



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

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



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(Incorporated in Malaysia) <sup>195285-D</sup>

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

ANNUAL REPORT 2008

**Annual Report**  
**2008**

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## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth 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, 25 June 2009 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 2008 and the Directors' and Auditors' Reports thereon.             | <b>Resolution 1</b> |
| 2. To approve the payment of Directors' fees amounting to RM69,000 in respect of the financial year ended 31 December 2008.   | <b>Resolution 2</b> |
| 3. To re-elect the following Directors who retire by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offer themselves for re-election: |                     |
| i. Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof   | <b>Resolution 3</b> |
| ii. Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin   | <b>Resolution 4</b> |
| 4. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration.  | <b>Resolution 5</b> |

#### AS SPECIAL BUSINESS

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

- |   |                     |
|---|---------------------|
| 5. <b>ORDINARY RESOLUTION</b><br><b>Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares</b> | <b>Resolution 6</b> |
|---|---------------------|

"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."

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

### 6. ORDINARY RESOLUTION Proposed Renewal of Share Buy Back Authority

#### Resolution 7

" 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 RM4,809,220 comprising of 4,809,220 ordinary shares of RM1.00 each in the Company, representing ten percent (10%) of the total issued and paid up capital of the Company.

Based on the latest unaudited financial statements for the financial period ended 31 March 2009, the retained profits and share premium account of the Company were approximately RM5,858,904 and RM150,113 respectively, amounting to a total of RM6,009,017.

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,

## NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (cont'd)

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."

7. 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)

Company Secretary

Kuching, Sarawak.  
29 May 2009

#### 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 6 proposed under Agenda 5, if passed, will give the Directors 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 7 proposed under Agenda 6, 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. 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 29 May 2009, which is despatched together with this Annual Report 2008.

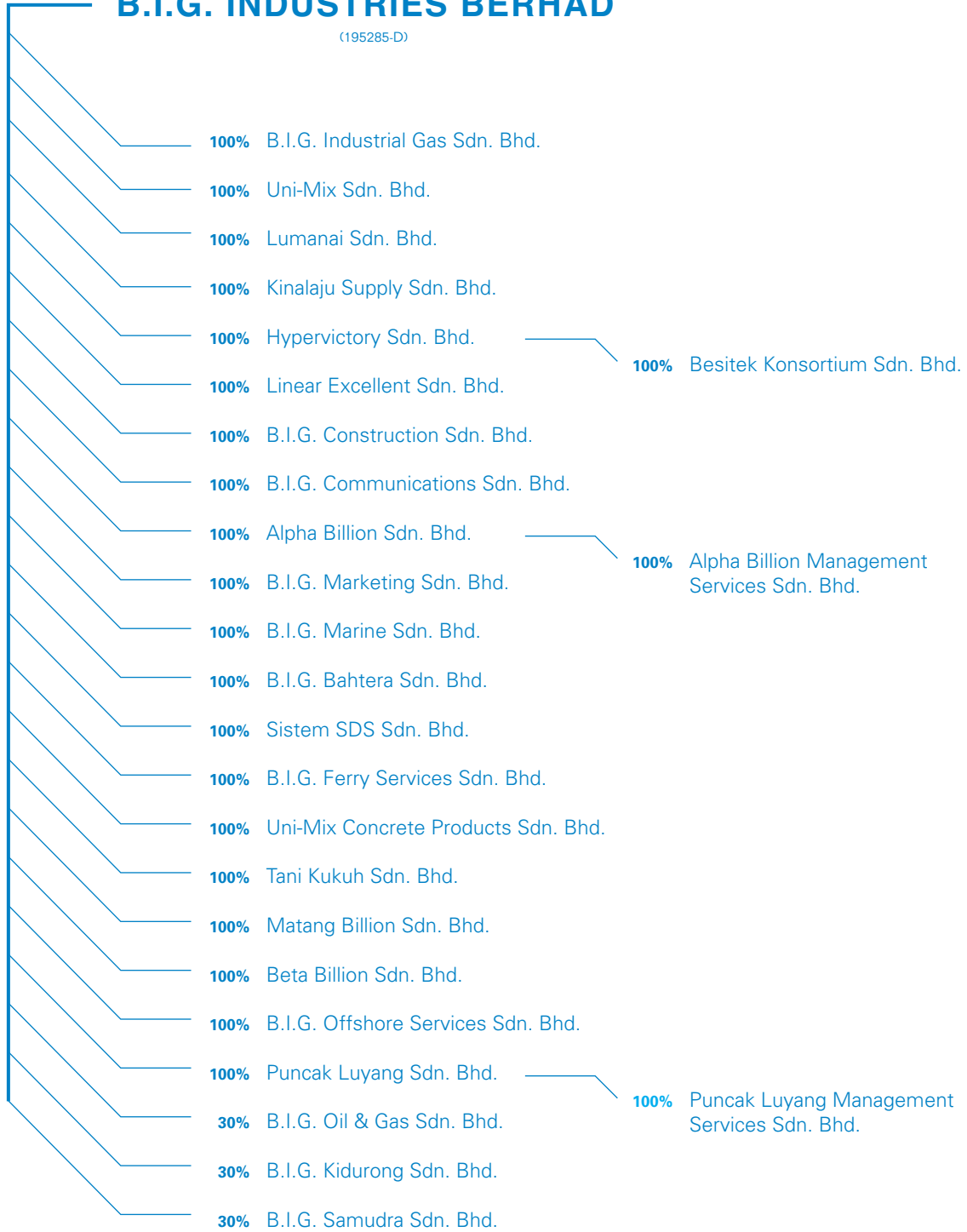
## STATEMENT ACCOMPANYING NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Further details of the Directors who are standing for re-election, namely, Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof and Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin, are set out on page 8 and page 9 of this Annual Report and the details of the Directors' interest in the securities of the Company is disclosed on page 93 this Annual Report.



## B.I.G. INDUSTRIES BERHAD

(195285-D)



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

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

Lau Keat Hoo  
*(Executive Director)*

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)*

### 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

### COMPANY SECRETARY

Chan Sau Leng (MAICSA 7012211)

### REGISTERED & PRINCIPAL OFFICE

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

### 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.  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel: 03-2264 3883  
Fax: 03-2282 1886

### AUDITORS

Ernst & Young (AF 0039)  
Chartered Accountants  
Room 300-303, 3rd Floor  
Wisma Bukit Mata Kuching  
Jalan Tunku Abdul Rahman  
93100 Kuching, Sarawak  
Tel: 082-243 233  
Fax: 082-421 287

### PRINCIPAL BANKERS

AmBank Berhad  
HSBC Bank (M) Berhad  
Malayan Banking Berhad  
Standard Chartered Bank Malaysia Berhad

### PRINCIPAL SOLICITORS

A. I Nathan

### 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 46, 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. 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 witnessed in parts of Leicestershire, Yorkshire, Humberside and Lincolnshire in England.

Y. Bhg Dato' Haji Mohd Fauzi returned to Malaysia in 1990 and was in charged 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 four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2008.

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.

### **LAU KEAT HOO**

*Executive Director*

MR. LAU KEAT HOO, aged 47, 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 five (5) Board Meetings held during the financial year ended 31 December 2008.

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)

### **MS. YONG SIEW KAT**

*Senior Independent Non-Executive Director*

MS. YONG SIEW KAT, aged 56, 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 five (5) Board Meetings held during the financial year ended 31 December 2008.

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

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

*Independent Non-Executive Director*

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 53, 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 all the five (5) Board Meetings held during the financial year ended 31 December 2008.

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 38, 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 IT consultancy firm.

He has attended all the five (5) Board Meetings held during the financial year ended 31 December 2008.

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) is 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	• Ultimate Share Performance
Ms. Yong Siew Kat	• Ultimate Share Performance
Mr. Lau Keat Hoo	• Investor Relation-A Necessity, Not A Choice
Encik Samsul Ariff Bin Idris	• Ultimate Share Performance

Tan Sri Dato' Dr. Lau Ban Tin well regarded in both the private and government sector and he had been invited to be a speaker/commentator in the following talks, seminars and also in forum as follows:

- A Speaker on Training Workshop for Persatuan Pemuda-Pemudi Hin Ann Pantai Klang
- A Speaker on Training on "Global Financial Meltdown and Credit Crunch – What are the Implications, New Developments and Market Trends & How to Respond and Address the Issue" for Minority Shareholder Watchdog Group ("MSWG")
- A Speaker on Economic Forum on "Penganalisan Terhadap Kemelesetan Ekonomi Dunia & Tindak Balas Kerajaan Malaysia dan Selangor"
- A commentator on Economic Forum for the "Majlis Tindakan Ekonomi Selangor"

## CORPORATE GOVERNANCE STATEMENT

### 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 2008, the Board has met a total of five (5) 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 timely manner to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

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

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

Directors have access to the advice and services of the Company Secretary 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

The Board had established various Board Committees to assist with the discharging of duties and responsibilities, in which the Board Committees operate within clearly defined terms of reference. There are four (4) Board Committees established to assist the Board in the discharge of its duties namely Audit Committee, Nomination Committee, Remuneration Committee and ESOS Committee. The ESOS Committee has been duly dissolved upon the expiry of the ESOS Scheme on 25 February 2009.

- **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.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### BOARD COMMITTEES (cont'd)

- **Audit Committee – Appointments to the Board (cont'd)**

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 Secretary shall act as secretary to the Committee.

- **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 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 twice (2) times during the financial year ended 31 December 2008.

- **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.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### BOARD COMMITTEES (cont'd)

#### • Remuneration Committee – Directors' Remuneration (cont'd)

##### (b) Procedures

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

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

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

##### (c) Disclosure of Remuneration

The remuneration paid to Executive Directors and Non-Executive Directors of the Company by category and in the bands of RM50,000 as set out in the Notes to the Financial Statement on Page 62 of this Annual Report.

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2008 RM
<b>Executive Directors</b>				
Fees	24,000	34,000	24,000	34,000
Salaries, allowances and bonus	71,460	220,798	-	-
Defined contribution plan	8,640	26,640	-	-
Social security contributions	619	1,240	-	-
	104,719	282,678	24,000	34,000
<b>Non-Executive Directors</b>				
Fees	48,000	52,000	48,000	52,000
Overprovision in prior year	(3,000)	-	(3,000)	-
	149,719	334,678	69,000	86,000

## **CORPORATE GOVERNANCE STATEMENT (cont'd)**

### **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.

### **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 is included in the notice of the AGM to facilitate full understanding and evaluation of the issues involved.

### **ACCOUNTABILITY AND AUDIT - FINANCIAL REPORTING**

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

### **INTERNAL CONTROL**

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

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### EXTERNAL AUDIT

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

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

### RELATIONSHIP WITH EXTERNAL AUDITORS

The role of the Audit Committee in relation to the External Auditors are set out in the Report on Audit Committee on Page 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.

### 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 2008, 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.

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 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. The Company's warrants 2004/2009 had expired at 5.00 p.m. on 4 February 2009 and all the unexercised warrants had since become null and void.

All options allocated under the ESOS lapsed on 25 February 2009 being the expiry date of the ESOS.

#### 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 and Young during the financial year.

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

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

#### Profit Guarantees

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

#### Material Contracts

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

#### Contracts relating to Loans

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

## CORPORATE GOVERNANCE STATEMENT (cont'd)

### 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 system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, such a system by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

## STATEMENT ON INTERNAL CONTROL (cont'd)

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

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

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

## AUDIT COMMITTEE REPORT (cont'd)

### 2. OBJECTIVES

The primary objectives of the Audit Committee are to:

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

- (i) full and unrestricted access to any information pertaining to the Company and its subsidiary companies.
- (ii) direct communication channels with both the External Auditors and Internal Auditors;
- (iii) full access to any employee or member of the management.

The Committee is also authorised by the Board to obtain legal or other independent professional advice it considers necessary and reasonable for the performance of its duties.

### 4. DUTIES AND RESPONSIBILITIES

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

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

The review shall focus on:

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

## 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 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.

## AUDIT COMMITTEE REPORT (cont'd)

### 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. SECRETARY TO AUDIT COMMITTEE AND MINUTES

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

### 7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2008 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 2008 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 2008 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 2008 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 Warrantholders and the Statements on the Audit Committee Reports, Internal Controls and Employees Share Option Scheme for inclusion in this Annual Report.
- (viii) monitor other legal regulatory requirements and good governance.

## 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 2008. The attendance record of each member is as follows:

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

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2008 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
Encik Samsul Ariff Bin Idis	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 2008.

The ESOS expired on 25 February 2009.

### 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.

## CHAIRMAN'S STATEMENT

ON BEHALF OF THE BOARD OF DIRECTORS OF B.I.G. INDUSTRIES BERHAD, IT IS MY PLEASURE TO PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF THE GROUP AND THE COMPANY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008.

### REVIEW OF RESULTS

During the year ended 31 December 2008, the Group recorded a turnover of RM92,789,000 as against RM69,356,000 recorded for the previous year, an increase of RM23,433,000 or 33.8 %. The increase in turnover, is mainly contributed by the industrial gas division. The Group profit before taxation recorded for the current year was higher at RM3,941,000 an increase of RM3,564,000 or 945% over RM377,000 recorded for the previous year.

- **Industrial Gas Division**

The industrial gas division recorded a growth in turnover for the current year of RM12,931,000 or 51.5% to RM38,034,000 as compared to RM25,103,000 recorded for the previous year. Profit before taxation for the industrial gas division amounted to RM5,361,000 for the year under review, an increase of RM1,254,000 or 30.5% over RM4,107,000 recorded for the previous year.

The major contributor for the increased comes from the industrial gas division and the two new branches in Lumut and Pasir Gudang.

- **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 RM46,823,000 as against RM39,321,000 recorded for the previous year. This division recorded a loss before taxation of RM1,236,000 for the current year as against a loss before taxation of RM2,813,000 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.

Unimix Group in 2008 achieved a turnover of RM64.87 million over RM56.04 million recorded in 2007, leading to a positive variance of 15.75% higher year-on-year. Subsequently, the net profit before tax also posted RM726k in 2008 over a loss RM2.75 million in 2007, showing a drastic turnaround in the bottom line. The main reasons for such a favourable result were attributed to higher turnover from Precast Product Business Unit and leaner and more efficient cost structures in the Group throughout the current year when compared to 2007.

- **Property Development Division**

Turnover for the property development division recorded for the current year was RM7,711,000, an increase of RM3,168,000 or 69.7% over RM4,543,000 recorded for the previous year. Loss before taxation for this division was RM660,000 for the current year as compared to loss before taxation of RM284,000 recorded for the previous year.

## CHAIRMAN'S STATEMENT (cont'd)



### OPERATING ENVIRONMENT

In 2008, demand for the Group's industrial gases by the oil and gas industries was strong amidst a background of increasing crude oil prices until October 2008. The initial reversal of the crude oil price from US\$140 per barrel to the lowest at US\$38 per barrel was a shock to all oil producing countries. The division's operation in Sarawak felt the impact with less orders from shipbuilding and steel fabrication industries whose projects ties in with the oil & gas industries closely.

We experienced a drop in compressed cylinder gas sales month on month by as much as 15% to 20% from October 2008 onwards. The overall Sarawak branches compressed cylinder gas sales for the year 2008 increased by 19% compared to 2007. The overall bulk liquid gas sales for 2008 increased by 23% and 30% against 2007 due the continuation of the oil & gas plant maintenance project. Our branches in West Malaysia, Lumut, Perak and Pasir Gudang, Johor exceeded expectations in 2008 with little or no effect from the world wide economic slow down.

The property development division was operating in a competitive and challenging environment against a backdrop of rising raw material prices. However contracts which were awarded last year in Kuching was before the spike in material prices and with low interest rate and government's incentives (mini budget announcement) our houses are selling quite well. For the new phases we have to factor in the increase in construction cost in our pricing and we shall continue to price our products competitively.

### DIVIDEND

The Board of Directors does not recommend any dividend be declared for the financial year ended 31 December 2008.

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

### CORPORATE DEVELOPMENT

On 27 April 2009, 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.

## CHAIRMAN'S STATEMENT (cont'd)



### FUTURE OUTLOOK

The oil and gas industries are expected to slow down as demand for crude oil is low to moderate despite lower global crude oil price. Current crude oil price is now hovering at prices last seen 5 to 6 years ago at US\$40 to US\$50 per barrel.

With the slow down of 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 experiencing less new orders while existing orders are entering their final delivery by June 2009 onwards.

Looking forward B.I.G's expansion plans on industrial gases services would be slower but will continue in 2009. With the expansion plans in the pipeline and barring further unforeseen circumstances with regard to global economics, B.I.G would progressively grow into the ASEAN market place. The opportunity is now for B.I.G to explore and research new industrial gas products for the market.

As a whole, the economic outlook for Sabah in 2009 is foreseen to be a challenging year. Construction industry is expected to shrink between 20 – 30% in 2009 when compared to 2008. The global financial crisis and economic slowdown are foreseen to exert their full impact on local business activities in Malaysia, and Sabah's economic condition will not be spared in this regard.

Against all odds, Unimix will continue to be a leading player in industries related to readymixed concrete, reinforced concrete piles and bulk cement transportation in Sabah. Unimix Readymixed Concrete ("RMC") is expected to expand horizontally with an additional batching plant in Kota Kinabalu ("KK"), which will strategically position Unimix RMC with 6 batching plants capable of covering the entire KK areas in a competitive way. Precast Concrete Product ("PCP") is planning to venture into additional precast products like U-Drain and Box Culvert in 2009. Along the way, it will position PCP as a full-fledged precast product manufacturer in Sabah. Besides, Lumanai (bulk cement transporter) will act as an important logistic support of cement distribution to our core businesses in ready mixed concrete and precast products. With Kinalaju as the largest bulk cement distributor of Cement Industry Sabah ("CIS"), we should be able to capitalize our competitive edge to weather through this turbulent time in 2009's market condition.

## CHAIRMAN'S STATEMENT (cont'd)

In the longer run, we are relentlessly looking for a strategic quarry in KK to synergize with our existing business units, over which half of the quarry products could be consumed by Unimix and PCP alone. In addition, the plan to expand geographically into East Coast market in Sabah will certainly provide Unimix Group a great platform for further business opportunities there. PCP's plan to setup a new casting yard in Lahad Datu is already in the pipeline of our business plan. It will act as a hub for all of our precast products in the East Coast region. Furthermore, Unimix RMC will also plan to set up new batching plants in places like Sandakan, Lahad Datu, and Tawau. On this ground, Unimix RMC will spread its wings with a comprehensive coverage of the supply of readymixed concrete throughout the whole of Sabah.

Outlook at the Group's property development division continues to remain challenging. Demand for residential property in Kuching is still good due to less competition and slowdown in new launches by other developers. Moreover the Demak Laut area where our land is located has matured with the completion of the Kuching Convention Centre nearby and the demand for housing for their workers as well as the relatively young Sarawakian population.

Our Puncak Luyang location in KK is a well sought after location by Sabahans due to the exclusive address and good environment as well as good accessibility to Kota Kinabalu CBD (3km), etc. Even though our Phase 2 Block A condominium has been sold out, there were still enquiries for purchase. We foresee that with the increase in selling prices for our Phase 3 Block B, the demand will still be strong.

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 our competitiveness and improve our current year's performance and therefore expect another satisfactory year of growth.

### ACKNOWLEDGEMENT

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

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

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

Executive Chairman

29 May 2009

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 16 to the financial statements.

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

### FINANCIAL RESULTS

	Group RM	Company RM
Profit/(Loss) for the year	3,941,325	(467,585)
Attributable to: Equity holders of the Company	3,941,325	(467,585)

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

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

### DIVIDENDS

The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2008.

### 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  
Lau Keat Hoo  
Yong Siew Kat  
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin  
Shamsul Ariff Bin Idris

## 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 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

### DIRECTORS' INTERESTS

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

	Number of Ordinary Shares of RM1.00 each			
	1.1.2008	Acquired	Disposed	31.12.2008
<b>The Company</b>				
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	8,289,086	-	-	8,289,086

	Number of Options Over Ordinary Shares of RM1.00 each				
	1.1.2008	Granted	Exercised	Lapsed	31.12.2008
<b>The Company</b>					
Lau Keat Hoo	120,000	-	-	-	120,000

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

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

### SHARE BUY BACK

The shareholders of the Company had renewed their approval for the proposed purchase by the Company of up to ten percent (10%) of its own shares at the Annual General Meeting (AGM) held on 26 June 2008. 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.

## DIRECTORS' REPORT (cont'd)

### EMPLOYEES' SHARE OPTION SCHEME (ESOS)

The salient features and other terms of the ESOS are disclosed in Note 27 to the financial statements.

### WARRANTS 2004/2009

The salient features of the Warrants 2004/2009 are disclosed in Note 26 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.

## DIRECTORS' REPORT (cont'd)

### OTHER STATUTORY INFORMATION (cont'd)

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet its obligations when they fall due except that the Group's current liabilities exceeded the current assets by RM7,955,116 and an unsecured term loan of the Group and of the Company amounting to RM45,000,000 is due for full repayment on 31 May 2009 and therefore the ability of the Group to meet its obligations is dependent upon the continuous financial support of the Group's bankers and creditors as well as successful negotiation with the lenders to re-finance the above-mentioned term loan as disclosed in Note 2 to the financial statements;
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### 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 24 April 2009.

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

**Lau Keat Hoo**

## STATEMENT BY DIRECTORS

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

We, **Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof** and **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 37 to 90 are drawn up in accordance with the provision of the Companies Act, 1965 and Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 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 24 April 2009.

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

**Lau Keat Hoo**

## STATUTORY DECLARATION

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

I, **Tho Lai Choy**, 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 37 to 90 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 **Tho Lai Choy**  
at Shah Alam  
in Selangor Darul Ehsan  
on 24 April 2009

**Tho Lai Choy**

Before me,  
Jamilah Radzi  
Commissioner for Oaths

## INDEPENDENT AUDITORS' REPORT

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

#### Report on the Financial Statements

We have audited the financial statements of B.I.G. Industries Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 37 to 90.

#### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 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 2008 and of their financial performance and cash flows of the Group and of the Company for the year then ended.

#### *Emphasis of Matter*

Without qualifying our opinion, we draw attention to Note 2 to the financial statements which discloses the premise upon which the Group and the Company have prepared its financial statements by applying the going concern assumption, notwithstanding that as at 31 December 2008, the Group's current liabilities exceed its current assets by RM7,955,116 and an unsecured term loan of the Group amounting to RM45,000,000 which is disclosed in Note 30 under current liabilities is due for full repayment on 31 May 2009.

## INDEPENDENT AUDITORS' REPORT (cont'd)

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

#### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 16 to the financial statements.
- (c) We are satisfied that the accounts of the subsidiary companies that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (d) The auditors' reports on the accounts of the subsidiary companies were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

#### Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

#### Ernst & Young

AF: 0039

Chartered Accountants

Kuching, Malaysia.

Date: 24 April 2009

#### Yong Voon Kar

1769/04/10 (J/PH)

Chartered Accountant

## INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	Group		Company	
		2008 RM	2007 RM	2008 RM	2007 RM
Revenue	4	92,788,904	69,355,821	258,000	559,196
Other income	5	1,614,218	819,952	3,773,320	3,607,818
Changes in inventories of finished goods		1,333,269	2,108,870	-	-
Inventories purchased and raw materials consumed		(53,328,165)	(37,326,837)	-	-
Carriage outwards		(951,175)	(470,085)	-	-
Employee benefits expense	8	(8,872,156)	(9,052,424)	(24,000)	(34,000)
Depreciation of property, plant and equipment		(3,738,753)	(3,438,141)	-	-
Amortisation of prepaid land lease payment		(297,899)	(142,641)	-	-
Development cost		(2,731,437)	(2,360,358)	-	-
Other expenses		(17,924,388)	(15,413,832)	(170,335)	(190,716)
<b>Operating profit</b>		<b>7,892,418</b>	<b>4,080,325</b>	<b>3,836,985</b>	<b>3,942,298</b>
Finance costs	6	(4,400,815)	(3,753,583)	(4,304,570)	(3,858,499)
Share of loss of associate companies		(21,684)	-	-	-
<b>Profit/(loss) before tax</b>	7	<b>3,469,919</b>	<b>326,742</b>	<b>(467,585)</b>	<b>83,799</b>
Income tax expense	10	471,406	50,712	-	12,623
<b>Profit/(loss) for the year</b>		<b>3,941,325</b>	<b>377,454</b>	<b>(467,585)</b>	<b>96,422</b>
Attributable to:					
Equity holders of the Company		3,941,325	377,454	(467,585)	96,422
Minority interests		-	-	-	-
		<b>3,941,325</b>	<b>377,454</b>	<b>(467,585)</b>	<b>96,422</b>
<b>Earnings per share attributable to equity holders of the Company:</b>	11				
Basic, for profit from the year (sen)		8.2	0.78		
Diluted, for profit from the year (sen)		8.2	0.78		

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

**BALANCE SHEETS**

AS AT 31 DECEMBER 2008

	Note	Group 2008 RM	2007 RM (restated)	Company 2008 RM	2007 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible asset	12	843,485	843,485	-	-
Property, plant and equipment	13	55,361,528	44,650,702	-	-
Prepaid land lease payments	14	8,350,998	7,341,275	-	-
Quarry development expenditure	15	1,019,087	1,019,087	-	-
Investment in subsidiary companies	16	-	-	41,401,443	41,401,443
Investment in associate companies	17	13,181	28,865	126,003	120,003
Other investments	18	5,025,537	5,025,537	4,500,000	4,500,000
Land held for property development	19	5,102,363	5,102,363	-	-
Investment property	20	4,000,000	4,000,000	-	-
Deferred tax assets	31	167,000	17,927	-	-
		79,883,179	68,029,241	46,027,446	46,021,446
<b>Current assets</b>					
Property development costs	19	28,800,893	32,043,440	-	-
Inventories	21	11,217,609	8,730,767	-	-
Trade receivables	22	29,828,639	24,255,483	-	-
Other receivables, deposits and prepayments	23	9,754,481	11,688,254	152,430	387,558
Amount due from related companies	24	-	-	57,307,855	60,715,472
Fixed deposits with licensed banks and financial institutions	25	774,343	787,356	-	-
Cash and bank balances		5,288,184	3,627,524	208,601	352,382
		85,664,149	81,132,824	57,668,886	61,455,412
<b>TOTAL ASSETS</b>		165,547,328	149,162,065	103,696,332	107,476,858
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	26	48,092,200	48,092,200	48,092,200	48,092,200
Reserves	28	14,282,937	10,341,612	6,168,931	6,636,516
<b>Total equity</b>		62,375,137	58,433,812	54,261,131	54,728,716

## BALANCE SHEETS (cont'd)

AS AT 31 DECEMBER 2008

	Note	Group 2008 RM	2007 RM (restated)	Company 2008 RM	2007 RM
<b>Non-current liabilities</b>					
Lease payables	29	8,749,519	3,094,666	-	-
Term loans	30	259,941	45,175,448	-	45,000,000
Deferred tax liabilities	31	543,466	889,935	-	-
		9,552,926	49,160,049	-	45,000,000
<b>Current liabilities</b>					
Bank overdrafts	32	6,076,409	3,325,876	20,017	1,209,602
Term loans	30	45,231,208	406,487	45,000,000	-
Short term borrowings	33	15,907,790	16,578,412	2,500,000	2,900,000
Trade payables	34	14,885,531	11,342,574	-	-
Other payables and accruals	35	8,713,538	8,386,869	396,360	426,014
Amount due to related companies	24	77,772	35,582	1,518,824	3,212,526
Lease payables	29	2,727,017	1,370,104	-	-
Current tax payable		-	122,300	-	-
		93,619,265	41,568,204	49,435,201	7,748,142
<b>Total liabilities</b>		103,172,191	90,728,253	49,435,201	52,748,142
<b>TOTAL EQUITY AND LIABILITIES</b>		165,547,328	149,162,065	103,696,332	107,476,858

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2008

Group	← Attributable to equity holders of the Company →					
	Share capital RM	Share premium reserve RM	Revenue reserve RM	Total RM	Minority interest RM	Total equity RM
<b>At 1 January 2007</b>	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
<b>At 31 December 2007</b>	48,092,200	150,113	10,191,499	58,433,812	-	58,433,812
Profit for the year representing total recognised income and expense during the year	-	-	3,941,325	3,941,325	-	3,941,325
<b>At 31 December 2008</b>	48,092,200	150,113	14,132,824	62,375,137	-	62,375,137

## STATEMENTS OF CHANGES IN EQUITY (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	Share capital RM	<i>Non-distributable</i> Share premium reserve RM	<i>Distributable</i> Revenue reserve RM	Total RM
<b>Company</b>				
<b>At 1 January 2007</b>	48,092,200	150,113	6,389,981	54,632,294
Profit for the year, representing total recognised income and expense for the year	-	-	96,422	96,422
<b>At 31 December 2007</b>	48,092,200	150,113	6,486,403	54,728,716
Loss for the year, representing total recognised income and expense for year	-	-	(467,585)	(467,585)
<b>At 31 December 2008</b>	48,092,200	150,113	6,018,818	54,261,131

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

**CASH FLOW STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
<b>Cash flow from operating activities</b>				
Profit/(loss) before tax	3,469,919	326,742	(467,585)	83,799
Adjustments for:				
Allowance for doubtful debts	1,353,753	-	20,848	-
Allowance for doubtful debt written back	(171,544)	(29,290)	-	-
Amortisation of prepaid lease payment	297,897	142,641	-	-
Bad debts written off	40,299	5,000	-	-
Depreciation of property, plant and equipment	3,738,755	3,438,141	-	-
Gain on disposal of property, plant and equipment	(206,181)	(76,929)	-	-
Gain on foreign exchange	(57,470)	(1,455)	-	-
Interest expense	4,400,815	3,753,583	4,304,570	3,858,499
Interest income	(68,427)	(235,127)	(3,765,753)	(3,607,797)
Inventories written off	73,226	292,584	-	-
Reversal of inventories written off	(50,551)	-	-	-
Property, plant and equipment written off	-	105,882	-	-
Share of loss in an associated company	21,684	-	-	-
Dividend income	-	(3,695)	-	(301,196)
Loss on disposal of investment	-	46,000	-	-
Unquoted investment impairment loss	-	84,872	-	-
Operating profit before working capital changes	12,842,175	7,848,949	92,080	33,305
Changes in working capital:				
Property development costs	725,811	(2,395,615)	-	-
Inventories	(1,728,747)	83,144	-	-
Receivables	(5,299,397)	741,012	225,962	(328,126)
Payables	4,219,714	3,905,127	(29,654)	354,725
Related companies	42,190	97,910	1,713,915	(1,663,843)
Land held under development	1,963,290	(2,635,075)	-	-
Cash generated from/(used in) operations	12,765,036	7,645,452	2,002,303	(1,603,939)
Interest received	68,427	161,454	3,765,753	3,607,797
Realised exchange gain	57,470	1,455	-	-
Tax paid, net of refund	(65,017)	(542,550)	(11,682)	(1,250)
Dividend received	-	3,695	-	3,695
Net cash generated from operating activities	12,825,916	7,269,506	5,756,374	2,006,303

## CASH FLOW STATEMENTS (cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2008

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	(7,026,886)	(10,311,427)	-	-
Acquisition of shares in subsidiary companies	-	-	-	(999,990)
Additional investment in an associate	-	-	(6,000)	-
Proceeds from disposal of shares in subsidiary company	-	-	-	2
Proceeds from disposal of property, plant and equipment	693,945	1,025,623	-	-
Interest received	-	73,673	-	-
Proceeds from disposal of investment	-	103,000	-	-
Net cash used in investing activities	(6,332,941)	(9,109,131)	(6,000)	(999,988)
<b>Cash flows from financing activities</b>				
(Decrease)/increase in bank borrowings	(1,089,410)	3,924,491	(400,000)	1,900,000
Proceeds from lease creditors	361,942	-	-	-
Increase in fixed deposits pledged	(186,987)	(12,549)	-	-
Interest paid	(4,400,815)	(3,753,583)	(4,304,570)	(3,858,499)
Repayment of lease payables	(2,467,578)	(915,833)	-	-
Net cash used in financing activities	(7,782,848)	(757,474)	(4,704,570)	(1,958,499)
<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,289,873)	(2,597,099)	1,045,804	(952,184)
<b>Cash and cash equivalents at the beginning of the year</b>	501,648	3,098,747	(857,220)	94,964
<b>Cash and cash equivalents at the end of the year</b>	(788,225)	501,648	188,584	(857,220)
<b>Analysis of cash and cash equivalents:</b>				
Cash and bank balances	5,288,184	3,627,524	208,601	352,382
Fixed deposits with licensed banks and financial institutions, not pledged (Note 25)	-	200,000	-	-
Bank overdrafts (Note 32)	(6,076,409)	(3,325,876)	(20,017)	(1,209,602)
	(788,225)	501,648	188,584	(857,220)

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

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2008

### 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 16 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 24 April 2009.

### 2. FUNDAMENTAL ACCOUNTING CONCEPT

As at 31 December 2008, the Group's current liabilities exceed its current assets by RM7,955,116. In addition, an unsecured term loan of the Group amounting to RM45,000,000 which is disclosed in Note 30 under current liabilities is due for full repayment on 31 May 2009.

The financial statements of the Group and the Company have been prepared under the going concern basis. The validity of this basis is dependent on the continuous financial support of the Group's bankers and creditors and the successful negotiation with the lenders to re-finance the abovementioned term loan. The financial statements of the Group and the Company do not include any adjustments that would result if it is not able to operate on a going concern basis.

The management is of the opinion that the Group and the Company will continue to obtain financial support from its bankers and creditors and refinancing arrangement made by the Group and the Company can be concluded successfully to enable the Group and the Company to operate as going concerns. Accordingly, the management considers it appropriate for the financial statements to be prepared using the going concern basis.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and Financial Reporting Standards (FRS or FRSS) in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2008 as described fully in Note 3.3.

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).

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (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.

###### (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.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)****3.2 Summary of Significant Accounting Policies (cont'd)****(d) Revenue Recognition (cont'd)***(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 3.2 (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:

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (e) Quarry Development Expenditure

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

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

##### (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 3.2(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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (i) Impairment of Non-financial Assets (cont'd)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 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)

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 3.2(i).

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 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:

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (l) Leases (cont'd)

###### (i) Classification (cont'd)

- 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 3.2(p)); and
- 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 3.2(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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (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.

###### (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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.2 Summary of Significant Accounting Policies (cont'd)

##### (o) Foreign Currencies (cont'd)

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.

##### (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 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.

#### 3.3 Changes in Accounting Policies and Effects Arising from Adoption of New and Revised FRSs

##### (a) Standards and Interpretations Issued and Effective

On 1 January 2008, the Company adopted the following revised FRS, amendment to FRS and Interpretations:

FRS 107	: Cash Flow Statements
FRS 111	: Construction Contracts
FRS 112	: Income Taxes
FRS 118	: Revenue
FRS 120	: Accounting for Government Grants and Disclosure of Government Assistance
FRS 134	: Interim Financial Reporting
FRS 137	: Provisions, Contingent Liabilities and Contingent Assets
Amendment to	
FRS 121	: The Effects of Changes in Foreign Exchange Rate – Net Investment in a Foreign Operation

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.3 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)

IC Interpretation 1	:	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	:	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	:	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	:	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
IC Interpretation 7	:	Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	:	Scope of FRS 2

The revised FRS, amendment to FRS and Interpretations above do not have any significant impact on the financial statements of the Company.

##### (b) Standards and Interpretations Issued but not yet Effective

At the date of authorisation of these financial statements, the following new FRS and Interpretations were issued but not yet effective and have not been applied by the Company.

FRS and Interpretations		Effective for financial periods beginning on or after	
FRS 4	:	Insurance Contracts	1 January 2010
FRS 7	:	Financial Instruments: Disclosures	1 January 2010
FRS 8	:	Operating Segments	1 July 2009
FRS 139	:	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	:	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	:	Interim Financial Reporting and Impairment	1 January 2010

The Group is exempted from disclosing the possible impact, if any, to the financial statements upon the initial application of FRS 7 and 139.

The other new FRS and Interpretations above are expected to have no significant impact on the financial statements of the Group and of the Company, upon their initial application except for the changes in disclosures arising from the adoption of FRS 8.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### 3.4 Significant Accounting Estimates

##### Key Sources of Estimation Uncertainty

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

##### (i) *Property Development*

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

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

One of the main composition of property development costs is construction materials, which are sensitive to price fluctuations, thus affecting the stage of completion, carrying amount of property development costs and liabilities. The carrying amount of property development costs and liabilities of the Group as at 31 December 2008 are RM28,800,893 (2007: RM32,043,440) and RM7,123,160 (2007: RM3,968,278) 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 2008 was RM843,485.

### 4. 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 2008

### 4. REVENUE (cont'd)

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

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Sales of goods and provision of services and maintenance	81,808,140	61,602,809	-	-
Sales of development properties	7,710,676	4,543,491	-	-
Transportation and handling fees	3,122,704	3,030,486	-	-
Hiring of plant and machinery	147,384	175,340	-	-
Dividends received	-	3,695	-	301,196
Administrative fee charged to subsidiary companies	-	-	258,000	258,000
	92,788,904	69,355,821	258,000	559,196

### 5. OTHER INCOME

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Gain in foreign exchange	57,470	1,455	-	-
Gain on disposal of property, plant and equipment	206,181	76,929	-	-
Interest income	68,427	235,127	3,765,753	3,607,797
Provision for doubtful debt written back	171,544	29,290	-	-
Rental income	559,973	200,320	-	-
Reversal of inventories written off	50,551	-	-	-
Sundry income	500,072	276,831	7,567	21
	1,614,218	819,952	3,773,320	3,607,818

### 6. FINANCE COSTS

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Interest expense on:				
Bank borrowings	3,722,906	3,587,003	4,296,135	3,837,265
Hire purchase	669,464	145,136	-	-
Others	8,445	21,444	8,435	21,234
Total interest expense	4,400,815	3,753,583	4,304,570	3,858,499

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**7. PROFIT/(LOSS) BEFORE TAX**

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Employee benefits expense (Note 8)	8,872,156	9,052,424	24,000	34,000
Non-executive directors' remuneration:				
– current year (Note 9)	48,000	52,000	48,000	52,000
– overprovision in prior year	(3,000)	-	(3,000)	-
Allowance for doubtful debts	1,353,753	-	20,848	-
Allowance for doubtful debt written back	(171,544)	(29,290)	-	-
Amortisation of prepaid land lease payment	297,897	142,641	-	-
Auditors' remuneration:				
– statutory audits:				
– current year	116,460	119,804	13,000	15,000
– under/(over)provision in prior year	(1,089)	2,713	(2,000)	(2,000)
Bad debt written off	40,299	5,000	-	-
Depreciation of property, plant and equipment	3,738,755	3,438,141	-	-
Inventories written off	73,226	292,584	-	-
Property, plant and equipment written off	-	105,882	-	-
Reversal of inventories written off	(50,551)	-	-	-
Unquoted investment impairment loss	-	84,872	-	-
Rental expenses	402,389	376,874	-	-
Gain on disposal of property, plant and equipment	(206,181)	(76,929)	-	-
Loss on disposal of investment	-	46,000	-	-
Gain on foreign exchange	(57,470)	(1,455)	-	-

**8. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Wages and salaries	8,000,323	8,190,090	24,000	34,000
Social security contributions	55,815	52,038	-	-
Contributions to defined contribution plan	613,099	592,975	-	-
Other benefits	202,919	217,321	-	-
	8,872,156	9,052,424	24,000	34,000

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM104,719 (2007: RM282,678) and RM24,000 (2007: RM34,000) respectively as further disclosed in Note 9.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 9. DIRECTORS' REMUNERATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive directors' remuneration (Note 8):				
Fees	24,000	34,000	24,000	34,000
Other emoluments	80,719	248,678	-	-
	104,719	282,678	24,000	34,000
Non-executive directors' remuneration (Note 7):				
Fees	48,000	52,000	48,000	52,000
Overprovision in prior year	(3,000)	-	(3,000)	-
	45,000	52,000	45,000	52,000
Total directors' remuneration including benefits-in-kind (Note 38(b))	149,719	334,678	69,000	86,000

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Executive:				
Salaries and other emoluments	71,460	220,798	-	-
Fees	24,000	34,000	24,000	34,000
Defined contribution plan	8,640	26,640	-	-
Social security contributions	619	1,240	-	-
	104,719	282,678	24,000	34,000
Non-Executive:				
Fees	48,000	52,000	48,000	52,000
Overprovision in prior year	(3,000)	-	(3,000)	-
	45,000	52,000	45,000	52,000
Total directors' remuneration	149,719	334,678	69,000	86,000

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**9. 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	
	2008	2007
Executive directors <sup>(1)</sup> :		
RM1 – RM50,000	1	1
RM50,001 – RM100,000	1	1
RM100,001 – RM150,000	-	1
Non-executive directors:		
RM1 – RM50,000	2	3

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

**10. INCOME TAX EXPENSE**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Current income tax:				
Malaysian income tax	131,224	21,733	-	-
Over provision in prior years	(107,088)	(68,660)	-	(12,623)
	24,136	(46,927)	-	(12,623)
Deferred tax: (Note 31)				
Relating to origination and reversal of temporary differences	(1,434,233)	(242,882)	-	-
Relating to reduction in Malaysia income tax rate	(19,415)	8,871	-	-
Under provision in prior year	958,106	230,226	-	-
	(495,542)	(3,785)	-	-
	(471,406)	(50,712)	-	(12,623)

Domestic income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. Certain subsidiaries of the Company being Malaysian resident companies with paid-up capital of RM2.5 million or less qualify for the preferential tax rates under Paragraph 2A, Schedule 1 of the Income Tax Act, 1967 as follows:

On the first RM500,000 of chargeable income : 20%  
In excess of RM500,000 of chargeable income : Malaysian corporate statutory tax rate

The Malaysian corporate statutory tax rate for the year of assessment 2008 was 26% (2007: 27%) and will be reduced to 25% with effect from the year of assessment 2009.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 10. INCOME TAX EXPENSE (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2008 RM	2007 RM	2008 RM	2007 RM
Profit/(loss) before tax	3,469,919	326,742	(467,585)	83,799
Taxation at Malaysian Statutory rate of 26% (2007: 27%)	902,178	88,220	(121,572)	22,625
Effect of lower income tax rate	(52,638)	18,647	-	-
Effect on opening deferred tax of reduction in income tax rate	(19,415)	8,871	-	-
Expenses not deductible for tax purposes	492,403	556,212	189,104	-
Income not subject to tax	(4,063)	(19,365)	-	(80,325)
Tax deduction claimed on expenses capitalised	(2,753,438)	(245,447)	-	-
Utilisation of previously unrecognised unabsorbed capital allowances and tax losses	(219,274)	76,431	(67,532)	-
Utilisation of previously unrecognised unutilised reinvestment allowance	-	(1,026,442)	-	-
Deferred tax assets not recognised during the year	804,647	419,604	-	57,700
Deferred tax assets recognised on reinvestment allowance	(472,824)	(89,009)	-	-
Under provision of deferred tax in prior years	958,106	230,226	-	-
Overprovision of income tax in prior year	(107,088)	(68,660)	-	(12,623)
Income tax expense for the year	(471,406)	(50,712)	-	(12,623)

### 11. 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:

	2008	2007
Profit attributable to ordinary equity holders of the Company (RM)	3,941,325	377,454
Weighted average number of ordinary shares in issue	48,092,200	48,092,200
Basic earnings per share for profit for the year (sen)	8.2	0.78

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

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

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

	2008	2007
Profit attributable to ordinary equity holders of the Company (RM)	3,941,325	377,454
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)	8.2	0.78

**12. INTANGIBLE ASSET**

	Goodwill RM
<b>Group</b>	
<b>Cost</b>	
At 1 January 2007	843,485
Acquisition of subsidiary	-
At 31 December 2007 and 1 January 2008	843,485
Acquisition of subsidiary	-
At 31 December 2008	843,485
<b>Accumulated amortisation and impairment</b>	
At 1 January 2007	-
Amortisation	-
At 31 December 2007 and 1 January 2008	-
Amortisation	-
At 31 December 2008	-
<b>Net carrying amount</b>	
At 31 December 2007	843,485
At 31 December 2008	843,485

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 13. PROPERTY, PLANT AND EQUIPMENT

Group	Land and development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
At 1 January 2008	178,964	8,655,085	62,482,890	13,837,074	3,910,589	89,064,602
Additions	1,246	691,919	4,146,801	11,404,999	-	16,244,965
Disposals/written off	-	(332,696)	(369,936)	(295,499)	-	(998,131)
Reclassification	-	-	2,196,574	-	(3,504,194)	(1,307,620)
At 31 December 2008	180,210	9,014,308	68,456,329	24,946,574	406,395	103,003,816
<b>Accumulated depreciation</b>						
At 1 January 2008	-	4,028,038	39,014,755	1,371,107	-	44,413,900
Charge for the year	-	382,614	2,979,552	376,589	-	3,738,755
Disposals/written off	-	(139,106)	(348,665)	(22,596)	-	(510,367)
Reclassifications	-	-	-	-	-	-
At 31 December 2008	-	4,271,546	41,645,642	1,725,100	-	47,642,288
<b>Net carrying amount</b>	180,210	4,742,762	26,810,687	23,221,474	406,395	55,361,528

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

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

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
<b>Cost</b>						
At 1 January 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
<b>Accumulated depreciation</b>						
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
<b>Net carrying amount</b>						
	178,964	4,627,047	23,468,135	12,465,967	3,910,589	44,650,702

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

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

	Group 2008 RM	2007 RM
Plant, machinery and motor vehicles	13,581,075	5,933,749

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

	Group 2008 RM	2007 RM
Buildings	1,090,375	1,105,328
Plant, machinery and motor vehicles	153,554	241,625
	1,243,929	1,346,953

- (c) During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM16,244,965 (2007: RM13,366,979) of which RM9,218,079 (2007: RM3,055,552) were acquired by means of hire purchase arrangement.

### 14. PREPAID LAND LEASE PAYMENTS

	Group 2008 RM	2007 RM
At 1 January	7,341,275	7,483,916
Additions	-	-
Amortisation for the year	(297,897)	(142,641)
Reclassification	1,307,620	-
At 31 December	8,350,998	7,341,275
Analysed as:		
Short term leasehold lands	4,315,539	2,032,862
Long term leasehold lands	4,035,459	5,308,413
At 31 December	8,350,998	7,341,275

- (a) The net carrying amounts of prepaid land lease payments pledged as securities for borrowings are RM3,321,824 (2007: RM2,140,817).
- (b) Certain long leasehold land of the Group with a net carrying amounts of RM2,446,943 (2007: RM2,475,372) are held in trust by third parties, who are former Director or staff of a subsidiary company.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**15. QUARRY DEVELOPMENT EXPENDITURE**

	Group	
	2008 RM	2007 RM
At 1 January and 31 December	1,019,087	1,019,087

**16. INVESTMENT IN SUBSIDIARY COMPANIES**

	Company	
	2008 RM	2007 RM
Unquoted shares at cost	41,401,443	41,401,443

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	
		2008	2007
<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%
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%

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

Name of subsidiary companies	Principal activities	Proportion of ownership interest	
		2008	2007
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%	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. *#	Inactive	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>			
<b>Subsidiary company of Alpha Billion Sdn. Bhd.</b>			
Alpha Billion Management Services Sdn. Bhd. *#	Inactive	100%	100%
<b>Subsidiary company of Hypervictory Sdn. Bhd.</b>			
Besitek Konsortium Sdn. Bhd. *#	Inactive	100%	100%

\* Audited by Ernst & Young, Malaysia

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

# The financial statements of these subsidiary companies have been prepared using the going concern basis in view of the continuing financial support from the Company.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**17. INVESTMENT IN ASSOCIATE COMPANIES**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted shares at cost	126,003	120,003	126,003	120,003
Less: Share of post-acquisition reserves	(112,822)	(91,138)	-	-
	13,181	28,865	126,003	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	
		2008	2007
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:

	2008 RM	2007 RM
<b>Assets and liabilities</b>		
Current assets	81,139	201,781
Current liabilities	124,444	121,047
<b>Results</b>		
Revenue	-	-
Loss for the year	144,039	39,753

**18. OTHER INVESTMENTS**

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Unquoted investments:				
Unquoted shares at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(1,777,120)	(1,777,120)	-	-
	450,537	450,537	-	-
Golf and country club membership at cost	75,000	75,000	-	-
Junior Bond	4,500,000	4,500,000	4,500,000	4,500,000
	5,025,537	5,025,537	4,500,000	4,500,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

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

#### (a) Land Held for Property Development

	Leasehold land RM
<b>Group</b>	
<b>At 31 December 2008:</b>	
<b>Cost</b>	
At 1 January 2008 and 31 December 2008	5,102,363
<b>At 31 December 2007:</b>	
<b>Cost</b>	
At 1 January 2007 and 31 December 2007	5,102,363

#### (b) Property Development Costs

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>At 31 December 2008</b>			
<b>Cumulative Property Development costs:</b>			
At 1 January 2008	7,088,091	42,393,049	49,481,140
Cost incurred during the year	-	4,727,972	4,727,972
Reversal of completed project	(897,575)	(5,707,513)	(6,605,088)
Unsold units transferred to inventories	(76,066)	(477,381)	(553,447)
At 31 December 2008	6,114,450	40,936,127	47,050,577
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2008	1,171,270	16,266,430	17,437,700
Recognised during the year	1,155,852	6,186,800	7,342,652
Reversal of completed project	(1,076,795)	(5,453,873)	(6,530,668)
At 31 December 2008	1,250,327	16,999,357	18,249,684
<b>Property development costs at 31 December 2008</b>	4,864,123	23,936,770	28,800,893

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**19. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (cont'd)****(b) Property Development Costs (cont'd)**

	Leasehold land RM	Development costs RM	Total RM
<b>Group</b>			
<b>At 31 December 2007</b>			
<b>Cumulative Property Development costs:</b>			
At 1 January 2007	7,088,091	33,414,789	40,502,880
Cost incurred during the year	-	8,978,260	8,978,260
At 31 December 2007	7,088,091	42,393,049	49,481,140
<b>Cumulative costs recognised in income statement</b>			
At 1 January 2007	801,542	12,603,029	13,404,571
Recognised during the year	369,728	3,663,401	4,033,129
At 31 December 2007	1,171,270	16,266,430	17,437,700
Property development costs at 31 December 2007	5,916,821	26,126,619	32,043,440

**20. INVESTMENT PROPERTY**

	<b>Group</b>	
	<b>2008 RM</b>	<b>2007 RM</b>
At 1 January	4,000,000	4,000,000
Transfer from property development cost	-	-
At 31 December	4,000,000	4,000,000

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 21. INVENTORIES

	Group	
	2008 RM	2007 RM
<b>At cost:</b>		
Industrial gases	2,228,765	993,010
Welding equipment and construction materials	3,979,530	3,954,598
Raw materials	2,349,653	1,493,351
Spare parts and consumables	799,662	771,651
Stone	1,236,298	1,432,504
Goods in transit	455	15,853
	10,594,363	8,660,967
<b>At net realisable value:</b>		
Properties held for sale	623,246	69,800
	11,217,609	8,730,767

### 22. TRADE RECEIVABLES

	Group	
	2008 RM	2007 RM
Trade receivables	32,916,708	25,777,760
Accrual billings in respect of property development costs	-	349,580
Provision for doubtful debts	(3,088,069)	(1,871,857)
	29,828,639	24,255,483

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

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

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**22. TRADE RECEIVABLES (cont'd)****Material Litigation (cont'd)**

- (a) On 25 September 2007, Dapan Construction Sdn. Bhd. had 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.

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 Kinablu against Uni-Mix Sdn. Bhd. and Hypervictory Sdn. Bhd. for inter-alia a declaration that the sub-contract agreement for the quarrying activities was validly terminated, damages to be assessed for breach of the sub-contract and/or rectification works on the damaged roads and retention ponds and an injunction for the removal of all such plant, equipment and/or machinery from the site.

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

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other receivables	7,758,618	8,532,661	45,230	54,396
Provision for doubtful debts	(116,695)	-	-	-
	7,641,923	8,532,661	45,230	54,396
Deposits	1,160,188	2,118,794	12,885	13,847
Prepayments	816,227	825,195	94,315	319,315
Current tax assets	136,143	211,604	-	-
	9,754,481	11,688,254	152,430	387,558

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 24. AMOUNT DUE FROM/(TO) RELATED COMPANIES

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Amount due from subsidiary companies	-	-	57,307,855	60,715,472
Amount due from associated company	-	-	-	-
	-	-	57,307,855	60,715,472
Amount due to subsidiary companies	-	-	(1,491,694)	(3,183,109)
Amount due to associated company	(77,772)	(35,582)	(27,130)	(29,417)
	(77,772)	(35,582)	55,789,031	57,502,946

Certain amounts due from/(to) the related companies are unsecured, interest free and under no fixed term of repayment. Certain amounts due from subsidiary companies bear interest rate at 6.27% (2007: 6.27% to 8.00%) per annum and are repayable on demand.

### 25. FIXED DEPOSITS WITH LICENSED BANKS AND FINANCIAL INSTITUTIONS

	Group	
	2008 RM	2007 RM
Fixed deposits with licensed banks:		
- Pledged	774,343	587,356
- Not pledged	-	200,000
	774,343	787,356

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 is 4% (2007: ranged from 3.7% to 4.0%) and the maturities of deposits as at 31 December 2008 is 365 days (2007: ranged from 8 to 365 days).

### 26. SHARE CAPITAL

	Number of ordinary shares of RM1.00 each			
	Share capital (issued and fully paid)		Share capital (issued and fully paid)	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January and 31 December	48,092,200	48,092,200	48,092,200	48,092,200

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**26. SHARE CAPITAL (cont'd)****Warrants 2004/2009**

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 26. SHARE CAPITAL (cont'd)

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

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

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 2008	19,170,800
Exercise during the financial year	-
At 31 December 2008	19,170,800

The Warrants has expired on 4 February 2009.

### 27. 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 has expired 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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 27. EMPLOYEE BENEFITS (cont'd)

#### Employee Share Options Scheme ("ESOS")(cont'd)

- (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.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 27. EMPLOYEE BENEFITS (cont'd)

#### Employee Share Options Scheme ("ESOS")(cont'd)

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

	Outstanding at 1 January	Granted	Exercised	Forfeited	Expired	Adjusted	Outstanding at 31 December	Exercisable at 31 December
<b>2008</b>								
2004 options	1,401,000	-	-	(57,000)	-	75,000	1,419,000	1,419,000
WAEP	2.72	-	-	2.72	-	2.72	2.72	2.72
<b>2007</b>								
2004 options	1,808,000	-	-	-	407,000	-	1,401,000	1,401,000
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
<b>2008</b>			
2004 options	1,266,000	2.72	8/3/2004 – 25/2/2009
	135,000	2.83	10/4/2004 – 25/2/2009
<b>2007</b>			
2004 options	1,266,000	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 2008

**28. 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 2008 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.

**29. LEASE PAYABLES**

	Group	
	2008 RM	2007 RM
<b>Future minimum lease payments:</b>		
Not later than 1 year	3,441,420	1,608,697
Later than 1 year and not later than 2 years	3,164,631	1,268,327
Later than 2 years and not later than 5 years	6,586,924	2,156,415
Total future minimum lease payments	13,192,975	5,033,439
Less: Future finance charges	(1,716,439)	(568,669)
Present value of finance lease liabilities	11,476,536	4,464,770
<b>Analysis of present value of finance lease liabilities:</b>		
Not later than 1 year	2,727,017	1,370,104
Later than 1 year and not later than 2 years	2,645,613	1,096,775
Later than 2 years and not later than 5 years	6,103,906	1,997,891
	11,476,536	4,464,770
Less: Amount due within 12 months	(2,727,017)	(1,370,104)
Amount due after 12 months	8,749,519	3,094,666

The lease payables bear interest at rates ranging from 2.35% to 6.0% (2007: 2.5% to 5.0%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 30. TERM LOANS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Secured	491,149	581,935	-	-
Unsecured	45,000,000	45,000,000	45,000,000	45,000,000
	45,491,149	45,581,935	45,000,000	45,000,000
Repayable within 12 months	45,231,208	406,487	45,000,000	-
Repayable after 12 months	259,941	45,175,448	-	45,000,000
	45,491,149	45,581,935	45,000,000	45,000,000

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Term loans	4.0% - 8.15%	5.0% - 8.65%	8.15%	8.65%

The unsecured term loan of the Company and of the Group amounting to RM45,000,000 is due for full repayment on 31 May 2009. In view of this, the Company is currently negotiating with the lenders to re-finance the abovementioned term loan.

### 31. DEFERRED TAXATION

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
At 1 January	872,008	875,793	-	-
Recognised in income statement (Note 10)	(1,453,648)	(234,011)	-	-
Under provided in prior year (Note 10)	958,106	230,226	-	-
At 31 December	376,466	872,008	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(167,000)	(17,927)	-	-
Deferred tax liabilities	543,466	889,935	-	-
	376,466	872,008	-	-

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**32. BANK OVERDRAFTS**

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Secured	6,076,409	3,325,876	20,017	1,209,602

The weighted average effective interest rates for the Group were 7.75% to 8.25% (2007: 7.92%) respectively.

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

**33. SHORT TERM BORROWINGS**

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
<b>Secured:</b>				
Bill payables	2,476,790	2,738,462	-	-
Revolving credits	4,100,000	3,900,000	-	-
	6,576,790	6,638,462	-	-
<b>Unsecured:</b>				
Bill payables	2,781,000	2,289,950	-	-
Revolving credits	6,550,000	7,650,000	2,500,000	2,900,000
	9,331,000	9,939,950	2,500,000	2,900,000
<b>Total borrowings:</b>				
Bill payables	5,257,790	5,028,412	-	-
Revolving credits	10,650,000	11,550,000	2,500,000	2,900,000
	15,907,790	16,578,412	2,500,000	2,900,000

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

	Group		Company	
	2008	2007	2008	2007
	RM	RM	RM	RM
Bill payables	1% to 4.02%	1.70% to 4.87%	-	-
Revolving credits	3.2% to 8.5%	4.98% to 5.54%	6.57%	4.98%

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 34. TRADE PAYABLES

	Group	
	2008 RM	2007 RM
Trade payables	7,762,371	7,374,296
Progress billings in respect of property development costs	7,123,160	3,968,278
	14,885,531	11,342,574

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

### 35. OTHER PAYABLES, DEPOSITS AND ACCRUALS

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Other payables	2,461,154	3,478,278	48,789	89,443
Deposit	3,653,739	1,387,823	-	-
Accruals	2,598,645	3,520,768	347,571	336,571
	8,713,538	8,386,869	396,360	426,014

### 36. CONTINGENT LIABILITIES

	Company	
	2008 RM	2007 RM
Corporate guarantees granted to banks in respect of the subsidiary companies' outstanding banking facilities as at 31 December 2008	25,617,860	15,600,669

The gross amount of corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities totalled RM55,159,000 (2007: RM44,609,554).

### 37. 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 2008

## 37. SEGMENT INFORMATION (cont'd)

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

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
<b>31 December 2008</b>						
<b>Revenue</b>						
Sales to external customers	38,033,634	46,822,797	7,710,676	221,797	-	92,788,904
Inter-segment sales	-	18,224,451	-	258,000	(18,482,451)	-
Total revenue	38,033,634	65,047,248	7,710,676	479,797	(18,482,451)	92,788,904
<b>Results</b>						
Segment results						7,892,418
Finance cost, net						(4,400,815)
Share of results of associated companies						(21,684)
Profit before tax						3,469,919
Income tax expense						471,406
Net profit for the year						3,941,325
<b>Assets</b>						
Segment assets	73,900,182	41,703,686	51,806,795	106,957,963	(108,834,479)	165,534,137
Investment in associated companies	-	-	-	126,003	(112,822)	13,181
Total assets						165,547,328
<b>Liabilities</b>						
Segment liabilities	42,958,614	34,122,244	42,413,739	51,790,649	(68,113,055)	103,172,191
<b>Other segment information</b>						
Amortisation	211,203	86,696	-	-	-	297,899
Depreciation	2,389,934	1,331,664	16,443	712	-	3,738,753

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 37. SEGMENT INFORMATION (cont'd)

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

	Industrial Gas RM	RMC/RCP/ Quarry RM	Property Development & Construction RM	Others RM	Eliminations RM	Total RM
<b>31 December 2007</b>						
<b>Revenue</b>						
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
<b>Results</b>						
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
<b>Assets</b>						
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
<b>Liabilities</b>						
Segment liabilities	29,973,281	34,317,926	39,438,678	56,927,078	(69,946,637)	90,710,326
<b>Other segment information</b>						
Amortisation	82,865	59,776	-	-	-	142,641
Depreciation	1,681,617	1,740,991	14,821	712	-	3,438,141

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**37. SEGMENT INFORMATION (cont'd)****(b) Geographical Segments**

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

**38. 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**

	<b>Company</b>	
	<b>2008</b>	<b>2007</b>
	<b>RM</b>	<b>RM</b>
<b>Income</b>		
Administrative fee 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.	1,353,445	1,235,399
- B.I.G. Communication Sdn. Bhd.	298,617	296,278
- B.I.G. Constructions Sdn. Bhd.	120,730	109,790
- B.I.G. Ferry Services Sdn. Bhd.	107	98
- B.I.G. Industrial Gas Sdn. Bhd.	783,930	731,696
- B.I.G. Marketing Sdn. Bhd.	2,914	2,232
- B.I.G. Offshore Services Sdn. Bhd.	288	262
- Besitek Konsortium Sdn. Bhd.	6,600	6,018
- Beta Billion Sdn. Bhd.	160	146
- Hypervictory Sdn. Bhd.	444,003	403,958
- Kinalaju Sdn. Bhd.	26,753	28,603
- Lumanai Sdn. Bhd.	152,654	124,072
- Matang Million Sdn. Bhd.	158	144
- Puncak Luyang Management Services	158	144
- Puncak Luyang Sdn. Bhd.	257,936	275,777
- Sistem SDS Sdn. Bhd.	116,934	141,421
- Tani Kukuh Sdn. Bhd.	3,003	2,766
- Uni-Mix Concrete Products Sdn. Bhd.	158,707	244,331
<b>Expenditure</b>		
Interest paid to Uni-Mix Sdn. Bhd.		
- B.I.G. Industrial Gas Sdn. Bhd.	94,077	56,735

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 38. RELATED PARTY DISCLOSURES

#### (b) Compensation of Key Management Personnel

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

	Group		Company	
	2008 RM	2007 RM	2008 RM	2007 RM
Short term employee benefits	379,954	428,408	69,000	86,000
Post-employment benefits: Defined contribution plan	37,308	40,882	-	-
	417,262	469,290	69,000	86,000
Included in the total key management personnel are:				
Directors' remuneration (Note 9)	149,719	334,678	69,000	86,000

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

	Group	
	2008	2007
At 1 January/31 December	120,000	120,000

### 39. FINANCIAL INSTRUMENTS

#### (a) Financial Risk Management Objectives and Policies

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

#### (b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2008. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits.

The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**39. FINANCIAL INSTRUMENTS (cont'd)****(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
<b>Functional currency</b>		
At 31 December 2008:		
Trade receivables <i>Ringgit Malaysia</i>	552,047	552,047
Cash and bank balances <i>Ringgit Malaysia</i>	177,422	177,422
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

**(d) Liquidity Risk**

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

**(e) Credit Risk**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (cont'd)

31 DECEMBER 2008

### 39. FINANCIAL INSTRUMENTS (cont'd)

#### (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
<b>Financial assets</b>					
At 31 December 2008:					
Investment in golf club membership	18	75,000	*	-	-
Investment in unquoted shares	18	450,537	*	-	-
Investment in bond	18	4,500,000	*	4,500,000	*
At 31 December 2007:					
Investment in golf club membership	18	75,000	*	-	-
Investment in unquoted shares	18	450,537	*	-	-
Investment in bond	18	4,500,000	*	4,500,000	*
<b>Financial liabilities</b>					
At 31 December 2008:					
Term loans	30	45,491,149	**	45,000,000	**
At 31 December 2007:					
Term loans	30	45,581,935	**	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 30.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)**

31 DECEMBER 2008

**39. 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 2008:			
Contingent liabilities	36	25,617,860	***
At 31 December 2007:			
Contingent liabilities	36	15,600,669	***

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

**40. COMPARATIVE FIGURES**

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

## ANALYSIS OF SHAREHOLDINGS AS AT 30 APRIL 2009

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

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Share Held	%
1 to 99	61	1.76	1,752	0.00
100 to 1,000	685	19.81	578,005	1.20
1,001 to 10,000	2,200	63.62	9,655,344	20.08
10,001 to 100,000	472	13.65	12,712,267	26.43
100,001 to 2,404,609 (*)	37	1.07	14,308,700	29.75
2,404,610 and above (**)	3	0.09	10,836,132	22.53
<b>Total</b>	<b>3,458</b>	<b>100.00</b>	<b>48,092,200</b>	<b>100.00</b>

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

### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2009

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>Exempt AN for the Bank of New York Mellon (BNYM AS E&amp;A)</i>	2,547,100	5.30
4.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoon Nin</i>	1,726,300	3.59
5.	Lee Sheng Fung	1,700,000	3.53
6.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,551,300	3.23
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.	TA Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	658,200	1.37

## ANALYSIS OF SHAREHOLDINGS (cont'd)

### AS AT 30 APRIL 2009

#### THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2009 (cont'd)

No.	Name of Shareholders	No. of Shares	%
11.	Koulandamary A/K Sinnappan	559,200	1.16
12.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
13.	Hoon Nin	500,000	1.04
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.	Liang Kun Chi @ Liong Kun Chi	269,000	0.56
18.	Koay Eng Peow	236,900	0.49
19.	Ng Yu Thian	233,700	0.49
20.	RHB Capital Nominees (Tempatan) Sdn. Bhd. <i>Sin Huan Kwang (T-471154)</i>	170,100	0.35
21.	Lai Weng Chee @ Lai Kok Chye	170,000	0.35
22.	Malacca Equity Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Hoo Beng Lee</i>	151,300	0.31
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.	Choong Kim Sun @ Chong Kam Sun	140,000	0.29
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.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lau Hang Nguong</i>	112,900	0.23
	<b>Total</b>	<b>24,069,932</b>	<b>50.05</b>

## ANALYSIS OF SHAREHOLDINGS (cont'd) AS AT 30 APRIL 2009

### LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2009

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.	The Bank of New York Mellon	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 Nominees (Asing) Sdn. Bhd. (2,547,100 shares).
- (v) Direct holding (500,000 shares) and indirect holding through TA Nominees (Tempatan) Sdn. Bhd. (1,726,300 shares).

#### DIRECTORS' INTEREST

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	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	-	-	-	-
4.	Mr. Lau Keat Hoo	-	-	-	-
5.	En. Samsul Ariff Bin Idris	-	-	-	-

#### Notes:

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

## LIST OF PROPERTIES HELD BY THE GROUP

AS AT 31 DECEMBER 2008

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	25 years & 16 years	3,310	2044	366,681	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	23 years & 13 years	2,448	2052	589,371	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	14 years & 11 years	12,141	2053	1,943,351	1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	39,982	1997
5. Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate Lorong Then Kung Suk 5, Sibul	An Office Building and Refilling Plants	17 years	1,966	2038	548,527	1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	377,568	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	19 years & 9 years	7,719	2051	1,424,669	1991
8. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	412,747	1992
9. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	232,582	1991
10. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	20 years	553.3	2049	46,081	1990
11. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plant	10 years	808 1,045	2919	599,039	1997
12. Lot 1950, 1951 Block 5, Kuala Baram Land District, Miri	Vacant Land	N/A	1,705.9	2056	224,818	2002

## LIST OF PROPERTIES HELD BY THE GROUP (cont'd)

AS AT 31 DECEMBER 2008

Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
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 11 years	7,620	2027	550,883	1986
14. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran, Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	12 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	464,671	1997 1996 1996 1996
15. FR044012115** FR044012124** NT043131540** FR044012651** NT044012633** FR044012044*** FR044015161*** FR044012697**** Telipok, Kota Kinabalu	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,272,958	1996 1996 1996 1996 1998 1997 1999 2001
16. Bandar Sierra Telipok	Bandar Sierra Apartments PH3A1 PH3A2 PH3A3	2 year	N/A	N/A	161,382 161,382 161,382	2007 2007 2007
17. Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor	An Acetylene Plant, Refilling Plant & Office Building	61 years	6,070	2067	791,305	2007
18. Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawam Perak Darul Ridzuan	Refilling Plant & Office Building	90 years	4,092	2095	468,763	2007
19. PM3343, PT No. 9203 Telok Gong Mukim Kelang Negeri Selangor	Land	N/A	10,603	2067	4,000,000	2004
20. Bukit Cerakah Mukim Bukit Raja Negeri Selangor	Land held for development (under development)	N/A	54,635	2099	5,102,363	2004
21. CL 015331941 District & Locality of Kota Kinabalu, Sabah	Land held for development (under development)	N/A	18,212	2912	14,746,461	2002

**Notes:**

- \* Lands hold in trust by Ms. Vellena John Tellon and subleased to Uni-Mix Sdn. Bhd.  
 \*\* Lands hold in trust by Ms. Vellena John Tellon and subleased to Hypervictory Sdn. Bhd.  
 \*\*\* Lands hold in trust by Ms. Vellena John Tellon and subleased to Hypervictory Sdn. Bhd.  
 \*\*\*\* Lands hold in trust by Kalakau @ Kalakan Bin Untol @ Entol and subleased to Hypervictory Sdn. Bhd.  
 N/A Not Applicable

## 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 \_\_\_\_\_\_\_\_\_\_ of \_\_\_\_\_  
(FULL NAME IN BLOCK LETTERS)\_\_\_\_\_ or failing him/her \_\_\_\_\_  
(FULL ADDRESS)

\_\_\_\_\_ of \_\_\_\_\_

or failing him/her, the Chairman of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Nineteenth 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, 25 June 2009 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 2008 and Reports of Directors and Auditors thereon		
2	Approval of Directors' Fees		
3	Re-election of Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof as Director pursuant to Article 106		
4	Re-election of Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin as Director pursuant to Article 106		
5	Re-appointment of Messrs. Ernst & Young as Auditors and authorising Directors to fix their remuneration		
6	Authority given to Directors to issue shares pursuant to Section 132D of the Companies Act 1965		
7	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 \_\_\_\_\_ 2009.

\_\_\_\_\_  
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)*