>	<u>12,307,986</u>
Costs incurred during the year:		
Leasehold land	-	-
Development costs	3,111,699	6,109,262
	<u>3,111,699</u>	<u>6,109,262</u>
Costs recognised in income statement:		
At 1 January	(1,764,687)	-
Development costs	(2,826,186)	(1,764,687)
At 31 December	<u>(4,590,873)</u>	<u>(1,764,687)</u>
Transfer:		
To investment properties	(4,000,000)	-
	<u>(4,000,000)</u>	<u>-</u>
Property development costs at 31 December	<u>12,938,074</u>	<u>16,652,561</u>

**19. INVESTMENT PROPERTIES**

	<b>Group</b>	
	<b>2006</b>	<b>2005</b>
	<b>RM</b>	<b>RM</b>
At 1 January	-	-
Transfer from property development cost	4,000,000	-
At 31 December	<u>4,000,000</u>	<u>-</u>

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**20. INVENTORIES**

	<b>Group</b>	
	<b>2006 RM</b>	<b>2005 RM</b>
<b>At cost:</b>		
Industrial gases	569,980	709,265
Welding equipment and construction materials	1,884,339	894,980
Raw materials	915,685	606,542
Spare parts and consumables	688,798	416,105
Stone	2,064,085	2,455,396
Goods in transit	2,826,833	851,638
Work in progress	86,975	-
	9,036,695	5,933,926
<b>At net realisable value:</b>		
Properties held for sale	69,800	-
	9,106,495	5,933,926

**21. TRADE RECEIVABLES**

	<b>Group</b>	
	<b>2006 RM</b>	<b>2005 RM</b>
Trade receivables	28,149,473	31,823,279

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.

**22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Other receivables	5,792,007	7,796,004	41,696	41,678
Deposits	1,259,963	973,782	5,036	4,156
Prepayments	1,221,815	1,466,738	-	-
Current tax assets	137,252	83,826	11,450	19,320
	8,411,037	10,320,350	58,182	65,154

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

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**23. AMOUNT DUE FROM/(TO) RELATED COMPANIES**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Amount due from subsidiary companies	-	-	55,910,514	61,549,900
Amount due from associated company	92,327	177,479	50,642	110,642
	92,327	177,479	55,961,156	61,660,542
Amount due to subsidiary companies	-	-	(389,552)	(431,544)
Amount due to associated company	(29,999)	(29,999)	(29,999)	(29,999)
	62,328	147,480	55,541,605	61,198,999

Certain amounts due from/(to) the related companies are unsecured, interest free and under no fixed term of repayment. Certain amounts due from subsidiary companies bear interest at rates ranging from 1.5 % to 8.65 % (2005: 1.5% to 8.65%) per annum and are repayable on demand.

**24. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS**

	Group	
	2006 RM	2005 RM
Fixed deposits with licensed banks:		
- Pledged	574,807	599,348
- Not pledged	340,000	380,000
Fixed deposits with licensed financial institutions:		
- Not pledged	-	433,210
	914,807	1,412,558

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 2.3% to 4.0% (2005: 1.4% to 3.0%) and the maturities of deposits as at 31 December 2006 ranges from 8 to 365 days (2005: 30 to 365 days).

**25. SHARE CAPITAL**

	Number of ordinary shares of RM1.00 each	Amount Share capital (issued and fully paid) RM
At 1 January 2005	48,087,200	48,087,200
Pursuant to conversion of warrants, for cash	5,000	5,000
At 31 December 2005/1 January 2006 and 31 December 2006	48,092,200	48,092,200

**25. SHARE CAPITAL (cont'd)****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:

<b>Terms</b>	<b>Details</b>
<b>"Transferability"</b>	The Warrants shall be transferable by an instrument of transfer in any usual or common form or such other form as may be approved by the Directors, Bursa Malaysia Depository Sdn. Bhd. and the Bursa Malaysia Securities Berhad ("Bursa Securities"). Subject to the provisions of the Central Depositories Act and the Rules, no person shall be recognised by the Company as having title to a Warrant entitling the Warrantheader thereof to subscribe for a fractional part of a New Share or otherwise than as the holder of the entirety of such New Shares. Each Warrantheader shall be deemed to remain the registered holder of the Warrant registered in his name until the name of the transferee is entered into the Record of Depositors in the manner provided under the Central Depositories Act and the Rules.
<b>"Tenure"</b>	Five (5) years from the date of issuance of the Warrants.
<b>"Exercise Period"</b>	means the period commencing on and including the date of issue of the Warrants and ending at the close of business at 5.00 p.m. in Malaysia on a date being five (5) years from the Issue Date of the Warrants to be determined at the discretion of the Company subject to the approval of the relevant authorities, the shareholders of the Company and the Warrantheaders, in accordance to the procedure set out by this Deed and/or the laws.
<b>"Exercise Price"</b>	RM1.00 payable in full upon the exercise of each Warrant.
<b>"Expiry Date"</b>	means the date falling on the fifth (5th) year from the Issue Date of the Warrants.
<b>"Entitlement"</b>	Subject to the provisions to be included in the Deed Poll, each Warrant shall entitle the registered holder during the Exercise Period to subscribe for one (1) new BIG Share at the Exercise Price of RM1.00.
<b>"Mode of Exercise"</b>	The registered holder of the Warrants must complete and sign the Exercise Form and deliver the same to the Registrar together with a remittance in Malaysian currency for the amount equal to the subscription moneys when subscribing for new BIG Shares.
<b>Board Lot</b>	For the purposes of trading on the Bursa Securities, a Board Lot for the Warrants shall be One Hundred (100) Warrants carrying the right at the date of issue of the Warrants, to subscribe for One Hundred (100) New Shares.
<b>Ranking of the new BIG Shares from exercise of Warrants</b>	The new BIG Shares to be issued upon exercise of the Warrants shall, upon allotment and issue, rank pari passu in all respects with the issued and paid-up capital of BIG, save and except that they will not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date/books closure date of which precedes the date of allotment of the new BIG Shares to be issued pursuant to the exercise of the Warrants.

**25. SHARE CAPITAL (cont'd)**

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:

	<b>Number of Warrants 2004/2009</b>
At 1 January 2006	19,170,800
Exercise during the financial year	-
At 31 December 2006	19,170,800

**26. EMPLOYEE BENEFITS****Employee Share Options Scheme ("ESOS")**

The Company's Employees Share Option Scheme ("ESOS") is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 16 June 2003. The ESOS was implemented on 26 February 2004 and is to be in force for a period of five (5) years from the date of implementation and 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.
- (iv) The option price for each share shall be the 5-day weighted average market price of the Company's shares as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad immediately prior to the Date of Offer, if the ESOS Committee shall so determine at their discretion from time to time, a discount of not more than 10% or the par value of the shares of the Company of RM1.00, whichever is higher.
- (v) All new ordinary shares issued and allotted upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company except that they shall not rank for any rights, dividends, allotment and/or distributions declared which entitlement date precedes the date of exercise of the said options and will be subject to the provisions of the Articles of Association of the Company.
- (vi) The persons to whom the options have been granted have no right to participate by virtue of the options, in any share issue of any other company.

**26. EMPLOYEE BENEFITS (cont'd)****Employee Share Options Scheme ("ESOS") (cont'd)**

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

	Outstanding at 1 January	Granted	Exercised	Forfeited	Expired	Outstanding at 31 December	Exercisable at 31 December
<b>2006</b>							
2004 options	3,104,000	-	-	-	1,296,000	1,808,000	1,808,000
WAEP	2.72	-	-	-	2.72	2.72	2.72
<b>2005</b>							
2004 Options	3,451,000	-	-	-	347,000	3,104,000	3,104,000
WAEP	2.72	-	-	-	2.72	2.72	2.72

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

	Number of share options	WAEP RM	Exercised period
<b>2006</b>			
2004 options	1,673,000	2.72	8/3/2004 - 25/2/2009
	135,000	2.83	10/4/2004 - 25/2/2009
<b>2005</b>			
2004 options	2,969,000	2.72	8/3/2004 - 25/2/2009
	135,000	2.83	10/4/2004 - 25/2/2009

**27. RESERVES**

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

As at 31 December 2006, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 and the balance in the tax-exempt income account to frank the payment of dividends out of its entire revenue reserve.

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**28. LEASE PAYABLES**

	<b>Group</b>	
	<b>2006 RM</b>	<b>2005 RM</b>
<b>Future minimum lease payments:</b>		
Not later than 1 year	934,606	520,186
Later than 1 year and not later than 2 years	1,114,549	488,653
Later than 2 years and not later than 5 years	501,344	751,032
Total future minimum lease payments	2,550,499	1,759,871
Less: Future finance charges	(225,448)	(189,177)
Present value of finance lease liabilities	2,325,051	1,570,694
<b>Analysis of present value of finance lease liabilities:</b>		
Not later than 1 year	815,208	433,831
Later than 1 year and not later than 2 years	824,633	417,551
Later than 2 years and not later than 5 years	685,210	719,312
Less: Amount due within 12 months	2,325,051	1,570,694
Amount due after 12 months	(815,208)	(433,831)
	1,509,843	1,136,863

The lease payables bore interest at rates ranging from 2.5% to 5.0% (2005: 2.5% to 5.0%) per annum.

**29. TERM LOANS**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Secured	1,286,251	1,265,830	-	-
Unsecured	45,000,000	45,000,000	45,000,000	45,000,000
	46,286,251	46,265,830	45,000,000	45,000,000
Repayable within 12 months	704,317	948,215	-	-
Repayable after 12 months	45,581,934	45,317,615	45,000,000	45,000,000
	46,286,251	46,265,830	45,000,000	45,000,000

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

	<b>Group</b>		<b>Company</b>	
	<b>2006</b>	<b>2005</b>	<b>2006</b>	<b>2005</b>
Term loans	5.0% - 8.65%	5.0% - 8.65%	8.65%	8.65%

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**30. DEFERRED TAXATION**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
At 1 January	1,477,919	2,091,900	-	-
Recognised in income statement (Note 9)	(1,247,565)	(652,813)	-	-
Under provided in prior year (Note 9)	645,439	38,832	-	-
At 31 December	875,793	1,477,919	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(4,127,978)	(3,963,152)	-	-
Deferred tax liabilities	5,003,771	5,441,071	-	-
	875,793	1,477,919	-	-

**31. BANK OVERDRAFTS**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
Secured	889,320	697,980	-	-

The weighted average effective interest rates for the Group was 7% (2005: 7%) respectively.

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

**32. SHORT TERM BORROWINGS**

	<b>Group</b>		<b>Company</b>	
	<b>2006 RM</b>	<b>2005 RM</b>	<b>2006 RM</b>	<b>2005 RM</b>
<b>Secured:</b>				
Bill payables	1,766,605	3,429,256	-	-
Revolving credit	3,100,000	4,100,000	-	-
	4,866,605	7,529,256	-	-
<b>Unsecured:</b>				
Bill payables	1,783,000	3,635,641	-	-
Revolving credit	5,300,000	3,500,000	1,000,000	1,500,000
	7,083,000	7,135,641	1,000,000	1,500,000
<b>Total borrowings:</b>				
Bill payables	3,549,605	7,064,897	-	-
Revolving credits	8,400,000	7,600,000	1,000,000	1,500,000
	11,949,605	14,664,897	1,000,000	1,500,000

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**32. SHORT TERM BORROWINGS (cont'd)**

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

	Group		Company	
	2006	2005	2006	2005
Bill payable	1.70% to 4.87%	1.70% to 4.87%	-	-
Revolving credit	4.89% to 5.54%	4.89% to 5.54%	4.98%	4.98%

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

**33. TRADE PAYABLES**

	Group	
	2006 RM	2005 RM
Trade payables	7,537,688	8,078,736
Progress billings in respect of property development costs	882,299	447,875
	8,419,987	8,526,611

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

**34. OTHER PAYABLES, DEPOSITS AND ACCRUALS**

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Other payables	2,268,611	3,902,159	41,045	47,783
Deposit	924,089	760,467	-	-
Accruals	4,211,629	4,274,404	37,709	41,053
	7,404,329	8,937,030	78,754	88,836

**35. CONTINGENT LIABILITIES**

	Group	
	2006 RM	2005 RM
Corporate guarantees granted to banks in respect of the subsidiary companies' outstanding banking facilities as at 31 December	11,850,560	15,113,406

The gross amount of corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities totalled RM42,141,500 (2005: RM36,841,500).

**36. 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 mutually agreed terms and conditions.

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

	Oil & Gas/ Industrial Gas RM	RMC/ Quarry RM	Property Development & Construction RM	Other RM	Eliminations RM	Total RM
<b>31 December 2006</b>						
<b>Revenue</b>						
Sales to external customers	27,864,741	40,827,938	4,072,505	2,328,966	-	75,094,150
Inter-segment sales	-	22,686,015	-	603,684	(23,289,699)	-
<b>Total revenue</b>	<b>27,864,741</b>	<b>63,513,953</b>	<b>4,072,505</b>	<b>2,932,650</b>	<b>(23,289,699)</b>	<b>75,094,150</b>
<b>Results</b>						
Segment results						5,098,823
Finance cost, net						(4,790,879)
Share of results of associated company						(81,777)
Profit before tax						226,167
Income tax expense						(14,504)
<b>Net profit for the year</b>						<b>211,663</b>
<b>Assets</b>						
Segment assets	69,932,359	39,364,963	48,178,984	108,990,501	(129,647,151)	136,819,656
Investment in associated companies	-	-	-	120,003	(91,138)	28,865
<b>Total assets</b>						<b>136,848,521</b>

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**36. SEGMENT INFORMATION (cont'd)****(a) Business segments (cont'd)**

	Oil & Gas/ Industrial Gas RM	RMC/ Quarry RM	Property Development & Construction RM	Other RM	Eliminations RM	Total RM
<b>Liabilities</b>						
Segment liabilities	49,055,869	28,946,068	36,619,294	53,159,471	(88,988,539)	<u>78,792,163</u>
<b>Other segment information</b>						
Amortisation	-	402,880	-	-	-	402,880
Depreciation	2,521,139	2,333,419	20,816	60,287	-	4,935,661
<b>31 December 2005</b>						
<b>Revenue</b>						
Sales to external customers	30,760,248	42,650,895	7,464,946	6,116,594	-	86,992,683
Inter-segment sales	-	22,371,595	-	1,558,503	(23,930,098)	-
Total revenue	<u>30,760,248</u>	<u>65,022,490</u>	<u>7,464,946</u>	<u>7,675,097</u>	<u>(23,930,098)</u>	<u>86,992,683</u>
<b>Results</b>						
Segment results						6,825,603
Finance cost, net						(4,590,925)
Share of results of associated company						<u>(41,064)</u>
Profit before tax						2,193,614
Income tax expense						<u>482,708</u>
Net profit for the year						<u>2,676,322</u>
<b>Assets</b>						
Segment assets	71,665,269	38,598,955	38,054,261	121,393,499	(124,834,108)	144,877,876
Investment in associated companies	-	-	-	60,003	(60,003)	<u>-</u>
						<u>144,877,876</u>
<b>Liabilities</b>						
Segment liabilities	54,773,555	26,494,433	28,591,767	61,340,058	(89,007,147)	<u>82,192,666</u>
<b>Other segment information</b>						
Amortisation	-	399,656	-	-	-	399,656
Depreciation	2,537,323	2,291,324	7,762	167,105	-	5,003,514

**(b) Geographical segments**

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

**37. SIGNIFICANT RELATED PARTY TRANSACTIONS**

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

	<b>Company</b>	
	<b>2006</b> RM	<b>2005</b> RM
<b>(a) Transactions with subsidiary companies</b>		
<b>Income</b>		
Management fee income from:		
- B.I.G. Industrial Gas Sdn. Bhd.	72,000	72,000
- Hypervictory Sdn. Bhd.	18,000	18,000
- Lumanai Sdn. Bhd.	18,000	18,000
- Alpha Billion Sdn. Bhd.	24,000	24,000
- B.I.G. Marketing Sdn. Bhd.	6,000	6,000
- B.I.G. Construction Sdn. Bhd.	6,000	6,000
- Uni-Mix Sdn. Bhd.	18,000	18,000
- Sitems SDS Sdn. Bhd.	42,000	42,000
- B.I.G. Bahtera Sdn. Bhd.	42,000	42,000
- Linear Excellent Sdn. Bhd.	6,000	6,000
- Kinalaju Supply Sdn. Bhd.	6,000	6,000
Interest income from:		
- Alpha Billion Sdn. Bhd.	140,728	87,176
- B.I.G. Communication Sdn. Bhd.	105,581	143,312
- B.I.G. Bahtera Sdn. Bhd.	-	74,950
- Hypervictory Sdn. Bhd.	77,641	89,400
Dividend income from:		
- B.I.G. Industrial Gas Sdn. Bhd.	-	1,500,503
<b>Expenditure</b>		
Interest paid to Uni-Mix Sdn. Bhd.		
- B.I.G. Industrial Gas Sdn. Bhd.	233,550	247,338

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

**(b) Transactions with a director-related company**

	<b>Group</b>	
	<b>2006</b> RM	<b>2005</b> RM
Receipts of construction contract for reservoir Seristana Sdn. Bhd.	-	2,467,545
Receipts of construction contract for building works Seristana Sdn. Bhd.	780,000	2,573,792

**38. FINANCIAL INSTRUMENTS****(a) Financial risk management objectives and policies**

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

**(b) Interest Rate Risk**

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2006. 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 currency risk**

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

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

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

	<b>Brunei Dollar Equivalent RM</b>	<b>US Dollar Equivalent RM</b>	<b>Total RM</b>
<b>Functional currency</b>			
At 31 December 2006:			
Trade receivables <i>Ringgit Malaysia</i>	140,023	-	140,023
Cash and bank balances <i>Ringgit Malaysia</i>	37,785	-	37,785
Trade payables <i>Ringgit Malaysia</i>	-	-	-
At 31 December 2005:			
Trade receivables <i>Ringgit Malaysia</i>	473,472	542,723	1,016,195
Cash and bank balances <i>Ringgit Malaysia</i>	87,125	-	87,125
Trade payables <i>Ringgit Malaysia</i>	-	1,597,104	1,597,104

**38. FINANCIAL INSTRUMENTS (cont'd)****(d) Liquidity risk**

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

**(e) Credit risk**

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

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

**(f) Fair values**

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

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
<b>Financial assets</b>					
At 31 December 2006:					
Investment in golf club membership	17	224,000	*	-	-
Investment in unquoted shares	17	535,409	*	-	-
Investment in bond	17	4,500,000	*	4,500,000	*
At 31 December 2005:					
Investment in golf club membership	17	224,000	*	-	-
Investment in unquoted shares	17	2,227,657	*	-	-
Investment in bond	17	4,500,000	*	4,500,000	*
<b>Financial liabilities</b>					
At 31 December 2006:					
Term loans	29	45,581,934	**	45,000,000	**
At 31 December 2005:					
Term loans	29	45,317,615	**	45,000,000	**

**38. FINANCIAL INSTRUMENTS (cont'd)****(f) Fair values (cont'd)**

- \* It is not practical to estimate the fair values of the Group's investments in golf club membership, unquoted shares and junior bond because of the lack of quoted market prices and the inability to estimate fair values without incurring excessive costs.
- \*\* The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient liability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments have been disclosed in Note 29.

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 2006:			
Contingent liabilities	35	11,850,560	***
At 31 December 2005:			
Contingent liabilities	35	15,113,406	***

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

**39. SIGNIFICANT EVENT**

On 22 November 2006, the Company acquired the remaining 49% of the total issued and paid-up share capital of Puncak Luyang Sdn. Bhd., a company incorporated in Malaysia, comprising 6,125,000 ordinary shares of RM1.00 each for a purchase consideration of RM5,684,000.

**40. SUBSEQUENT EVENT**

Subsequent to year end, a fire broke out at the Sibul branch of one of the subsidiary companies, B.I.G. Industrial Gas Sdn. Bhd., which substantially destroyed the office cabin of the branch. The production facility is not affected.

## Analysis of Shareholdings

As at 30 April 2007

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	%
1 to 99	58	1,682	0.00
100 to 1,000	786	667,556	1.39
1,001 to 10,000	2,325	10,159,995	21.13
10,001 to 100,000	450	12,438,085	25.86
100,001 to 2,404,609 (*)	28	13,988,750	29.09
2,404,610 and above (**)	3	10,836,132	22.53
<b>TOTAL</b>	<b>3,650</b>	<b>48,092,200</b>	<b>100.00</b>

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

**THIRTY (30) LARGEST SHAREHOLDERS  
AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2007**

No.	Name of Shareholders	No. of Shares	%
1.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Pristine Corporation Sdn. Bhd. (D)</i>	5,038,082	10.48
2.	Pristine Corporation Sdn. Bhd.	3,250,950	6.76
3.	HSBC Nominees (Asing) Sdn. Bhd. <i>BNP Paribas Arbitrage (Hong Kong) Limited</i>	2,547,100	5.30
4.	Lee Sheng Fung	2,078,400	4.32
5.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,552,300	3.23
6.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG London</i>	1,511,700	3.14
7.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoon Nin</i>	1,225,300	2.55
8.	Hoon Nin	1,001,000	2.08
9.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar</i>	920,200	1.91
10.	HLB Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teoh Beng Keong</i>	770,000	1.60
11.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	662,200	1.38

## Analysis of Shareholdings (cont'd)

### As at 30 April 2007

#### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2007 (cont'd)

No.	Name of Shareholders	No. of Shares	%
12.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Sheng Fung</i>	640,900	1.33
13.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
14.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Ban Tin (G)</i>	400,000	0.83
15.	Othman Bin Merican	353,000	0.73
16.	Mohd Fauzi B Hj Abd Hamid	350,000	0.73
17.	Ng Yu Thian	233,700	0.49
18.	Lai Weng Chee @ Lai Kok Chye	170,000	0.35
19.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kuintan Binti Sepawi</i>	151,400	0.31
20.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Leon Chin Yee (E-KPG)</i>	150,000	0.31
21.	Lau Hien Chong	149,400	0.31
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azman @ Noor Hizam B Mohd Nurdin (CEB)</i>	136,450	0.28
23.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sin Huan Kwang (471295)</i>	128,000	0.27
24.	Wan Ismail Bin Abd Rahman	124,000	0.26
25.	Yap Kok Lim	120,000	0.25
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Sin Huan Kwang (T-471154)</i>	119,900	0.25
27.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lim Siu Kun (CEB)</i>	111,000	0.23
28.	HDM Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd for Lim Beng Ee</i>	110,000	0.23
29.	Chen Twu Chyang	109,000	0.23
30.	Ng See Fook	105,000	0.22
	<b>Total</b>	<b>24,719,982</b>	<b>51.40</b>

## Analysis of Shareholdings (cont'd)

As at 30 April 2007

### LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2007

No.	Name	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have an interest	%
1.	Pristine Corporation Sdn. Bhd.	8,289,086 (i)	17.24	-	-
2.	Hoon Nin	2,226,300 (ii)	4.63	8,289,086 (iii)	17.24
3.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	8,289,086 (iii)	17.24
4.	Lee Sheng Fung	2,719,300 (iv)	5.65	-	-
5.	BNP Paribas Arbitrage (Hong Kong) Limited	2,547,100 (v)	5.30	-	-

#### Notes:-

- (i) Direct holding (3,250,950 shares) and indirect holdings through HDM Nominees (Tempatan) Sdn. Bhd. (54 shares) and PM Nominees (Tempatan) Sdn. Bhd. (5,038,082 shares).
- (ii) Direct holding (1,001,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,225,300 shares).
- (iii) Deemed interested by virtue of their substantial shareholdings in Pristine Corporation Sdn. Bhd.
- (iv) Direct holding (2,078,400 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (640,900 shares).
- (v) Indirect holding through HSBC Bank Malaysia Berhad (2,547,100 shares).

### DIRECTORS' INTEREST

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	8,289,086 (i)	17.24
2.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	400,000	0.83	-	-

#### Note:-

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

## Analysis of Warrantholdings

### As at 30 April 2007

No. of Warrants Issued	:	19,218,000
No. of Warrants Outstanding	:	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 Warrantholders	:	One vote per warrant on a show of hand One vote per warrant on a poll

Size of Warrantholdings	No. of Warrantholders	No. of Warrants Held	%
1 to 99	28	1,189	0.00
100 to 1,000	499	419,622	2.19
1,001 to 10,000	917	4,880,625	25.46
10,001 to 100,000	333	9,956,764	51.94
100,001 to 958,539 (*)	21	3,912,600	20.41
958,540 and above (**)	0	0	0.00
<b>TOTAL</b>	<b>1,798</b>	<b>19,170,800</b>	<b>100.00</b>

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 30 APRIL 2007

No.	Name of Warrantholders	No. of Warrants	%
1.	RC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yee Wai Chow (M)</i>	476,300	2.48
2.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeo Jin Hui</i>	450,000	2.35
3.	Law Kok Hoong	410,000	2.14
4.	Chan Lee Yuen	240,000	1.25
5.	Chin Kean Hon	180,000	0.94
6.	Goh Nan Kioh	161,800	0.84
7.	Ke-Zan Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Cheong Kok Meng</i>	160,000	0.83
8.	Lim Lee Poo	159,900	0.83
9.	Lee Chee Wai	157,900	0.82
10.	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lionel Koh Kok Peng (M09)</i>	150,000	0.78
11.	Tang Lee Sheng	141,800	0.74

## Analysis of Warrantholdings (cont'd)

As at 30 April 2007

### THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2007 (cont'd)

No.	Name of Warrantholders	No. of Warrants	%
12.	Mohd Fauzi B Hj Abd Hamid	140,000	0.73
13.	Wong Lee Shian	135,000	0.70
14.	Ma Wuh Shin	130,000	0.68
15.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yuthaya Surian A/L Muthu (R52-Margin)</i>	129,000	0.67
16.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Leon Chin Yee (E-KPG)</i>	120,000	0.63
17.	Low Hock See	120,000	0.63
18.	Lam Ah Chong	119,900	0.63
19.	Ng Yu Thian	115,000	0.60
20.	Yap Took Seng	110,000	0.57
21.	Pua Chye	106,000	0.55
22.	Sim Eng Kiang	100,000	0.52
23.	Seah Teck Chuan	100,000	0.52
24.	Patrick Chiong Sui Chai	100,000	0.52
25.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Vincent Phua Chee Ee (REM192)</i>	100,000	0.52
26.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Louis Tay Chee Siong (REM109)</i>	100,000	0.52
27.	Choong Thiam Fatt	100,000	0.52
28.	Choi Ah Chai	100,000	0.52
29.	HDM Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd for Lim Beng Ee</i>	97,600	0.51
30.	Cheok Pei Koon	95,000	0.50
	<b>TOTAL</b>	<b>4,805,200</b>	<b>25.04</b>

## List of Properties Held by the Group

As at 31 December 2006

Location	Description	Approximate Age of Building	Land Area (Sq. m)	Tenure	Net Book Value (RM)	Date of Acquisition
1. Lot 759, Block 4 Miri Concession Land District, Piasau Industrial Estate Jalan Kilang, Miri	An Oxygen Plant and Office Building	23 years & 14 years	3,310	2044	413,445	1984
2. Lot 1830, Block 4 Miri Concession Land District, Piasau Industrial Estate Jalan Kilang, Miri	An Acetylene Plant, Fabrication Works Building and Carbon Dioxide Plant	21 years & 11 years	2,448	2052	374,342	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	12 years & 9 years	12,141	2053	1,978,853	1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	41,933	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	15 years	1,966	2038	439,811	1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	458,745	2006
7. Lot 977, Block 26 Kemena Land District Kidurong Light Industrial Estate Kidurong Road Bintulu	An Oxygen/Nitrogen Plant, Acetylene Plant, Office Building and Argon Refilling Plant	17 years & 7 years	7,719	2051	1,475,717	1991
8. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	431,885	1992
9. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	243,378	1991

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

As at 31 December 2006

Location	Description	Approximate Age of Building	Land Area (Sq. m)	Tenure	Net Book Value (RM)	Date of Acquisition
10. Lot 2395, Block 31 Kemena Land Bintulu	Company House	18 years	553.3	2049	48,922	1990
11. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plant	8 years	808 1,045	2919	603,071	1997
12. Lot 1950, 1951 Block 5, Kuala Baram Land District Miri	Vacant Land	N/A	1,705.9	2056	234,703	2002
13. PL 106282938 Lot 3 & 4, Jalan Bakau Off Km 9 Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 9 years	7,620	2027	965,740	1986
14. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31 Jalan Tuaran Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	10 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	593,995	1997 1996 1996 1996
15. Indah Court Apartment Kota Kinabalu	1 Unit Apartment	8 years	N/A	N/A	99,025	1998
16. Bukit Vor Apartment Kota Kinabalu	1 Unit Apartment	6 years	N/A	N/A	122,996	2000
17. FR044012115** FR044012124** NT043131540** FR044012651** NT044012633** FR044012044*** FR044015161*** FR044012697**** Telipok Kota Kinabalu	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,324,760	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.  
 \*\*\* Lands hold in trust by Jerry Fitzgerald Simol and subleased to Hypervictory Sdn. Bhd.  
 \*\*\*\* Lands hold in trust by Kalakau @ Kalakan Bin Untol @ Entol and subleased to Hypervictory Sdn. Bhd.  
 N/A Not Applicable

**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 Lanang 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 5,6,7, 2nd Floor  
Wisma KKM, Inanam, Jalan Tuaran  
88822 Kota Kinabalu, Sabah  
Tel : 088-437422  
Fax : 088-437430

**FACTORY**

5<sup>1</sup>/<sub>2</sub> 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



**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 Seventeenth Annual General Meeting of the Company to be held at Hotel Grand Continental, Lot 42, Section 46, Ban Hock Road, 93100 Kuching, Sarawak on Monday, 25 June 2007 at 11.00 a.m.

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

NO.	RESOLUTIONS	FOR	AGAINST
1.	Adoption of Audited Financial Statements for the financial year ended 31 December 2006 and Reports of Directors and Auditors thereon		
2.	Approval of Directors' Fees		
3.	Re-election of Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof as Director pursuant to Article 106		
4.	Election of Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin as Director pursuant to Article 114		
5.	Election of Mr. Lau Keat Hoo as Director pursuant to Article 114		
6.	Election of Ms. Choong Wye Lin as Director pursuant to Article 114		
7.	Re-appointment of Messrs. Ernst & Young as Auditors and authorising Directors to fix their remuneration		
8.	<b>Ordinary Resolution No. 1</b> Authority given to Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
9.	<b>Ordinary Resolution No. 2</b> Proposed Renewal of Share Buy Back Authority		
10.	<b>Special Resolution</b> Proposed Amendments to the Articles of Association of the Company		

Please indicate with an "X" 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 \_\_\_\_\_ 2007.

\_\_\_\_\_  
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.

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**Postage  
Stamp**

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

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

(195285-D)

(Incorporated in Malaysia)

Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia.

Tel: 082-486 321

Fax: 083-336 993