



B.I.G. INDUSTRIES BERHAD

(Incorporated in Malaysia) (195285-D)

Annual Report 2007

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ANNUAL REPORT 2007



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(Incorporated in Malaysia) (195285-D)

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

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NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth 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 Thursday, 26 June 2008 at 11.00 a.m. to transact the following matters:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---------------------|
| 1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2007 and the Directors' and Auditors' Reports thereon. | RESOLUTION 1 |
| 2. To approve the payment of Directors' fees amounting to RM86,000 in respect of the financial year ended 31 December 2007. | RESOLUTION 2 |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offer themselves for re-election: | RESOLUTION 3 |
| i. Ms. Yong Siew Kat | RESOLUTION 4 |
| ii. Mr. Lau Keat Hoo | |
| 4. To elect Encik Samsul Ariff Bin Idris who retires pursuant to Article 114 of the Company's Articles of Association and being eligible offer himself for election. | RESOLUTION 5 |
| 5. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. | RESOLUTION 6 |

AS SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION**
Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares

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

RESOLUTION 7

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING (cont'd)

7. **ORDINARY RESOLUTION** **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 2008, the retained profits and share premium account of the Company were approximately RM6,504,210 and RM150,113 respectively, amounting to a total of RM6,654,323.

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

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

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

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

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

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

RESOLUTION 8

8. 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)
PAULINE NG PECK KUN (MAICSA 7029550)
 Company Secretaries

Kuching, Sarawak.
 30 May 2008

Notes:

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

Explanatory Notes on Special Business**(a) Resolution Pursuant to Section 132D of the Companies Act, 1965**

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

(b) Proposed Renewal of Share Buy Back Authority

The Ordinary Resolution 8 proposed under Agenda 7, if passed, will empower the Directors of the Company to purchase the Company's shares up to ten percent (10%) of the issued and paid-up share capital of the Company (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 30 May 2008, which is despatched together with this Annual Report 2007.

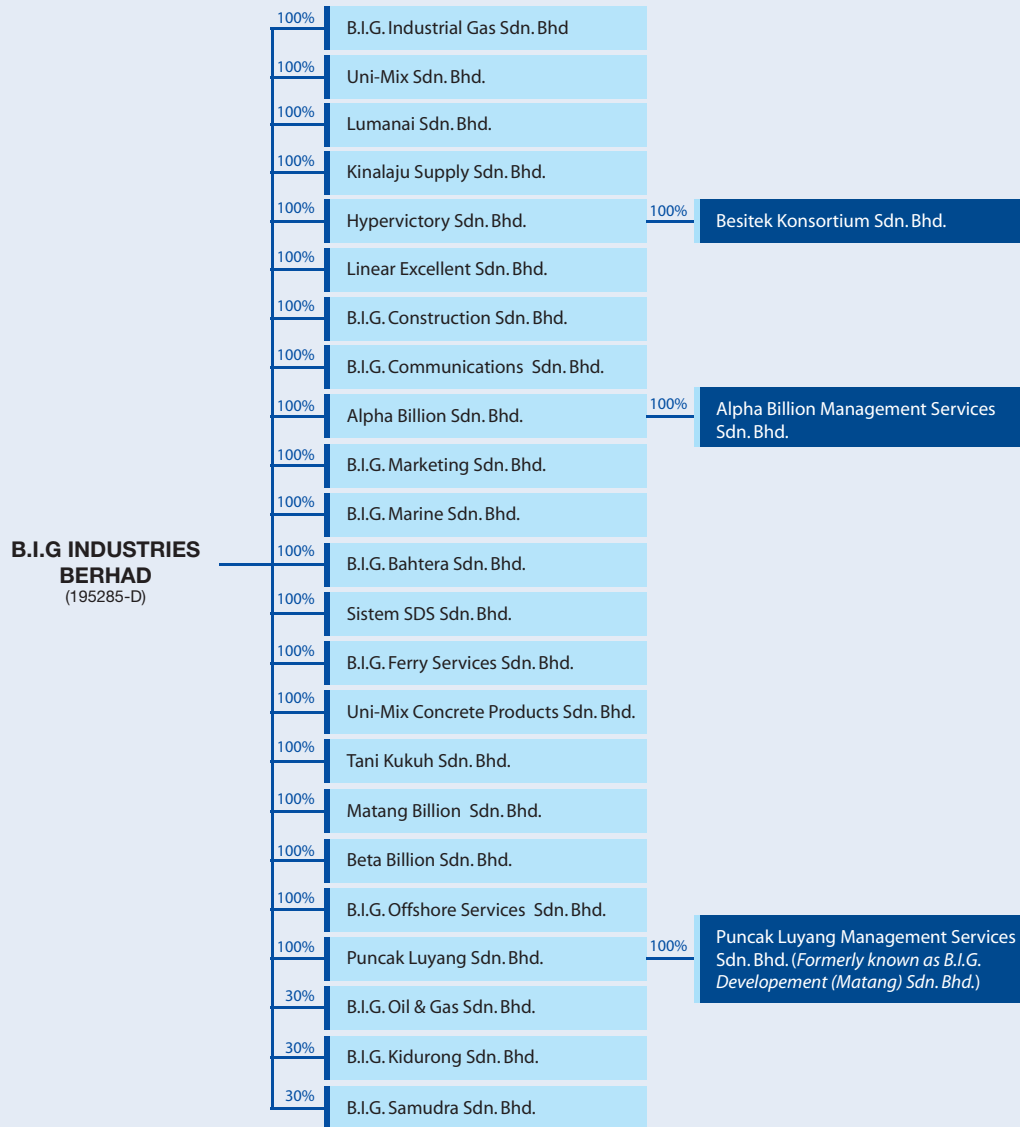
STATEMENT ACCOMPANYING NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING OF THE COMPANY

Further details of Director who is standing for election

Name	Samsul Ariff Bin Idris
Age	37
Nationality	Malaysian
Qualification	Master in Business Administration
Position in the Company	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
The family relationship with any directors and/or major shareholders of the Company	None
Any conflict of interest that he has with the Company	None
List of convictions for offences within the past 10 years other than traffic offences, if any	None



GROUP CORPORATE STRUCTURE



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)

Samsul Ariff Bin Idris
(Independent Non-Executive Director)

Lau Keat Hoo
(Executive Director)

AUDIT COMMITTEE**Chairman**

Yong Siew Kat

Members

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Samsul Ariff Bin Idris

NOMINATION COMMITTEE**Chairman**

Yong Siew Kat

Members

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Samsul Ariff Bin Idris

REMUNERATION COMMITTEE**Chairman**

Yong Siew Kat

Members

Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Samsul Ariff Bin Idris

ESOS COMMITTEE**Chairman**

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

Members

Yong Siew Kat
Ng Mun Yew

**COMPANY SECRETARIES**

Chan Sau Leng (MAICSA 7012211)
Pauline Ng Peck Kun (MAICSA 7029550)

REGISTERED & PRINCIPAL OFFICE

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

CORPORATE OFFICE

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

SHARE REGISTRAR**Epsilon Registration Services Sdn. Bhd.**

G-01, Ground Floor, Plaza Pertama
Jalan Kampar Off Jalan Tun Razak
50400 Kuala Lumpur
Tel: 03-4047 3999
Fax: 03-4042 6352

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

Bursa Malaysia Securities Berhad
(Second Board)

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 45, 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 is also the Chairman of the ESOS Committee of the Company. Currently, he is also an Independent Non-Executive Chairman of Ngiu Kee Corporation (M) Berhad.

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

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

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

Y. Bhg. Dato' Haji Mohd Fauzi has attended all the six (6) Board Meetings held during the financial year ended 31 December 2007.

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

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

Ms. Yong has attended all the six (6) Board Meetings held during the financial year ended 31 December 2007.

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.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

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

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 52, a Malaysian, was appointed to the Board of the Company on 18 November 1998. Y. Bhg. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Other public company in which he is a Director is Ngiu Kee Corporation (M) Berhad.

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 setting up Tawakal Hospital in Kuala Lumpur and was also 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. Besides, Y. Bhg. Tan Sri Dato' Dr. Lau is also a member of World President Organisation, a member of Adjunct Faculty, University of Tunku Abdul Rahman and an adviser for Klang Chinese Chamber of Commerce and Industry. He is also currently actively involved in township property development in the vicinity of Shah Alam and Klang.

Y. Bhg. Tan Sri Dato' Dr. Lau has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2007.

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

LAU KEAT HOO
Executive Director

MR. LAU KEAT HOO, aged 46, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 15 February 2007 and was re-designated as Non-Independent Non-Executive Director on 13 March 2007. Subsequently, he was re-designated to Executive Director on 25 April 2008.

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

He has attended all the six (6) Board Meetings held during the financial year ended 31 December 2007.

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

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

SAMSUL ARIFF
BIN IDRIS
Independent Non-Executive
Director

SAMSUL ARIFF BIN IDRIS, aged 37, a Malaysian was appointed to the Board of the Company as an Independent Non-Executive Director on 24 September 2007. Samsul Ariff Bin Idris is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He holds a Master in Business Administration in Organisational Architecture and Consulting from Oxbridge College London, United Kingdom. He started his career with Bank Utama (Malaysia) Berhad in 1992 and has 14 years of vast experiences in Banking Operations, Accounts & Statistics, Trade Finance, Forex, Islamic Banking, Investment, Insurance and Credit. During his tenure with the bank, his job function also included heading the Sales & Marketing and Credit Recovery. Apart from that, he was also actively involved in the banks' major activities/projects, such as system conversion, Y2K, bank's merger and HR rationalisation programme.

He was with F.I. Group Sdn. Bhd from February 2006 to March 2007 as the Chief Operating Officer ("COO"), a fully diversified company focusing on development and consultancy services. As the COO, he oversees all operational activities and strategic business planning for the Company. He is currently the Director and Chief Executive Officer of Formula I.T. Sdn. Bhd., an I.T consulting firm.

He has attended two (2) out of six (6) Board Meetings held during the financial year ended 31 December 2007 since his appointment on 24 September 2007.

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.

CORPORATE GOVERNANCE STATEMENT

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

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Malaysian Code of Corporate Governance ("Code") and the extent to which it has complied with the Best Practices of the Code accordingly.

BOARD OF DIRECTORS

Board Balance & Responsibilities

The Board comprises five (5) members of whom one (1) is an Executive Chairman, three (3) are Independent Non-Executive Directors and one (1) Executive Director. The size of Independent Non-Executive Directors forms three over five (3/5) of the entire Board structure and the biographical details of the members of the Board on Page 8 to Page 10 demonstrate the diverse range of knowledge, experience and able to make independent judgement that they can contribute to the Company. The Executive Chairman undertakes the running of the Board and general managers are responsible for running the Group's business and resources.

The members of the Board comprises professionals and entrepreneurs with diverse mix of skills and expertise ranging from management, accounting, corporate finance, business administration, engineering, property development and architecture. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the overall strategic direction of the Company.

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 at all times 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 during the year under review are as follows:

Directors	Title of Seminar
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	<ul style="list-style-type: none"> • Directorship: Independent vs Executive
Ms. Yong Siew Kat	<ul style="list-style-type: none"> • Strategic Marketing Plan and Brand Management Strategies
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	<ul style="list-style-type: none"> • Enterprise Risk Management Conference • Linking CSR to Corporate Strategy
Mr. Lau Keat Hoo	<ul style="list-style-type: none"> • Insider Trading: Issues and Challenges
Encik Samsul Ariff Bin Idris	<ul style="list-style-type: none"> • Adopting Social Responsibility Initiatives

Encik Samsul Ariff Bin Idris, who was appointed as Independent Non-Executive Director of the Company on 24 September 2007, had attended the Mandatory Accreditation Programme as required under the Listing Requirements of Bursa Securities.

BOARD OF DIRECTORS (cont'd)

Board Balance & Responsibilities (cont'd)

The Board meets on a scheduled basis, at least four (4) times a year and meets additionally as and when necessary. For the financial year ended 31 December 2007, the Board has met a total of six (6) times. At the end of every quarter, the Company's financial statements and results are deliberated by the Board. During the Board Meetings, the Board reviews all matters relating to financial results, operations 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 and focus mainly on strategies, financial performance and critical business issues, including the following areas:

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

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 financial, operational and corporate matters as well as activities and performance of the Company. The board reports are circulated in a timely manner to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

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

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

Directors also 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 seek independent professional advice at the Company's expenses. Any need for professional advice comes under the purview of the Board who will deliberate the matter on a consensual basis.

BOARD COMMITTEES

• Audit Committee – Appointments to the Board

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

The Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their recommendation to the Board for adoption and approval, focusing particularly on accounting policies and compliance; reviewing the scope of external auditors 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 Committee may also invite other Directors and employees to attend any of its meetings to assist in resolving and clarifying matters as and when necessary. The Audit Committee also met once with the External Auditors without the presence of any Executive Directors during the year under review. The Company Secretaries shall act as secretaries to the Committee.

CORPORATE GOVERNANCE STATEMENT (cont'd)

BOARD COMMITTEES (cont'd)

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

The Nomination Committee is responsible for considering the appointment of new candidates as Directors, identifying, reviewing and selecting potential new Directors and to recommend to the Board for approval, the appointment of suitable candidates as new Directors. The Nomination Committee currently comprises exclusively of Non-Executive Directors and is chaired by Ms. Yong Siew Kat and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Encik Samsul Ariff Bin Idris.

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

The Committee sat three (3) times during the financial year ended 31 December 2007.

- **Remuneration Committee – Directors' Remuneration**

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

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

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

The Remuneration Committee is chaired by Ms. Yong Siew Kat and its current members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Encik Samsul Ariff Bin Idris.

The Committee met once during the financial year under review.

(b) *Procedures*

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

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

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

BOARD COMMITTEES (cont'd)

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

(c) Disclosure of remuneration

The remuneration paid to Executive Directors and Non-Executive Directors of the Company by category and in the bands of RM50,000 are as set out in the Notes to the Financial Statement on Page 58 of this Annual Report.

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive Directors				
Fees	34,000	17,500	34,000	7,000
Salaries, allowances and bonus	220,798	164,640	-	1,500
Defined contribution plan	26,640	20,938	-	-
Social security contributions	1,240	-	-	-
	282,678	203,078	34,000	8,500
Non-Executive Directors				
Fees	52,000	60,000	52,000	60,000
Salaries, allowances and bonus	-	26,125	-	-
Defined contribution plan	-	3,150	-	-
Social security contributions	-	129	-	-
	334,678	292,482	86,000	68,500

- 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 ESOS matters as and when required.

The composition of the ESOS Committee comprises of 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. Ng Mun Yew (*Human Resource Manager*)

The responsibilities of the ESOS Committee 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 deems 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.

CORPORATE GOVERNANCE STATEMENT (cont'd)

BOARD COMMITTEES (cont'd)

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

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

- To assist the Board in determining all questions of policy and expediency that may arise in the administration of the ESOS and generally exercises all acts that are necessary to promote the best interest of the Group.
- To oversee the Management's implementation of the Scheme and decides inter alia on the offer, offer date, eligibility, basis of allotment, the exercise of the option, the administration, modification, dispute and termination issues in relation to the Scheme, in line with the ESOS Bye-Laws.
- To determine eligible employees of the Company and its eligible subsidiary companies 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 any appeals by employees on ESOS issues.

The ESOS Committee meets as and 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 twice during the year 2007 to receive update on the status of ESOS allocation to eligible employees for the financial year ended 31 December 2007 and the resignation of one (1) ESOS member.

ELECTION/RE-ELECTION OF DIRECTORS

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

Particulars of Director seeking election is set out in the Statement Accompanying the Notice of Eighteenth Annual General Meeting on page 5 of this Annual Report 2007.

RELATIONSHIPS WITH SHAREHOLDERS

– COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

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

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

ANNUAL GENERAL MEETING ("AGM")

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

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

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

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

ACCOUNTABILITY AND AUDIT - FINANCIAL REPORTING

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

INTERNAL CONTROL

The information on the Group's internal control is presented in the Statement on Internal Control as set out on pages 19 to 20 of this Annual Report.

EXTERNAL AUDIT

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

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

RELATIONSHIP WITH EXTERNAL AUDITORS

The role of the Audit Committee in relation to the External Auditors are set out in the Report on Audit Committee on Pages 21 to 25 of this Annual Report. The Company has always maintained a formal and transparent relationship with its External Auditors in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

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

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

CORPORATE GOVERNANCE STATEMENT (cont'd)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

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

In preparing the audited financial statements of the Group and the Company for the year ended 31 December 2007, the Directors have ensured that the appropriate accounting policies have been adopted and applied consistently; reasonable and prudent judgements and estimates were made; and the applicable approved accounting standards in Malaysia have been applied.

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

CORPORATE SOCIAL RESPONSIBILITY

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.

The Group has long maintained a safe and healthy working environment 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 continuously implement and ensure a conducive working environment 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

There were no shares buyback exercised during the financial year.

Options, Warrants or Convertible Securities

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

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 Fees

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

OTHER INFORMATION (cont'd)

Variance from Profit Estimate, Forecast or Projection

There is a variance of RM14,000 or 4% between the audited profit after taxation and minority interest of RM377,000 and the unaudited profit after taxation and minority interest of RM363,000 for the financial year ended 31 December 2007. 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 and revenue undertaken up.

The reconciliation of the variance is tabulated as follows:

	RM'000
Unaudited profit after taxation and minority interest as per announcement on 28 February 2008	363
Revenue undertaken up	885
Expenses inadvertently omitted	(922)
Originating and reversal of temporary differences of deferred taxation	51
Audited profit after taxation and minority interest	377

Profit Guarantees

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

Material Contracts

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

Contracts Relating to Loans

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

Revaluation of Landed Properties

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

Internal Audit Function

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

STATEMENT ON INTERNAL CONTROL

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 the system of internal control, which is designed to manage rather than to 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 with 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 operations, 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 information systems are in place to capture and present timely and pertinent internal business information. Clear reporting structure ensures financial and operational reports are prepared and presented to the Management and Board for review on a timely basis.
- Policies, procedures and guidelines on issues concerning responsibilities and authority for crucial business and operational matters are clearly defined.

THE INTERNAL AUDIT DEPARTMENT

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

- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
 - Ascertaining the extent to which the Group's and the Company's assets are accounted for and safeguarded from losses of all kinds;
 - Appraising the reliability and usefulness of information developed within the Group and the Company for management;
 - Recommending improvements to the existing systems of controls;
 - Carrying out audit work in liaison with the External Auditors to maximise the use of resources and for effective coverage of audit risks;
 - Carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company;
 - Carrying out environmental and safety audits on the Company and the Group; and
 - Identifying opportunities to improve the operations of business processes in the Company and the Group.
- The Board is pleased to report that there were no material losses incurred during the current financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the control environment.

AUDIT COMMITTEE REPORT

COMPOSITION

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Ms. Yong Siew Kat
(Senior Independent Non-Executive Director)

Members

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

Encik Samsul Ariff Bin Idris
(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 members must be Non-Executive directors, with a majority of them being Independent Directors; and
- (c) at least one (1) member of the Audit Committee:
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
 - aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - bb) he must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) fulfils such other requirements as prescribed by the Bursa Securities.
- (d) Alternate Director is not allowed to be appointed as a member of the Audit Committee.

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

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

2. OBJECTIVES

The primary objectives of the Audit Committee are to:

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

4. DUTIES AND RESPONSIBILITIES

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

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

The review shall focus on:

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

AUDIT COMMITTEE REPORT (cont'd)

4. DUTIES AND RESPONSIBILITIES (cont'd)

(ii) To review with the External Auditors the following:

- the audit plan, scope and nature of the audit for the Company and the Group
- the evaluation of the system of internal controls
- audit report
- problems and reservations arising from their interim and final audits
- the assistance given by employees of the Company or Group to the External Auditors

(iii) To review the internal audit functions on the following:

- adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work
- the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function
- internal audit plan, consider the major findings of internal audit, fraud investigations and actions and steps taken by management in response to audit findings

(iv) To review with management on a periodic basis, the Company's general policies, procedures and controls especially in relation to management accounting, financial reporting, risk management and business ethics.

(v) To review any related party transaction and conflict of interest situations that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.

(vi) To review:

- any letter of resignation from the External Auditors of the Company or Group
- whether there is reason (support by grounds) to believe that the Company's or Group's External Auditor is not suitable for re-appointment
- any recommendation on the nomination of a person or persons as External Auditors

(vii) To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the External Auditors' management letters and management response.

(viii) To undertake such other responsibilities as may be agreed to by the Committee and the Board.

(ix) To report to the Board its activities, significant results and findings.

5. MEETINGS AND REPORTING PROCEDURES

Number of Meetings

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

5. MEETINGS AND REPORTING PROCEDURES (cont'd)

Attendance of Meetings

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

Quorum

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

6. SECRETARIES TO AUDIT COMMITTEE AND MINUTES

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

7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2007 to review the Company and its subsidiaries' quarterly and annual financial statements prior to the approval of the Board.

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities during the financial year ended 31 December 2007 include the following:

- (i) reviewed the internal audit findings and reports.
- (ii) reviewed the External Auditors' scope of work, audit plan and fees structure.
- (iii) reviewed the External Auditors' reports, findings, recommendations, management letter on the results of their audit, accounting issues, accounting standards, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- (iv) reviewed the draft Audited Financial Statements of the Company and the Group for the financial year ended 31 December 2007 before it was tabled to the Board for adoption and approval.
- (v) reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2007 before tabling at the Board Meeting for approval before released to the Bursa Securities and Securities Commission.
- (vi) reviewed and discussed on any related party transactions that may arise to ensure compliance with the relevant regulatory requirements.
- (vii) reviewed and recommended to the Board of directors for approval the Circular to Shareholders and the statements on the Audit Committee Reports, Internal Controls and Employees Share Option Scheme for inclusion in this Annual Report.

AUDIT COMMITTEE REPORT *(cont'd)*

8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2007. 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 (<i>Appointed w.e.f. 12 March 2007</i>)	5	4
Ms. Choong Wye Lin (<i>Resigned w.e.f. 3 December 2007</i>)	5	5
Lau Keat Hoo (<i>Resigned w.e.f. 24 April 2007</i>)	5	1

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2007 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	2
En. Samsul Ariff Bin Idis (<i>Appointed w.e.f. 3 December 2007</i>)	2	2

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

Appendix 9C Part A Item No. 26 of the Listing Requirements of Bursa Securities 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 2007.

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 respective management for their necessary action. Internal Audit also monitors the implementation and disposition of all significant findings and management actions.

On behalf of the Board of Directors of B.I.G. Industries Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2007.

REVIEW OF RESULTS

During the year ended 31 December 2007, the Group recorded a turnover of RM69,356,000 as against RM75,094,000 recorded for the previous year, a decrease of RM5,738,000 or 7.6%. The decrease in turnover, are mainly contributed by the winding down of the trading division. The Group profit before taxation recorded for the current year was higher at RM327,000, an increase of RM101,000 or 44.7% over RM226,000 recorded for the previous year.

Industrial Gas Division

The industrial gas division recorded a growth in turnover for the current year of RM3,176,000 or 15.2% to RM24,081,000 as compared to RM20,905,000 recorded for the previous year. Profit before taxation for the industrial gas division amounted to RM4,107,000 for the year under review, an increase of RM248,000 or 6.43% over RM3,859,000 recorded for the previous year.

The major contributor for the increased comes from the bulk liquid gas sales to the Oil & Gas industries. Compressed gases sales in cylinders had also increased with more ships and oil drilling platforms taking centre stage in the fabricators' awarded projects.

Ready Mixed Cement, Concrete Piles And Quarry Division

During the year under review, the ready mixed cement, concrete piles and quarry division recorded a turnover of RM39,321,000 as against RM40,828,000 recorded for the previous year. This division recorded a loss before taxation of RM2,813,000 for the current year as against a loss before taxation of RM885,000 recorded for the previous year. The loss was mainly attributed to the temporary stoppage of the division's quarry operations and the streamlining of its cement transportation operations.

Property Development Division

Turnover for the property development division recorded for the current year was RM4,543,000, an increase of RM471,000 or 11.6% over RM4,072,000 recorded for the previous year. Loss before taxation for this division was reduced to RM284,000 for the current year as compared to loss before taxation of RM936,000 recorded for the previous year.

OPERATING ENVIRONMENT

In 2007, demand for the Group's industrial gases by the oil and gas industries were strong amidst a background of increasing crude oil prices. The division expanded its operations to West Malaysia after 26 years of providing the industrial gas services in Sarawak (Kuching, Sibul, Bintulu, Miri and Labuan) and Sabah. Two new branches at Lumut, Perak and Pasir Gudang, Johore commenced operations in the 4th quarter of 2007. Business performance at these new branches has exceeded expectations.

The property development division was operating in a competitive and challenging environment against a backdrop of rising raw material prices.

CHAIRMAN'S STATEMENT (cont'd)

DIVIDEND

The Board of Directors does not recommend any dividend to be declared for the financial year ended 31 December 2007.

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

CORPORATE DEVELOPMENT

On 23 April 2008, the Company announced that it will be seeking shareholders' approval on the Proposed Renewal of Share Buy Back Authority at its forthcoming Annual General Meeting to be convened.

FUTURE OUTLOOK

The Oil and Gas industries are expected to remain robust. Crude oil price is at an all time high compared to 5 years ago where crude oil price are just USD40 to USD60 per barrel. With the increased activities in the Oil & Gas sector and onshore contracts, related industries such as shipyards, large scale steel fabricators, steel mills, bio diesel fuel, electronics, etc are carried along by the excitement.

Looking forward, B.I.G's expansion plans on industrial gases services includes growing geographically to Asean region by early 2009. With the expansion plans in the pipeline and barring unforeseen circumstances, B.I.G would progressively grow in tandem with the Oil and Gas industries.

The Group's ready mixed cement, concrete piles and quarry division's operations was streamlined in 2007. For 2008, the division will continue to steadfast innovative plans for the current financial year end.

Outlook at the Group's property development division continues to remain challenging. The Group will enhance the value of niche development to gain confident from locals and/or investors for ownership and investment. The Government has assisted the properties sector to boost the market sales with the removal of the Real Property Gains Tax. Further liberalisation of rules for acquisition of properties by foreigners, the 50% stamp duty rebate, the option for EPF contributors to utilise part of their EPF savings and the pay hike for civil servants are some of the measures that assist to boost the properties market.

Barring unforeseen circumstances and with our prudent capital management strategies, efficient and effective cost management complied with innovative plans, we at B.I.G, are optimistic that we will be able to sustain competition and improve our current year's performance and therefore, expect another satisfactory year of growth.

ACKNOWLEDGEMENT

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 wishes to record its appreciation to Ms Choong Wye Lin for her invaluable contributions and guidance to the Group during her tenure with B.I.G.

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

30 May 2008

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 2007.

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

	2007 RM	2006 RM
Profit for the year	377,454	96,422
Attributable to: Equity holders of the Company	377,454	96,422

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 2007.

DIRECTORS

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

Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof
 Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
 Yong Siew Kat
 Lau Keat Hoo
 Shamsul Ariff Bin Idris (*Appointed on 24.09.2007*)
 Choong Wye Lin (*Resigned on 03.12.2007*)

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors or the fixed salary of a full-time employee of the Company as shown in Note 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 →			
	1.1.2007	Acquired	Disposed	31.12.2007
The Company				
Direct interest:				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	400,000	-	-	400,000
Indirect interest:				
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	7,234,286	1,054,800	-	8,289,086

	← Number of Options Over Ordinary Shares of RM1.00 each →			
	1.1.2007	Granted	Exercised	Lapsed 31.12.2007
The Company				
Lau Keat Hoo	120,000	-	-	120,000
Choong Wye Lin *	121,000	-	-	(121,000)

* Resigned on 03.12.2007

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 Yusuf 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 25 June 2007. 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 of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent 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.

DIRECTORS' REPORT (cont'd)**SIGNIFICANT EVENTS**

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 39 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 23 April 2008

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

Lau Keat Hoo

STATEMENT BY DIRECTORS

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

We, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Lau Keat Hoo, being two of the Directors of B.I.G. Industries Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 34 to 87 are drawn up in accordance with the provision of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 23 April 2008

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

Lau Keat Hoo

STATUTORY DECLARATION

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

I, Yip Chan Sing, being the Officer primarily responsible for the financial management of B.I.G. Industries Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 87 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 Yip Chan Sing
at Shah Alam
in Selangor Darul Ehsan
on 23 April 2008

Yip Chan Sing

Before me,
Jamilah Radzi
Commissioner for Oaths

REPORT OF THE AUDITORS

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

We have audited the financial statements set out on pages 34 to 87. 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 Financial Reporting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2007 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
1769/04/10 (J/PH)
Partner

Kuching, Malaysia
Dated: 23 April 2008

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
Revenue	3	69,355,821	75,094,150	559,196	258,885
Other income	4	819,952	1,288,137	3,607,818	325,331
Changes in inventories of finished goods		2,108,870	1,028,044	-	-
Inventories purchased and raw materials consumed		(37,326,837)	(38,447,346)	-	-
Carriage outwards		(470,085)	-	-	-
Employee benefits expense	7	(9,052,424)	(7,600,881)	(34,000)	(8,500)
Depreciation of property, plant and equipment		(3,438,141)	(4,797,368)	-	-
Amortisation of mobilisation expense		-	(221,402)	-	-
Amortisation of prepaid land lease payment		(142,641)	(138,293)	-	-
Amortisation of quarry development expenses		-	(181,478)	-	-
Contract cost		-	(749,187)	-	-
Development cost		(2,360,358)	-	-	-
Other expenses		(15,413,832)	(20,175,553)	(190,716)	(128,628)
Operating profit		4,080,325	5,098,823	3,942,298	447,088
Finance costs	5	(3,753,583)	(4,790,879)	(3,858,499)	(343,374)
Share of loss of associate companies		-	(81,777)	-	-
Profit before tax	6	326,742	226,167	83,799	103,714
Income tax expense	9	50,712	(14,504)	12,623	(26,174)
Profit for the year		377,454	211,663	96,422	77,540
Attributable to:					
Equity holders of the Company		377,454	243,090	96,422	77,540
Minority interests		-	(31,427)	-	-
		377,454	211,663	96,422	77,540
Earnings per share attributable to equity holders of the Company (sen):	10				
Basic, for profit from the year		0.78	0.51		
Diluted, for profit from the year		0.78	0.51		

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

BALANCE SHEETS

AS AT 31 DECEMBER 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Intangible asset	11	843,485	843,485	-	-
Property, plant and equipment	12	44,650,702	35,776,440	-	-
Prepaid land lease payments	13	7,341,275	7,483,916	-	-
Quarry development expenditure	14	1,019,087	1,019,087	-	-
Investment in subsidiary companies	15	-	-	41,401,443	40,401,453
Investment in associate companies	16	28,865	28,865	120,003	120,003
Other investments	17	5,025,537	5,259,409	4,500,000	4,500,000
Land held for property development	18	21,812,114	19,177,039	-	-
Investment property	19	4,000,000	4,000,000	-	-
		84,721,065	73,588,241	46,021,446	45,021,456
Current assets					
Property development costs	18	15,333,689	12,938,074	-	-
Inventories	20	8,730,767	9,106,495	-	-
Trade receivables	21	24,255,483	28,149,473	-	-
Other receivables, deposits and prepayments	22	11,688,254	8,411,037	387,558	58,182
Amount due from related companies	23	-	92,327	60,715,472	55,961,156
Fixed deposits with licensed banks and financial institutions	24	787,356	914,807	-	-
Cash and bank balances		3,627,524	3,648,067	352,382	94,964
		64,423,073	63,260,280	61,455,412	56,114,302
TOTAL ASSETS		149,144,138	136,848,521	107,476,858	101,135,758
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	25	48,092,200	48,092,200	48,092,200	48,092,200
Reserves	27	10,341,612	9,964,158	6,636,516	6,540,094
Total equity		58,433,812	58,056,358	54,728,716	54,632,294

BALANCE SHEETS (cont'd)

AS AT 31 DECEMBER 2007

	Note	Group		Company	
		2007	2006	2007	2006
		RM	RM	RM	RM
Non-current liabilities					
Lease payables	28	3,094,666	1,509,843	-	-
Term loans	29	45,175,448	45,581,934	45,000,000	45,000,000
Deferred taxation	30	872,008	875,793	-	-
		49,142,122	47,967,570	45,000,000	45,000,000
Current liabilities					
Bank overdrafts	31	3,325,876	889,320	1,209,602	-
Term loans	29	406,487	704,317	-	-
Short term borrowings	32	16,578,412	11,949,605	2,900,000	1,000,000
Trade payables	33	11,342,574	8,419,987	-	-
Other payables and accruals	34	8,386,869	7,404,329	426,014	78,754
Amount due to related companies	23	35,582	29,999	3,212,526	419,551
Lease payables	28	1,370,104	815,208	-	-
Dividend payable		-	-	-	5,159
Current tax payable		122,300	611,828	-	-
		41,568,204	30,824,593	7,748,142	1,503,464
Total liabilities		90,710,326	78,792,163	52,748,142	46,503,464
TOTAL EQUITY AND LIABILITIES		149,144,138	136,848,521	107,476,858	101,135,758

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

Group	Attributable to equity holders of the Company		Revenue reserve RM	Share premium reserve RM	Total RM	Minority interest RM	Total equity RM
	Share capital RM	Non-distributable Share					
At 1 January 2007	48,092,200	150,113	9,814,045	58,056,358	-	58,056,358	
Profit for the year representing total recognised income and expense during the year	-	-	377,454	377,454	-	377,454	
At 31 December 2007	48,092,200	150,113	10,191,499	58,433,812	-	58,433,812	

Group	Attributable to equity holders of the Company		Revenue reserve RM	Share premium arising on consolidation RM	Total RM	Minority interest RM	Total equity RM
	Share capital RM	Non-distributable Reserve					
At 1 January 2006	48,092,200	150,113	8,804,477	766,478	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)
At 31 December 2006	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 2007

	Share capital RM	<i>Non-distributable</i> Share premium reserve RM	<i>Distributable</i> Revenue reserve RM	Total RM
Company				
At 1 January 2006	48,092,200	150,113	6,312,441	54,554,754
Profit for the year, representing total recognised income and expense for the year	-	-	77,540	77,540
At 31 December 2006	48,092,200	150,113	6,389,981	54,632,294
Profit for the year, representing total recognised income and expense for year	-	-	96,422	96,422
At 31 December 2007	48,092,200	150,113	6,486,403	54,728,716

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

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash flow from operating activities				
Profit before tax	326,742	226,167	83,799	103,714
Adjustments for:				
Amortisation of mobilisation expense	-	221,402	-	-
Amortisation of prepaid lease payment	142,641	138,293	-	-
Amortisation of quarry development expenses	-	181,478	-	-
Bad debts written off	5,000	225	-	-
Provision for doubtful debt written back	(29,290)	-	-	-
Depreciation of property, plant and equipment	3,438,141	4,797,368	-	-
Gain on disposal of property, plant and equipment	(76,929)	(668,135)	-	-
Gain on foreign exchange	(1,455)	(21,604)	-	-
Interest expense	3,753,583	4,790,879	3,858,499	343,374
Interest income	(235,127)	(877,723)	(3,607,797)	(325,331)
Inventories written off	292,584	-	-	-
Property, plant and equipment written off	105,882	6,312	-	-
Provision for doubtful debts	-	478,753	-	-
Quarry development expenditure written off	-	452,927	-	-
Share of loss in an associated company	-	81,777	-	-
Dividend income	(3,695)	(885)	(301,196)	(885)
Loss on disposal of investment	46,000	-	-	-
Unquoted investment impairment loss	84,872	1,692,248	-	-
Operating profit before working capital changes	7,848,949	11,499,482	33,305	120,872
Changes in working capital:				
Property development costs	(2,395,615)	(1,646,445)	-	-
Inventories	83,144	(3,172,569)	-	-
Receivables	741,012	4,936,165	(328,126)	(898)
Payables	3,905,127	(933,143)	354,725	(4,923)
Related companies	97,910	34,510	(1,663,843)	5,657,394
Land held under development	(2,635,075)	-	-	-
Cash (used in)/generated from operations	7,645,452	10,718,000	(1,603,939)	5,772,445
Interest received	161,454	809,624	3,607,797	325,331
Realised exchange gain	1,455	21,604	-	-
Tax paid, net of refund	(542,550)	(102,656)	(1,250)	(26,491)
Dividend received	3,695	885	3,695	885
Net cash generated from operating activities	7,269,506	11,447,457	2,006,303	6,072,170

CASH FLOW STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2007

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(10,311,427)	(4,419,442)	-	-
Acquisition of shares in subsidiary companies	-	(5,684,000)	(999,990)	(5,684,000)
Proceeds from disposal of shares in subsidiary company	-	-	2	-
Proceeds from disposal of property, plant and equipment	1,025,623	2,556,863	-	-
Acquisition of shares in associated company	-	(60,000)	-	(60,000)
Interest received	73,673	68,099	-	-
Proceeds from disposal of investment	103,000	-	-	-
Net cash used in investing activities	(9,109,131)	(7,538,480)	(999,988)	(5,744,000)
Cash flows from financing activities				
Increase/(decrease) in bank borrowings	3,924,491	(3,663,508)	1,900,000	(500,000)
Increase in fixed deposits pledged	(12,549)	24,541	-	-
Interest paid	(3,753,583)	(4,790,879)	(3,858,499)	(343,374)
Repayment of lease payables	(915,833)	(607,643)	-	-
Drawdown of term loan	-	968,637	-	-
Net cash used in financing activities	(757,474)	(8,068,852)	(1,958,499)	(843,374)
Net decrease in cash and cash equivalents	(2,597,099)	(4,159,875)	(952,184)	(515,204)
Cash and cash equivalents at the beginning of the year	3,098,747	7,258,622	94,964	610,168
Cash and cash equivalents at the end of the year	501,648	3,098,747	(857,220)	94,964
Analysis of cash and cash equivalents:				
Cash and bank balances	3,627,524	3,648,067	352,382	94,964
Fixed deposits with licensed banks and financial institutions, not pledged (Note 24)	200,000	340,000	-	-
Bank overdrafts (Note 31)	(3,325,876)	(889,320)	(1,209,602)	-
	501,648	3,098,747	(857,220)	94,964

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

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 23 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards ("FRS" or "FRSs") in Malaysia. 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 2007 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

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).

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

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

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.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(i) *Impairment of non-financial assets (cont'd)*

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

An asset's recoverable amount is the higher of an asset's or CGU's fair values 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

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 (cont'd)*

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

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 property*

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

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

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

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

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

(a) *Standards and interpretations issued and effective*

On 1 January 2007, the Company adopted the following revised FRSs mandatory for the current financial period beginning on or after 1 January 2007:

FRS 117	Leases
FRS 124	Related Party Disclosures
FRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to FRS 119 ₂₀₀₄	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures

The adoption of these new and revised FRSs in so far as they are applicable to the Company, did not result in significant changes in accounting policies of the Group and of the Company except for the following:

(i) *FRS 117: Leases*

Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS 117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. 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. Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments made are allocated 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

(a) Standards and interpretations issued and effective (cont'd)

(i) FRS 117: Leases (cont'd)

Leasehold land held for own use (cont'd)

The Company has applied the change in accounting policy in respect of leasehold land in accordance with the transitional provisions of FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively and as disclosed in Note 2.3(a)(iii), certain comparatives have been restated. The effects on the balance sheets as at 31 December 2007 are set out in Note 2.3(a)(ii). There were no effects on the income statements for the year ended 31 December 2007.

(ii) Summary of effects of adopting FRS 117 on the current year's financial statements

The following tables provide estimates of the extent to which each of the line items in the balance sheets for the year ended 31 December 2007 is higher or lower than it would have been had previous policies been applied in the current year.

Effects on balance sheets as at 31 December 2007

	Group RM
Property, plant and equipment	(7,341,275)
Prepaid land lease payments	7,341,275

(iii) Restatement of comparatives

The following comparative amounts have been restated as a result of adopting the new and revised FRSs:

	Previously stated RM	Increase/ (decrease) RM	Restated RM
Property, plant and equipment	43,260,356	(7,483,916)	35,776,440
Prepaid land lease payments	-	7,483,916	7,483,916

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) Standards and interpretations issued but not effective

At the date of authorisation of these financial statements, the Company has not adopted the following FRSs, amendment to FRSs and Interpretations which have effective dates as follows:

FRSs, Amendment to FRSs and Interpretations	Effective for financial periods beginning on or after
FRS 107: Cash Flow Statements	1 July 2007
FRS 111: Construction Contracts	1 July 2007
FRS 112: Income Taxes	1 July 2007
FRS 118: Revenue	1 July 2007
FRS 120: Accounting for Government Grants and Disclosure of Government Assistance	1 July 2007
FRS 134: Interim Financial Reporting	1 July 2007
FRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 July 2007
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007
FRS 139: Financial Instruments - Recognition and Measurement	Effective date deferred

The above of FRS 107, 111, 112, 118, 120, 134 and 137, Amendment to FRS 121. IC Interpretations 1, 2, 5, 6, 7 and 8 are not expected to have any significant effects on the financial statements of the Company for the financial year ending 31 December 2008.

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

2.4 Changes in estimates

The revised FRS 116: Property, plant and equipment requires the review of the residual value and remaining useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the estimated useful lives of certain plant and machineries-storage tank from 10% to 4% - 10% with effect from 1 January 2007. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been reduced by RM459,000.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 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 2007 are RM15,333,689 (2006: RM12,938,074) and RM1,342,574 (2006: RM8,419,987) 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 2007 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

3. REVENUE (cont'd)

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Sales of goods and provision of services and maintenance	61,602,809	65,861,301	-	-
Vessel charter fee	-	1,639,647	-	-
Sales of development properties	4,543,491	3,815,750	-	-
Contract income	-	256,755	-	-
Transportation and handling fees	3,030,486	3,415,828	-	-
Hiring of plant and machinery	175,340	103,984	-	-
Dividends received	3,695	885	301,196	885
Management fee charged to subsidiary companies	-	-	258,000	258,000
	69,355,821	75,094,150	559,196	258,885

4. OTHER INCOME

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Gain in foreign exchange	1,455	21,604	-	-
Gain on disposal of property, plant and equipment	76,929	668,135	-	-
Interest income	235,127	247,320	3,607,797	325,331
Provision for doubtful debt written back	29,290	-	-	-
Rental income	200,320	133,330	-	-
Sundry income	276,831	217,748	21	-
	819,952	1,288,137	3,607,818	325,331

5. FINANCE COSTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
Bank borrowings	3,587,003	4,639,208	3,837,265	109,403
Hire purchase	145,136	121,555	-	-
Others	21,444	30,116	21,234	233,971
Total interest expense	3,753,583	4,790,879	3,858,499	343,374

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

6. PROFIT BEFORE TAX

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
The following amounts have been included in arriving at profit before tax:				
Employee benefits expense (Note 7)	9,052,424	7,600,881	34,000	8,500
Non-executive directors' remuneration (Note 8)	52,000	89,404	52,000	60,000
Amortisation of mobilisation expense	-	221,402	-	-
Amortisation of prepaid land lease payment	142,641	138,293	-	-
Amortisation of quarry development expenses	-	181,478	-	-
Auditors' remuneration:				
- statutory audits:				
- current year	119,804	99,900	15,000	15,000
- under/(over)provision in prior year	2,713	-	(2,000)	-
Bad debt written off	5,000	225	-	-
Depreciation of property, plant and equipment	3,438,141	4,797,368	-	-
Inventories written off	292,584	-	-	-
Management fee received	-	-	(258,000)	(258,000)
Property, plant and equipment written off	105,882	6,312	-	-
Provision for doubtful debts	-	478,753	-	-
Quarry development expenditure written off	-	452,927	-	-
Unrealised investment impairment loss	84,872	1,692,248	-	-
Rental expenses	376,874	483,378	-	-
Gain on disposal of property, plant and equipment	(76,929)	(668,135)	-	-
Loss on disposal of investment	46,000	-	-	-
Provision for doubtful debt written back	(29,290)	-	-	-
Gain on foreign exchange	(1,455)	(21,604)	-	-

7. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Wages and salaries	8,190,090	6,862,617	34,000	8,500
Social security contributions	52,038	89,165	-	-
Contributions to defined contribution plan	592,975	649,099	-	-
Other benefits	217,321	-	-	-
	9,052,424	7,600,881	34,000	8,500

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM282,678 (2006: RM203,078) and RM34,000 (2006: RM8,500) respectively as further disclosed in Note 8.

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8. DIRECTORS' REMUNERATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive directors' remuneration (Note 7):				
Fees	34,000	17,500	34,000	7,000
Other emoluments	248,678	185,578	-	1,500
	282,678	203,078	34,000	8,500
Non-executive directors' remuneration (Note 6):				
Fees	52,000	60,000	52,000	60,000
Other emoluments	-	29,404	-	-
	52,000	89,404	52,000	60,000
Total directors' remuneration including benefits-in-kind (Note 37(c))	334,678	292,482	86,000	68,500

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Executive:				
Salaries and other emoluments	220,798	164,640	-	1,500
Fees	34,000	17,500	34,000	7,000
Defined contribution plan	26,640	20,938	-	-
Social security contributions	1,240	-	-	-
	282,678	203,078	34,000	8,500
Non-Executive:				
Fees	52,000	60,000	52,000	60,000
Salaries and other emoluments	-	26,125	-	-
Defined contribution plan	-	3,150	-	-
Social security contributions	-	129	-	-
	334,678	292,482	86,000	68,500

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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:

	Number of Directors	
	2007	2006
Executive directors ⁽¹⁾ :		
RM1 - RM50,000	1	-
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	1	-
RM150,001 - RM200,000	-	1
RM200,001 - RM250,000	-	-
Non-executive directors:		
RM1 - RM50,000	3	7
RM50,001 - RM100,000	-	-
RM100,001 - RM150,000	-	-
RM150,001 - RM200,000	-	-
RM200,001 - RM250,000	-	-

Note: ⁽¹⁾ Included in the number of executive directors is a director who resigned on 3 December 2007.

9. INCOME TAX EXPENSE

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Current income tax:				
Malaysian income tax	21,733	615,503	-	2,300
(Over)/under provision in prior years	(68,660)	1,127	(12,623)	23,874
	(46,927)	616,630	(12,623)	26,174
Deferred tax: (Note 30)				
Relating to origination and reversal of temporary differences	(242,882)	(1,247,565)	-	-
Relating to reduction in Malaysia income tax rate	8,871	-	-	-
Under provision in prior year	230,226	645,439	-	-
	(3,785)	(602,126)	-	-
	(50,712)	14,504	(12,623)	26,174

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9. INCOME TAX EXPENSE (cont'd)

Domestic current income tax is calculated at the statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from current year's rate of 27% effective year of assessment 2008 and to 25% effective year of assessment 2009. The computation of deferred tax as at 31 December 2007 has reflected these changes.

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	
	2007 RM	2006 RM	2007 RM	2006 RM
Profit before tax	326,742	226,167	83,799	103,714
Taxation at Malaysian Statutory rate of 27% (2006: 28%)	88,220	63,327	22,625	29,039
Effect of lower income tax rate	18,647	(6,733)	-	-
Effect on opening deferred tax of reduction in income tax rate	8,871	-	-	-
Effect of decrease in income tax rate	-	(24,761)	-	-
Expenses not deductible for tax purposes	556,212	1,457,539	-	18,802
Income not subject to tax	(264,812)	(12,074)	(80,325)	(385)
Utilisation of previously unrecognised unabsorbed capital allowances	76,431	(45,156)	-	(1,339)
Utilisation of previously unrecognised unutilised reinvestment allowances	(1,026,442)	(1,429,392)	-	-
Utilisation of deferred tax assets previously not recognised	-	-	-	(43,817)
Deferred tax assets not recognised during the year	419,604	795,372	57,700	-
Deferred tax assets recognised on reinvestment allowance	(89,009)	(1,429,392)	-	-
Under/(over)provision of deferred tax in prior years	230,226	645,439	-	-
Overprovision of income tax in prior year	(68,660)	1,127	(12,623)	23,874
Utilisation of current year capital allowances	-	(792)	-	-
Income tax expense for the year	(50,712)	14,504	(12,623)	26,174

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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:

	2007	2006
Profit attributable to ordinary equity holders of the Company (RM)	377,454	243,090
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Basic earnings per share for profit for the year (sen)	0.78	0.51

(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:

	2007	2006
Profit attributable to ordinary equity holders of the Company (RM)	377,454	243,090
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Effects of dilution:		
Warrants	-	-
Options	-	-
Adjusted weighted average number of ordinary shares in issue and issuable	48,092,200	48,092,200
Diluted earnings per share for profit for the year (sen)	0.78	0.51

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11. INTANGIBLE ASSET

	Goodwill RM
Group	
Cost	
At 1 January 2006	-
Acquisition of subsidiary	843,485
At 31 December 2006 and 1 January 2007	843,485
Acquisition of subsidiary	-
At 31 December 2007	843,485
Accumulated amortisation and impairment	
At 1 January 2006	-
Amortisation	-
At 31 December 2006 and 1 January 2007	-
Amortisation	-
At 31 December 2007	-
Net carrying amount	
At 31 December 2006	843,485
At 31 December 2007	843,485

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
Cost						
At 1 January 2007	178,964	7,338,874	59,489,437	10,932,450	180,655	78,120,380
Additions	-	1,395,658	5,100,291	3,141,096	3,729,934	13,366,979
Disposals/written off	-	(79,447)	(2,166,387)	(176,923)	-	(2,422,757)
Reclassification	-	-	59,549	(59,549)	-	-
At 31 December 2007	178,964	8,655,085	62,482,890	13,837,074	3,910,589	89,064,602
Accumulated depreciation						
At 1 January 2007	-	3,752,073	37,343,178	1,248,689	-	42,343,940
Charge for the year	-	287,157	2,906,047	244,937	-	3,438,141
Disposals/written off	-	(11,192)	(1,294,019)	(62,970)	-	(1,368,181)
Reclassifications	-	-	59,549	(59,549)	-	-
At 31 December 2007	-	4,028,038	39,014,755	1,371,107	-	44,413,900
Net carrying amount	178,964	4,627,047	23,468,135	12,465,967	3,910,589	44,650,702

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

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
Cost						
At 1 January 2006	-	7,255,155	62,154,662	9,872,748	-	79,282,565
Additions	178,964	83,719	3,534,408	1,340,317	180,655	5,318,063
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	178,964	7,338,874	59,489,437	10,932,450	180,655	78,120,380
Accumulated depreciation						
At 1 January 2006	-	3,342,154	37,040,552	1,089,738	-	41,472,444
Charge for the year	-	434,043	4,158,854	204,471	-	4,797,368
Disposals/written off	-	-	(3,868,633)	(33,115)	-	(3,901,748)
Reclassifications	-	(24,124)	12,405	(12,405)	-	(24,124)
At 31 December 2006	-	3,752,073	37,343,178	1,248,689	-	42,343,940
Net carrying amount	178,964	3,586,801	22,146,259	9,683,761	180,655	35,776,440

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

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

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

	Group	
	2007 RM	2006 RM
Plant, machinery and motor vehicles	5,933,749	3,320,610

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

	Group	
	2007 RM	2006 RM
Leasehold land and buildings	1,305,724	4,733,595
Plant, machinery and motor vehicles	241,625	4,224,410
	1,547,349	8,958,005

- (c) Certain long leasehold land of the Group with a net carrying amounts of RM2,475,372 (2006: RM2,885,119) 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 RM13,366,979 (2006: RM5,318,063) of which RM3,055,552 (2006: RM1,362,000) were acquired by means of hire purchase arrangement.

13. PREPAID LAND LEASE PAYMENTS

	Group	
	2007 RM	2006 RM
At 1 January	7,483,916	7,182,954
Additions	-	463,379
Amortisation for the year	(142,641)	(138,293)
Reclassification	-	(24,124)
At 31 December	7,341,275	7,483,916
Analysed as:		
Short term leasehold lands	2,032,862	1,113,752
Long term leasehold lands	5,308,413	6,370,164
At 31 December	7,341,275	7,483,916

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14. QUARRY DEVELOPMENT EXPENDITURE

	Group	
	2007 RM	2006 RM
At 1 January	1,019,087	1,653,492
Less: Amount amortised	-	(181,478)
Less: Written off during the year	-	(452,927)
At 31 December	1,019,087	1,019,087

15. INVESTMENT IN SUBSIDIARY COMPANIES

	Company	
	2007 RM	2006 RM
Unquoted shares at cost	41,401,443	40,401,453

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	
		2007	2006
<i>Held by the Company:</i>			
B.I.G. Industrial Gas Sdn. Bhd. *	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd. *	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd. *	Quarry operations	100%	100%
Lumanai Sdn. Bhd. *	Provision of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd. *	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd. *	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd. *	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd. *	General trading	100%	100%
B.I.G. Construction Sdn. Bhd. *	Construction contractor	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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15. INVESTMENT IN SUBSIDIARY COMPANIES (cont'd)

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2007	2006
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	-	100%
B.I.G. Ferry Services Sdn. Bhd. *	Inactive	100%	100%
Uni-Mix Concrete Products Sdn. Bhd. *	Manufacturing and trading of reinforced concrete files	100%	100%
Matang Billion Sdn. Bhd. *	Inactive	100%	100%
Beta Billion Sdn. Bhd. *	Inactive	100%	100%
Puncak Luyang Management Services Sdn. Bhd. (formerly known as B.I.G. Development (Matang) Sdn. Bhd. *	Inactive (transfer to Puncak Luyang Sdn. Bhd. on 6 August 2007)	100%	100%
B.I.G. Offshore Services Sdn. Bhd. *	Inactive	100%	100%
Puncak Luyang Sdn. Bhd. **	Project management and property developer	100%	100%
<i>Held through subsidiary companies:</i>			
Subsidiary company of Alpha Billion Sdn. Bhd.			
Alpha Billion Management Services Sdn. Bhd. *	Inactive	100%	100%
Subsidiary company of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd. *	Inactive	100%	100%

* Audited by Ernst & Young, Malaysia

** Audited by firms other than Ernst & Young

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16. INVESTMENT IN ASSOCIATE COMPANIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted shares at cost	120,003	120,003	120,003	120,003
Less: Share of post-acquisition reserves	(91,138)	(91,138)	-	-
	28,865	28,865	120,003	120,003

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

Name of associate companies	Principal activities	Proportion of ownership interest	
		2007	2006
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:

	2007 RM	2006 RM
Assets and liabilities		
Current assets	201,781	311,467
Current liabilities	121,047	190,980
Results		
Revenue	-	24,353
Loss/(profit) for the year	39,753	(29,706)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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17. OTHER INVESTMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Unquoted investments:				
Unquoted shares at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(1,777,120)	(1,692,248)	-	-
	450,537	535,409	-	-
Golf and country club membership at cost	75,000	224,000	-	-
Junior Bond	4,500,000	4,500,000	4,500,000	4,500,000
	5,025,537	5,259,409	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
Group	
At 31 December 2007:	
Cost	
At 1 January 2007	19,177,039
Additions	2,635,075
At 31 December 2007	21,812,114
Carrying amount at 31 December 2007	21,812,114
At 31 December 2006:	
Cost	
At 1 January 2006	17,816,107
Additions	1,360,932
At 31 December 2006	19,177,039
Carrying amount at 31 December 2006	19,177,039

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

(b) Property development costs

	Group	
	2007 RM	2006 RM
Property development costs at 1 January:		
Leasehold land	5,588,091	9,588,091
Development costs	11,940,856	8,829,157
	17,528,947	18,417,248
Costs incurred during the year:		
Leasehold land	-	-
Development costs	4,068,387	3,111,699
	4,068,387	3,111,699
Costs recognised in income statement:		
At 1 January	(4,590,873)	(1,764,687)
Development costs	(1,672,772)	(2,826,186)
At 31 December	(6,263,645)	(4,590,873)
Transfer:		
To investment properties	-	(4,000,000)
	-	(4,000,000)
Property development costs at 31 December	15,333,689	12,938,074

19. INVESTMENT PROPERTY

	Group	
	2007 RM	2006 RM
At 1 January	4,000,000	-
Transfer from property development cost	-	4,000,000
At 31 December	4,000,000	4,000,000

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

20. INVENTORIES

	Group	
	2007 RM	2006 RM
At cost:		
Industrial gases	993,010	569,980
Welding equipment and construction materials	3,954,598	1,884,339
Raw materials	1,493,351	915,685
Spare parts and consumables	771,651	688,798
Stone	1,432,504	2,064,085
Goods in transit	15,853	2,826,833
Work in progress	-	86,975
	8,660,967	9,036,695
At net realisable value:		
Properties held for sale	69,800	69,800
	8,730,767	9,106,495

21. TRADE RECEIVABLES

	Group	
	2007 RM	2006 RM
Trade receivables	24,255,483	28,149,473

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

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

Material litigation

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

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

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

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21. TRADE RECEIVABLES (cont'd)

Material litigation (cont'd)

- (a) On 26 March 2008, Uni-Mix Sdn. Bhd. applied for leave to appeal to the Federal Court of Malaysia against the decision of the Court of Appeal in dismissing the winding up petition against Dapan Construction Sdn. Bhd. The case is still pending.
- (b) The Company's wholly owned subsidiary company Hypervictory Sdn. Bhd. had on 27 March 2007 commenced legal proceedings against its trade debtor Dapan Construction Sdn. Bhd. for the recovery of RM64,628.21 in the Sessions Court at Kota Kinabalu. The case is still pending.
- (c) In response to (a) above, on 26 March 2007 Dapan Holdings Sdn. Bhd., Dapan Construction Sdn. Bhd. and Zillion Rank Sdn. Bhd. commenced legal proceedings in the High Court of Sabah and Sarawak at Kota Kinabalu against Uni-Mix Sdn. Bhd. and Hypervictory Sdn. Bhd. for inter-alia a declaration that the sub-contract agreement for the quarrying activities was validly terminated, damages to be assessed for breach of the sub-contract and/or rectification works on the damaged roads and retention ponds and an injunction for the removal of all such plant, equipment and/or machinery from the site.

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

22. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other receivables	8,532,661	5,792,007	54,396	41,696
Deposits	2,118,794	1,259,963	13,847	5,036
Prepayments	825,195	1,221,815	319,315	-
Current tax assets	211,604	137,252	-	11,450
	11,688,254	8,411,037	387,558	58,182

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

23. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Amount due from subsidiary companies	-	-	60,715,472	55,910,514
Amount due from associated company	-	92,327	-	50,642
	-	92,327	60,715,472	55,961,156
Amount due to subsidiary companies	-	-	(3,183,109)	(389,552)
Amount due to associated company	(35,582)	(29,999)	(29,417)	(29,999)
	(35,582)	62,328	57,502,946	55,541,605

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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23. AMOUNT DUE FROM/(TO) RELATED COMPANIES (cont'd)

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 6.27% to 8.00% (2006: 1.5% to 8.65%) per annum and are repayable on demand.

24. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group	
	2007	2006
	RM	RM
Fixed deposits with licensed banks:		
- Pledged	587,356	574,807
- Not pledged	200,000	340,000
	787,356	914,807

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

The weighted average interest rates during the financial year ranges from 3.7% to 4.0% (2006: 2.3% to 4.0%) and the maturities of deposits as at 31 December 2007 ranges from 8 to 365 days (2006: 8 to 365 days).

25. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each Share capital (issued and fully paid) RM	Amount Share capital (issued and fully paid) RM
At 1 January 2006 and 31 December 2007	48,092,200	48,092,200

Warrants 2004/2009

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

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25. SHARE CAPITAL (cont'd)

Warrants 2004/2009 (cont'd)

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

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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:

	Number of Warrants 2004/2009
At 1 January 2007	19,170,800
Exercise during the financial year	-
At 31 December 2007	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.

31 DECEMBER 2007

26. EMPLOYEE BENEFITS (cont'd)

Employees' Share Option Scheme ("ESOS") (contd.)

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
2007							
2004 options	1,808,000	-	-	-	407,000	1,401,000	1,401,000
WAEP	2.72	-	-	-	2.72	2.72	2.72
2006							
2004 options	3,104,000	-	-	-	1,296,000	1,808,000	1,808,000
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	Exercised period
2007			
2004 options	1,266,000	2.72	8/3/2004 – 25/2/2009
	135,000	2.83	10/4/2004 – 25/2/2009
2006			
2004 options	1,673,000	2.72	8/3/2004 – 25/2/2009
	135,000	2.83	10/4/2004 – 25/2/2009

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

27. RESERVES

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

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

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

28. LEASE PAYABLES

	Group	
	2007 RM	2006 RM
Future minimum lease payments:		
Not later than 1 year	1,608,697	934,606
Later than 1 year and not later than 2 years	1,268,327	1,114,549
Later than 2 years and not later than 5 years	2,156,415	501,344
Total future minimum lease payments	5,033,439	2,550,499
Less: Future finance charges	(568,669)	(225,448)
Present value of finance lease liabilities	4,464,770	2,325,051
Analysis of present value of finance lease liabilities:		
Not later than 1 year	1,370,104	815,208
Later than 1 year and not later than 2 years	1,096,775	824,633
Later than 2 years and not later than 5 years	1,997,891	685,210
Less: Amount due within 12 months	4,464,770 (1,370,104)	2,325,051 (815,208)
Amount due after 12 months	3,094,666	1,509,843

The lease payables bear interest at rates ranging from 2.5% to 5.0% (2006: 2.5% to 5.0%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

29. TERM LOANS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured	581,935	1,286,251	-	-
Unsecured	45,000,000	45,000,000	45,000,000	45,000,000
	45,581,935	46,286,251	45,000,000	45,000,000
Repayable within 12 months	406,487	704,317	-	-
Repayable after 12 months	45,175,448	45,581,934	45,000,000	45,000,000
	45,581,935	46,286,251	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 12. The weighted average interest rates for term loans are as follows:

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Term loans	5.0% - 8.65%	5.0% - 8.65%	8.65%	8.65%

30. DEFERRED TAXATION

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	875,793	1,477,919	-	-
Recognised in income statement (Note 9)	(234,011)	(1,247,565)	-	-
Under provided in prior year (Note 9)	230,226	645,439	-	-
At 31 December	872,008	875,793	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(17,927)	(4,127,978)	-	-
Deferred tax liabilities	889,935	5,003,771	-	-
	872,008	875,793	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

31. BANK OVERDRAFTS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured	3,325,876	889,320	1,209,602	-

The weighted average effective interest rates for the Group was 7.92% (2006: 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 12.

32. SHORT TERM BORROWINGS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Secured:				
Bill payables	2,738,462	1,766,605	-	-
Revolving credits	3,900,000	3,100,000	-	-
	6,638,462	4,866,605	-	-
Unsecured:				
Bill payables	2,289,950	1,783,000	-	-
Revolving credits	7,650,000	5,300,000	2,900,000	1,000,000
	9,939,950	7,083,000	2,900,000	1,000,000
Total borrowings:				
Bill payables	5,028,412	3,549,605	-	-
Revolving credits	11,550,000	8,400,000	2,900,000	1,000,000
	16,578,412	11,949,605	2,900,000	1,000,000

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Bill payables	1.70% to 4.87%	1.70% to 4.87%	-	-
Revolving credits	4.98% 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 12.

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33. TRADE PAYABLES

	Group	
	2007 RM	2006 RM
Trade payables	10,454,240	7,537,688
Progress billings in respect of property development costs	888,334	882,299
	<u>11,342,574</u>	<u>8,419,987</u>

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

34. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Other payables	3,478,278	2,268,611	89,443	41,045
Deposit	1,387,823	924,089	-	-
Accruals	3,520,768	4,211,629	336,571	37,709
	<u>8,386,869</u>	<u>7,404,329</u>	<u>426,014</u>	<u>78,754</u>

35. CONTINGENT LIABILITIES

	Company	
	2007 RM	2006 RM
Corporate guarantees granted to banks in respect of the subsidiary companies' outstanding banking facilities as at 31 December	15,600,669	11,850,560

The gross amount of corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities totalled RM44,609,554 (2006: RM42,141,500).

36. SEGMENT INFORMATION

(a) Business segments

The Group is organised into three major business segments:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

36. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

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

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
31 December 2007						
Revenue						
Sales to external customers	25,102,564	39,321,029	4,543,491	388,737	-	69,355,821
Inter-segment sales	-	17,491,489	-	702,204	(18,193,693)	-
Total revenue	25,102,564	56,812,518	4,543,491	1,090,941	(18,193,693)	69,355,821
Results						
Segment results						4,080,325
Finance cost, net						(3,753,583)
Share of results of associated companies						-
Profit before tax						326,742
Income tax expense						50,712
Net profit for the year						377,454
Assets						
Segment assets	55,385,762	42,923,455	49,807,042	112,604,253	(111,605,239)	149,115,273
Investment in associated companies	-	-	-	120,003	(91,138)	28,865
Total assets						149,144,138
Liabilities						
Segment liabilities	29,973,281	34,317,926	39,438,678	56,927,078	(69,946,637)	90,710,326
Other segment information						
Amortisation	82,865	59,776	-	-	-	142,641
Depreciation	1,681,617	1,740,991	14,821	712	-	3,438,141

31 DECEMBER 2007

36. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
31 December 2006						
Revenue						
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)	-
Total revenue	27,864,741	63,513,953	4,072,505	2,932,650	(23,289,699)	75,094,150
Results						
Segment results						5,098,823
Finance cost, net						(4,790,879)
Share of results of associated companies						(81,777)
Profit before tax						226,167
Income tax expense						(14,504)
Net profit for the year						211,663
Assets						
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
Total assets						136,848,521
Liabilities						
Segment liabilities	49,055,869	28,946,068	36,619,294	53,159,471	(88,988,539)	78,792,163
Other segment information						
Amortisation	78,232	462,941	-	-	-	541,173
Depreciation	2,442,907	2,273,358	20,816	60,287	-	4,797,368

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

36. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

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

37. RELATED PARTY DISCLOSURES

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

(a) Transactions with subsidiary companies

	Company	
	2007	2006
	RM	RM
Income		
Management fee income from:		
- Alpha Billion Sdn. Bhd.	24,000	24,000
- B.I.G. Bahtera Sdn. Bhd.	42,000	42,000
- B.I.G. Construction Sdn. Bhd.	6,000	6,000
- B.I.G. Industrial Gas Sdn. Bhd.	72,000	72,000
- B.I.G. Marketing Sdn. Bhd.	6,000	6,000
- Hypervictory Sdn. Bhd.	18,000	18,000
- Kinalaju Supply Sdn. Bhd.	6,000	6,000
- Linear Excellent Sdn. Bhd.	6,000	6,000
- Lumanai Sdn. Bhd.	18,000	18,000
- Sitem SDS Sdn. Bhd.	42,000	42,000
- Uni-Mix Sdn. Bhd.	18,000	18,000
Interest income from:		
- Alpha Billion Sdn. Bhd.	1,235,399	140,728
- B.I.G. Communication Sdn. Bhd.	296,278	105,581
- B.I.G. Constructions Sdn. Bhd.	109,790	-
- B.I.G. Ferry Services Sdn. Bhd.	98	-
- B.I.G. Industrial Gas Sdn. Bhd.	731,696	-
- B.I.G. Marketing Sdn. Bhd.	2,232	-
- B.I.G. Offshore Services Sdn. Bhd.	262	-
- Besitek Konsortium Sdn. Bhd.	6,018	-
- Beta Million Sdn. Bhd.	146	-
- Hypervictory Sdn. Bhd.	403,958	77,641
- Kinalaju Sdn. Bhd.	28,603	-
- Lumanai Sdn. Bhd.	124,072	-
- Matang Million Sdn. Bhd.	144	-
- Puncak Luyang Management Services (formerly known as B.I.G. Development (Matang) Sdn. Bhd.)	144	-
- Puncak Luyang Sdn. Bhd.	275,777	-
- Sistem SDS Sdn. Bhd.	141,421	-
- Tani Kukuh Sdn. Bhd.	2,766	-
- Uni-Mix Concrete Products Sdn. Bhd.	244,331	-
Expenditure		
Interest paid to Uni-Mix Sdn. Bhd.		
- B.I.G. Industrial Gas Sdn. Bhd.	56,735	233,550

31 DECEMBER 2007

37. RELATED PARTY DISCLOSURES (cont'd)

(a) Transactions with subsidiary companies (cont'd)

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

	Group 2007 RM	2006 RM
Receipts of construction contract for building works Seristana Sdn. Bhd.	-	780,000

(c) Compensation of key management personnel

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

	Group		Company	
	2007 RM	2006 RM	2007 RM	2006 RM
Short term employee benefits	428,408	320,648	86,000	68,500
Post-employment benefits:				
Defined contribution plan	40,882	30,307	-	-
	469,290	350,955	86,000	68,500
Included in the total key management personnel are:				
Directors' remuneration (Note 8)	334,678	292,482	86,000	68,500

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

	Group 2007	2006
At 1 January/31 December	120,000	120,000

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

38. FINANCIAL INSTRUMENTS (cont'd)

(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 2007. 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:

	Brunei Dollar Equivalent RM	Total RM
Functional currency At 31 December 2007:		
Trade receivables <i>Ringgit Malaysia</i>	469,788	469,788
Cash and bank balances <i>Ringgit Malaysia</i>	188,993	188,993
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

(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.

38. FINANCIAL INSTRUMENTS (cont'd)

(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 Carrying amount RM	Fair value RM	Company Carrying amount RM	Fair value RM
Financial assets					
At 31 December 2007:					
Investment in golf club membership	17	75,000	*	-	-
Investment in unquoted shares	17	450,537	*	-	-
Investment in bond	17	4,500,000	*	4,500,000	*
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	*
Financial liabilities					
At 31 December 2007:					
Term loans	29	45,581,935	**	45,000,000	**
At 31 December 2006:					
Term loans	29	46,286,251	**	45,000,000	**

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

** The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient liability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments have been disclosed in Note 29.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2007

38. FINANCIAL INSTRUMENTS (cont'd)

(f) Fair values (cont'd)

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

	Note	Company Nominal/ notional amount RM	Net fair value RM
At 31 December 2007:			
Contingent liabilities	35	15,600,669	***
At 31 December 2006:			
Contingent liabilities	35	11,850,560	***

*** 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 EVENTS

- (1) During the year, 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.
- (2) During the year, there were two new branches of one of the subsidiary companies, B.I.G. Industrial Gas Sdn. Bhd., commenced business operations in Lumut, Perak and Pasir Gudang, Johor.
- (3) On 6 August 2007, the Company transferred the entire shareholdings in Puncak Luyang Management Services Sdn. Bhd. (formerly known as B.I.G. Development (Matang) Sdn. Bhd. comprising 2 ordinary shares of RM1.00 each to another wholly-owned subsidiary, Puncak Luyang Sdn. Bhd. for a cash consideration of RM2 only.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 APRIL 2008

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Share Held	%
1 to 99	60	1.68	1,750	0.00
100 to 1,000	721	20.17	608,456	1.27
1,001 to 10,000	2,281	63.80	9,994,895	20.78
10,001 to 100,000	475	13.29	12,652,567	26.31
100,001 to 2,404,609 (*)	35	0.98	13,998,400	29.11
2,404,610 and above (**)	3	0.08	10,836,132	22.53
Total	3,575	100.00	48,092,200	100.00

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

THIRTY (30) LARGEST SHAREHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2008

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	1,700,000	3.53
5.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,551,300	3.23
6.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoon Nin</i>	1,476,300	3.07
7.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Sheng Fung</i>	1,019,300	2.12
8.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar</i>	920,200	1.91
9.	EB Nominees (Tempatan) Sendirian Berhad <i>Pledged Securities Account for Teoh Beng Tiang (SFC)</i>	770,000	1.60
10.	Hoon Nin	750,000	1.56

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 30 APRIL 2008

THIRTY (30) LARGEST SHAREHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2008 (cont'd)

No.	Name of Shareholders	No. of Shares	%
11.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	658,200	1.37
12.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
13.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Ban Tin (G)</i>	400,000	0.83
14.	Lu Yeep Hing	364,000	0.76
15.	Othman Bin Merican	353,000	0.73
16.	Mohd Fauzi B Hj Abd Hamid	350,000	0.73
17.	Koay Eng Peow	286,900	0.60
18.	Liang Kun Chi @ Liong Kun Chi	269,000	0.56
19.	Ng Yu Thian	233,700	0.49
20.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoo Beng Lee</i>	181,000	0.38
21.	Lai Weng Chee @ Lai Kok Chye	170,000	0.35
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Sin Huan Kwang (T-471154)</i>	154,100	0.32
23.	Lau Hien Chong	149,400	0.31
24.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Khaw Chin Hong (STF)</i>	140,000	0.29
25.	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Kuintan Binti Sepawi</i>	132,400	0.28
26.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Sin Huan Kwang (471295)</i>	128,000	0.27
27.	Yap Kok Lim	120,000	0.25
28.	HDM Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd for Lim Beng Ee</i>	120,000	0.25
29.	Chai Sai Keat	120,000	0.25
30.	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Leon Chin Yee (E-KPG)</i>	114,900	0.24
	Total	23,968,832	49.84

ANALYSIS OF SHAREHOLDINGS (cont'd)

AS AT 30 APRIL 2008

LIST OF SUBSTANTIAL SHAREHOLDERS
AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2008

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

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) Deemed interested by virtue of their substantial shareholdings in Pristine Corporation Sdn. Bhd.
- (iii) Direct holding (1,700,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,019,300 shares).
- (iv) Indirect holding through HSBC Bank Malaysia Berhad (2,547,100 shares).
- (v) Direct holding (750,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,476,300 shares).

DIRECTORS' INTEREST

No.	Name of Directors	No. of Shares			
		← Direct Interest	%	Deemed Interest →	%
1.	Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	-	-	8,289,086 (i)	17.24
2.	Ms. Yong Siew Kat	-	-	-	-
3.	Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	400,000	0.83	-	-
4.	En Samsul Ariff Bin Idris	-	-	-	-
5.	Mr. Lau Keat Hoo	-	-	-	-

Notes:

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

ANALYSIS OF WARRANTHOLDINGS

AS AT 30 APRIL 2008

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 holder 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	29	1.72	1,259	0.01
100 to 1,000	484	28.71	401,552	2.09
1,001 to 10,000	797	47.27	4,211,925	21.97
10,001 to 100,000	360	21.35	11,433,964	59.64
100,001 to 958,539 (*)	16	0.95	3,122,100	16.29
958,540 and above (**)	0	0.00	0	0.00
Total	1,686	100.00	19,170,800	100.00

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

**THIRTY (30) LARGEST WARRANTHOLDERS
 AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2008**

No.	Name of Warrantholders	No. of Warrants	%
1.	RC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yee Wai Chow (M)</i>	491,400	2.56
2.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Yeo Jin Hui</i>	450,000	2.35
3.	Chan Lee Yuen	240,000	1.25
4.	Tang Huat Wong	200,000	1.04
5.	Lam Ah Chong	178,000	0.93
6.	Goh Nan Kioh	161,800	0.84
7.	Patrick Chiong Sui Chai	150,000	0.78
8.	HDM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lionel Koh Kok Peng (M09)</i>	150,000	0.78
9.	Yeow Lee Meng	146,000	0.76
10.	Mohd Fauzi B Hj Abd Hamid	140,000	0.73

ANALYSIS OF WARRANTHOLDINGS (cont'd)

AS AT 30 APRIL 2008

THIRTY (30) LARGEST WARRANTHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2008 (cont'd)

No.	Name of Warrantholders	No. of Warrants	%
11.	Lim Lee Poo	139,900	0.73
12.	Wong Lee Shian	135,000	0.70
13.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Diong Gew Koong (RE6-Margin)</i>	130,000	0.68
14.	HDM Nominees (Asing) Sdn. Bhd. <i>Phillip Securities Pte Ltd for Lim Beng Ee</i>	130,000	0.68
15.	Low Hock See	120,000	0.63
16.	Yap Took Seng	110,000	0.57
17.	Ngui Hwa Choon	100,000	0.52
18.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Louis Tay Chee Siong (REM 109)</i>	100,000	0.52
19.	Lew Ah Fook	99,300	0.52
20.	Fong Kong Meng	99,000	0.52
21.	Lee Chee Wai	94,900	0.50
22.	Wong Ah Yong	92,000	0.48
23.	Chua Kin Hua	91,000	0.47
24.	Sim Mee Leng	90,000	0.47
25.	Lee Chut Wah	90,000	0.47
26.	Tan Khay Long	89,200	0.47
27.	Wang Yi Miin	88,900	0.46
28.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Chuo Sing Hia</i>	88,000	0.46
29.	PM Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for Ho Chee Kong (E)</i>	85,000	0.44
30.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Abd Rashid Bin Haron</i>	84,200	0.44
	Total	4,363,600	22.76

LIST OF PROPERTIES

AS AT 31 DECEMBER 2007

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	24 years & 15 years	3,310	2044	432,549	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	22 years & 12 years	2,448	2052	655,031	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	13 years & 10 years	12,141	2053	1,929,234	1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	40,958	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	16 years	1,966	2038	365,250	1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	449,477	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	18 years & 8 years	7,719	2051	2,678,119	1991
8. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	422,316	1992
9. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	237,980	1991
10. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	19 years	553.3	2049	48,922	1990
11. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plant	9 years	808 1,045	2919	577,764	1997

LIST OF PROPERTIES (cont'd)

AS AT 31 DECEMBER 2007

Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
12. Lot 1950, 1951 Block 5, Kuala Baram Land District, Miri	Vacant Land	N/A	1,705.9	2056	229,760	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 10 years	7,620	2027	605,368	1986
14. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran, Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	11 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	470,633	1997 1996 1996 1996
15. Indah Court Apartment Kota Kinabalu	1 unit Apartment	9 years	N/A	N/A	90,873	1998
16. Bukit Vor Apartment Kota Kinabalu	1 unit Apartment	7 years	N/A	N/A	114,514	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 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 Perpetuity	2,299,206	1996 1996 1996 1996 1998 1997 1999 2001
18. Bandar Sierra Telipok	Bandar Sierra Apartments PH3A1 PH3A2 PH3A3	1 year	N/A	N/A	168,309 168,309 168,309	2007 2007 2007
19. Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor	An Acetylene Plant, Refilling Plant & Office Building	60 years	6,070	2067	791,305	2007
20. Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawam Perak Darul Ridzuan	Refilling Plant & Office Building	89 years	4,092	2095	461,694	2007

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

GROUP CORPORATE DIRECTORY

B.I.G. INDUSTRIES BERHAD

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

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

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

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

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

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

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

BINTULU BRANCH

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

PASIR GUDANG BRANCH

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

LUMUT BRANCH

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

LUMANAI SDN. BHD.

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

KINALAJU SUPPLY SDN. BHD.

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

HYPERVICTORY SDN. BHD.

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

UNI-MIX SDN. BHD.

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

FACTORY

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

UNI-MIX CONCRETE PRODUCTS SDN. BHD.

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

B.I.G. COMMUNICATIONS SDN. BHD.

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

B.I.G. CONSTRUCTION SDN. BHD.

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

B.I.G. MARKETING SDN. BHD.

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

ALPHA BILLION SDN. BHD.

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



B.I.G. INDUSTRIES BERHAD

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

Proxy Form

NO. OF 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 Eighteenth Annual General Meeting of the Company to be held at Hotel Grand Continental, Lot 42, Section 46, Ban Hock Road, 93100 Kuching, Sarawak on Thursday, 26 June 2008 at 11.00 a.m.

My/our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	Adoption of Audited Financial Statements for the financial year ended 31 December 2007 and Reports of Directors and Auditors thereon		
2	Approval of Directors' Fees		
3	Re-election of Ms. Yong Siew Kat as Director pursuant to Article 106		
4	Re-election of Mr. Lau Keat Hoo as Director pursuant to Article 106		
5	Election of Encik Samsul Ariff Bin Idris as Director pursuant to Article 114		
6	Re-appointment of Messrs. Ernst & Young as Auditors and authorising Directors to fix their remuneration		
7	Authority given to Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
8	Proposed Renewal of Share Buy Back Authority		

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

Dated this _____ day of _____ 2008.

Signature /Common Seal of shareholder

Notes:

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

Please fold along this line (1)

POSTAGE
STAMP

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

Please fold along this line (2)
