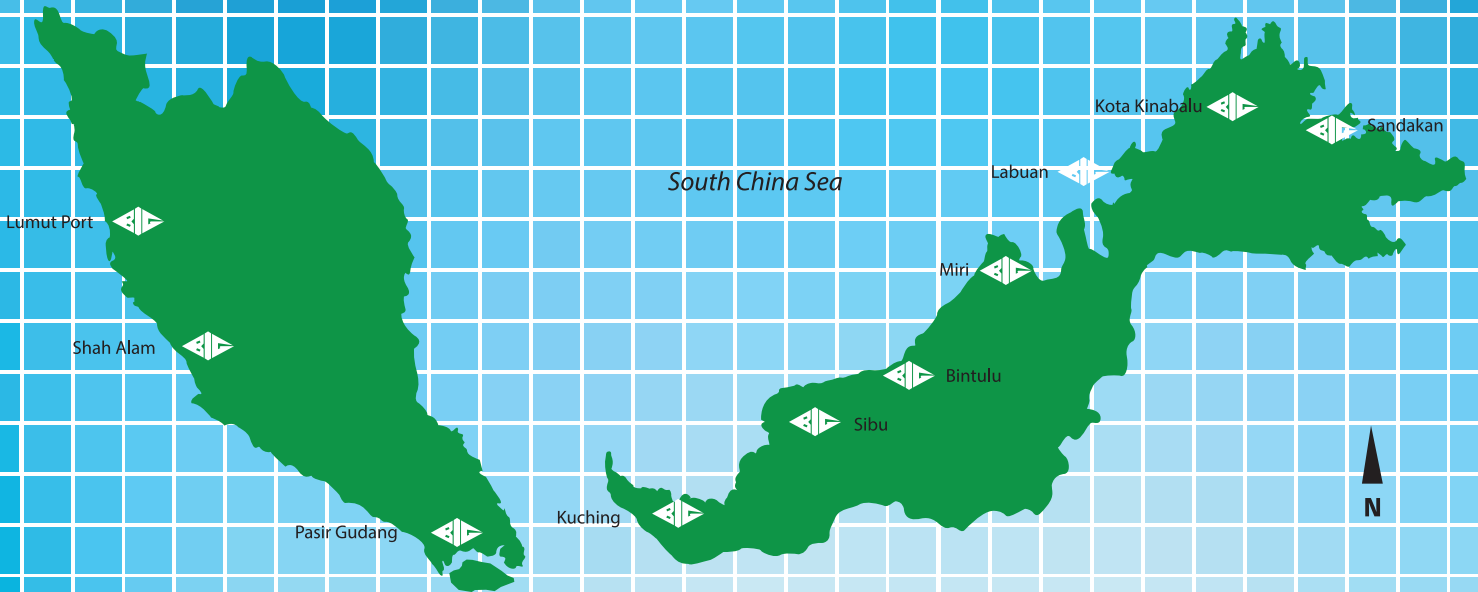




B.I.G. INDUSTRIES BERHAD (195285-D)

(Incorporated in Malaysia)



Annual Report 2012





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CORPORATE PROFILE

HISTORY AND BUSINESS

B.I.G. Industries Berhad (“BIG”) was incorporated in 1990 in Malaysia. It was listed on KLSE Second Board in 1995 and transferred to Main Market in 2009. Presently, it is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activities of BIG Group are manufacturing, distribution and marketing of industrial gases including provision of services, maintenance and trading in related products thereof; manufacturing and trading of ready-mixed concrete and reinforced concrete piles; project management and property development.

BIG is one of the largest suppliers of industrial gases in Sarawak with a smaller share in Sabah. It has become one of the largest manufacturers of Acetylene gas, Liquid Nitrogen (“LN2”), Gaseous Nitrogen (“N2”), Liquid Oxygen (“LO2”), Gaseous Oxygen (“O2”), and Carbon Dioxide (“CO2”) with branches located in East Malaysia (Kuching, Sibul, Bintulu, Miri, Labuan, Sandakan and Kota Kinabalu) and in West Malaysia (Lumut, Shah Alam and Pasir Gudang).

Since our humble beginning, we have served various primary industries in the following categories:

1. Oil and Gas
2. Primary Steel Industries
3. Fabricated Metals
4. Ship Building
5. Food and Beverages
6. Hospitals and Associated Medical Business
7. High Technology Manufacturing
8. Analytical Laboratories
9. Construction
10. Utilities

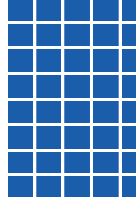
We have the state of the art Acetylene production and refilling plants, CO2 production and refilling plant, and Air Separation Unit with production capacity for LN2 and LO2. We also have storage and refilling facilities for LN2, LO2, CO2, Argon, mixed and high purity gases.

In addition, BIG Group is a pioneer and leading ready-mixed concrete supplier which owns a fleet of over 50 mixer trucks supported by several strategically located batching plants in Sabah. We manufacture and trade reinforced concrete piles products certified by ISO 9001 Standard and Sirim QAS Product Certification. A fleet of 22 units cement tankers and trailers enhances us as a highly synergistic supplier in the building material industry of Sabah.

Current, the following property development projects are in progress:

- i. Pristana Industrial Park - 10 units 3-storey semi D warehouse office and 1 unit 3-storey bungalow warehouse office in Inanam, Sabah;
- ii. 62 units of condominium (Block B) in Sabah; and
- iii. Pristana Garden - 18 units of double-storey terrace house and 15 units of terrace house in Demak Laut, Kuching, Sarawak.





NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at the Juara Hall, Carlton Holiday Hotel & Suites, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 27 June 2013 at 11.00 a.m. to transact the following matters:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|--|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2012 and the Directors' and Auditors' Reports thereon. | Note |
| 2. To approve the payment of Directors' fees amounting to RM124,500 for the financial year ended 31 December 2012. | Resolution 1 |
| 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. Datuk Lee Chuen Wan
ii. Tan Sri Dato' Dr Lau Ban Tin | Resolution 2
Resolution 3 |
| 4. To re-elect Mr Thiang Kai Goh who retires pursuant to Article 114 of the Company's Articles of Association and being eligible offers himself for election. | Resolution 4 |
| 5. To re-appoint Tan Sri Dato' Dr Lau Ban Tin as Independent Non-Executive Director of the Company. | Resolution 5 |
| 6. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. | Resolution 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution as ordinary resolution:

- | | |
|--|---------------------|
| 7. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 | Resolution 7 |
|--|---------------------|

"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 shares in the Company at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued 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 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 TWENTY-THIRD ANNUAL GENERAL MEETING (cont'd)

8. To transact any other ordinary business for which due notice shall have been given.

BY ORDER OF THE BOARD

WONG YOKE LIN
Company Secretary

Shah Alam
4 June 2013

Notes

1. Proxy

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.

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 is an individual member of the Company.

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 appointment shall be invalid unless the proportion of his shareholding to be represented by each proxy is specified.

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.

In respect of the Record of Depositors ("ROD"), only member whose name appears in the Twenty-Third Annual General Meeting ROD as at 21 June 2013 shall be entitled to attend, speak and vote at the Twenty-Third Annual General Meeting.

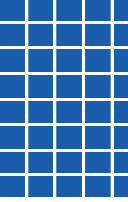
2. Agenda item I

This agenda item I is meant for discussion as under the provisions of Section 169(1) of the Act as the audited financial statements are required to be laid before the Company at its Annual General Meeting. The matter will not put forward for voting.

3. Resolution 5

The Nomination Committee has assessed the independence of Tan Sri Dato' Dr Lau Ban Tin ("Tan Sri Lau") who is an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years. The Board has recommended to seek the approval of shareholders to re-appoint Tan Sri Lau as Independent Non-Executive Director in view of he:

- i) has expertise and wide experience in the industries of the group.
- ii) participates in the board deliberation actively and objectively.
- iii) performs his duties without influence of management with independent judgement.
- iv) discharges his fiduciary duties in the interest of the Company and minority shareholders.



NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (cont'd)

4. Resolution 7

The Resolution 7, if passed, will give the Directors authority to allot and issue shares 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.

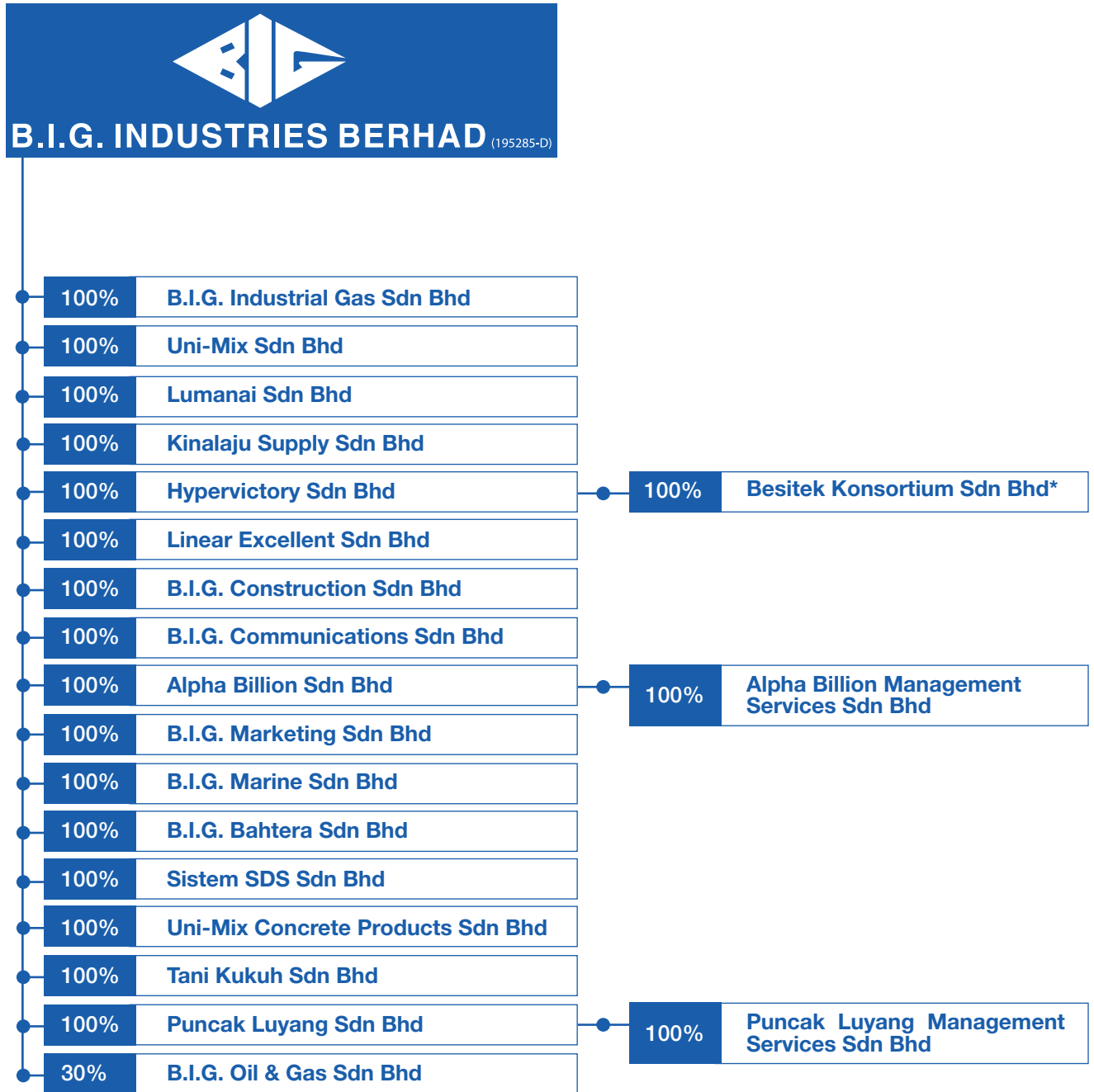
No new shares in the Company were issued pursuant to the authority granted to the Directors at the Twenty-Second Annual General Meeting held on 28 June 2012 and which will lapse at the conclusion of the Twenty-Third Annual General Meeting.

The general mandate is a renewal which will provide flexibility to the Company for any possible fund raising exercises, including but not limited to placing of shares, for the purpose of funding future investment, working capital and/or acquisitions.

STATEMENT ACCOMPANYING NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

Details for the Directors who are standing for the re-election namely, Datuk Lee Chuen Wan, Tan Sri Dato' Dr Lau Bau Tin and Mr Thiang Kai Goh at this Annual General Meeting are set out on pages 8 to 9 of this Annual Report. The details of the Directors' interest in the securities of the Company are disclosed on page 102 of this Annual Report.

GROUP CORPORATE STRUCTURE



* It is applying for striking off its name from the Registry pursuant to Section 308(1) of the Company Act, 1965.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Datuk Sawaludin Bin Md Din
(Independent Non-Executive Chairman)

Lau Keat Hoo
(Executive Director)

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

Datuk Lee Chuen Wan
(Senior Independent Non-Executive Director)

Thiang Kai Goh
(Non-Independent Non-Executive Director)

AUDIT COMMITTEE

Chairman
Datuk Sawaludin Bin Md Din

Members
Tan Sri Dato' Dr. Lau Ban Tin
Datuk Lee Chuen Wan

NOMINATION COMMITTEE

Chairman
Datuk Lee Chuen Wan

Members
Tan Sri Dato' Dr. Lau Ban Tin
Datuk Sawaludin Bin Md Din

REMUNERATION COMMITTEE

Chairman
Lau Keat Hoo

Members
Tan Sri Dato' Dr. Lau Ban Tin
Datuk Sawaludin Bin Md Din

COMPANY SECRETARY

Wong Yoke Lin

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
www.bigind.com.my

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

Tricor Investor 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 (M) Berhad
Malayan Banking Berhad

PRINCIPAL SOLICITORS

P. K. Lim & Co.

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : BIG
Stock Code : 7005

PROFILE OF THE BOARD OF DIRECTORS

DATUK SAWALUDIN BIN MD DIN

Independent Non-Executive Chairman

DATUK SAWALUDIN BIN MD DIN, aged 63, a Malaysian, was appointed to the Board of the Company on 25 August 2009 and was re-designated as the Chairman on 25 May 2011. Datuk Sawaludin Bin Md Din is also the Chairman of the Audit Committee and a member of both the Nomination Committee and Remuneration Committee of the Company.

Datuk Sawaludin holds a Master of Business Administration in General Management from Pacific Western University, United States of America and a Bachelor of Science (Economics) from University of Monash, Melbourne, Australia.

He joined an international corporation in 1974 and spent the next 17 years overseas. On his return to Malaysia, he held the position of General Manager, Senior General Manager and Executive Director in several companies such as Mezzanine Capital Sdn Bhd, Wembley Industries Holding Berhad and IMPSA (Malaysia) Sdn Bhd.

Datuk Sawaludin was also elected as Vice President of Perdasama (Malay Businessmen and Industrialists Association of Malaysia) and Chairman of Economics and Agriculture Industries Bureau.

Datuk Sawaludin has attended all the six (6) Board Meetings held during the financial year ended 31 December 2012.

LAU KEAT HOO

Executive Director

LAU KEAT HOO, aged 51, 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 as Executive Director on 25 April 2008. He is also the Chairman of the Remuneration Committee of the Company.

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 five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2012.

TAN SRI DATO' DR. LAU BAN TIN

Independent Non-Executive Director

TAN SRI DATO' DR. LAU BAN TIN, aged 57, a Malaysian, was appointed to the Board of the Company on 18 November 1998. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

Tan Sri 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.

Tan Sri was a pioneer in setting up Tawakal Hospital in Kuala Lumpur and was also the financial consultant for the Bandar Tun Razak Project under Dewan Bandaraya Kuala Lumpur. Currently, he is an active patron of Persatuan Penjagaan Kanak-Kanak Cacat Klang and 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.

Tan Sri Dato' Dr. Lau has attended all the six (6) Board Meetings held during the financial year ended 31 December 2012.

PROFILE OF THE BOARD OF DIRECTORS (cont'd)

DATUK LEE CHUEN WAN

Senior Independent Non-Executive Director

DATUK LEE CHUEN WAN, aged 62, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 10 December 2010. He is also the Chairman of Nomination Committee and a member of the Audit Committee of the Company.

Datuk Lee holds an Honours Degree in Law from University of Buckingham, United Kingdom. He was called to Bar as a Barrister of Honourable Society of the Middle Temple.

Datuk Lee is an experienced practicing lawyer of the High Court in Sabah for 20 years in civil litigation in the areas of banking, commercial, industrial and property laws. He is currently a legal consultant in Messrs Teo Masidi & Partners in Kota Kinabalu. He retired as a partner of a legal firm, Messrs Shelley Yap in Kota Kinabalu at the end of 2009. Formerly, he was the Area Manager of DMIB Bhd. He is a member of Sabah Law Association and has vast experience in law, marketing and management.

Datuk Lee has attended five (5) out of the six (6) Board Meetings held during the financial year ended 31 December 2012.

THIANG KAI GOH

Non-Independent Non-Executive Director

THIANG KAI GOH, a Malaysian, aged 64, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 16 November 2012.

Mr Thiang is a Chartered Accountant. He is a fellow member of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and the Chartered Tax Institute of Malaysia.

In 1975, he started his public practice specializing in audit assurance, taxation insolvency and corporate restructuring. Presently, he is the Managing Partner of Thiang & Co, Chartered Accountants.

He has attended one (1) out of one (1) Board Meeting held during the financial year ended 31 December 2012 since his appointment to the Board.

Save as disclose, none of the Directors has:

- i. any family relationship with any Director and/or major shareholders of the Company;
- ii. any conflict of interest with the Company; and
- iii. any conviction for any offences within the past ten (10) years.



STATEMENT ON CORPORATE GOVERNANCE

The Statement on Corporate Governance by the Board of Directors has been set out in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements of Bursa Securities”).

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

The Board is pleased to report on the application of the principles of Corporate Governance contained in the Malaysia Code of Corporate Governance (“the Code”) and the extent of compliance with the best practices of the Code by the Company. These principles and best practices have been applied by the Group throughout the financial year ended 31 December 2012.

BOARD OF DIRECTORS

The Board

The Group is headed by an effective Board which leads and controls the Group in the discharge of its stewardship responsibilities.

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:-

- Reviewing the Group’s strategic action plans particularly promoting sustainability and policies;
- The conduct of the Group’s business to ensure that it is being properly managed;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
- Appointing, training, fixing the compensation of, and where appropriate, replacing senior management;
- Developing and implementing an investor relations programme and shareholder communications policy for the Company;
- Reviewing the adequacy and the integrity of the Group’s system of internal control, risk management and management information systems, including system for compliance with applicable laws, regulation, rules, directives and guidelines; and
- Responsible for the preparation of the Company’s financial statements.

Board Compositions and Balance

The Board comprises five (5) members of whom three (3) are Independent Non-Executive Directors, one (1) is Non-Independent Non-Executive Director 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 9 demonstrate the diverse range of knowledge, experience and ability to make independent judgement. The Chairman undertakes the running of the Board and general managers are responsible for running the Group’s business and resources.

The Nomination Committee and Board do not believe that a term of more than 9 years can impair independence in view of the high calibre and integrity in discharging the duties and responsibilities independently and effectively by Tan Sri Dato’ Dr Lau Ban Tin. In relation thereof, the Board is seeking shareholders’ approval at the forthcoming annual general meeting.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

Board Compositions and Balance (cont'd)

The Board fulfills the requirement to have at least one third of the Board comprising of Independent Directors. The Board is satisfied that the current composition of Directors provides an appropriate balance and size to promote all shareholders' interests and to govern the Group effectively. This balance ensures that all matters brought before the Board are fully and objectively discussed, taking into account the interest of shareholders as a whole including in particular, those of minority shareholders.

The Board is led by Datuk Sawaludin Bin Md Din who is the Chairman and the executive management of the Group is led by Mr. Lau Keat Hoo as Executive Director. The role and responsibilities of the Chairman and the Executive Director are clearly defined and separated so as to ensure a balance of power and authority. The Chairman is responsible for running the Board and ensures that all Directors receive sufficient relevant information on financial and non-financial matters to enable them to participate actively in the Board's decisions. The Directors are professionals and entrepreneurs with diverse mix of skills and expertise ranging from management, accounting, business administration, engineering, audit assurance, insolvency, corporate restructuring, taxation, property development and law. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the overall strategic direction of the Company.

All members of the Board comply with the limitation of directorship requirements under the Listing Requirements of Bursa Securities.

Board Meetings and Supply of Information

The Board meetings are held at least quarterly and more frequently as and when the business or operational needs arise. Board meetings are also held whenever necessary to discuss various corporate matters including corporate exercises, new major investments and significant changes in regulatory requirement that affect the Group. The quarterly Board meetings are held to discuss and review the quarterly results of the Group for announcement to Bursa Securities and annual meetings are held to discuss and approve the Group's annual budget and business plans.

There were six (6) Board meetings held during the financial year. The Board recorded its deliberations in terms of issues discussed and the conclusions in discharging its duties and responsibilities.

The details of attendance of each Director during the financial year are as follows:-

Directors	Number of Board meetings attended
Datuk Sawaludin Bin Md Din	6 / 6
Lau Keat Hoo	5 / 6
Yong Siew Kat (Resigned on 25 April 2012)	0 / 1
Tan Sri Dato' Dr. Lau Ban Tin	6 / 6
Datuk Lee Chuen Wan	5 / 6
Thiang Kai Goh (Appointed on 16 November 2012)	1 / 1

Prior to the Board meeting, all Directors receive an agenda and a board report containing information relevant to the business of the meeting, including information on financial, operational and corporate matters as well as activities and performance of the Company. The board reports are circulated in a timely manner to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

BOARD OF DIRECTORS (cont'd)

Board Meetings and Supply of Information (cont'd)

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 Secretaries and may seek independent advice should the need arises. 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 three (3) Board Committees established to assist the Board in the discharge of its duties namely Audit Committee, Nomination Committee and Remuneration Committee.

• Audit Committee - Appointments to the Board

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

The Committee reports to the Board on the effectiveness of the Group's internal control system and risk management. Each year the Chairman of the Committee conducts a review of the Committee's effectiveness based on a process established by the Board. The summary of the activities and terms of reference of the Audit Committee are set out on pages 21 to 25.

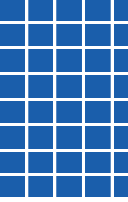
• Nomination Committee - Appointments to the Board

The Nomination Committee comprises exclusively of Non-Executive Directors and is chaired by Datuk Lee Chuen Wan and its members are Tan Sri Dato' Dr. Lau Ban Tin and Datuk Sawaludin Bin Md Din. Members of the Nomination Committee abstain from participating in matters concerning their appointments. The Committee has available to it the services of external advisers, at the Group's expense, as and when it deems necessary. The Nomination Committee is involved in the following:-

- To annually review the required mix of skills and experience and other qualities including core competencies which Non-Executive Directors should bring to the Board for it to function efficiently and effectively;
- To carry out and document annually the process to assess the effectiveness of the Board as a whole and the contribution of each and individual Director;
- To recommend to the Board candidates for all directorships whilst considering the skills, knowledge, expertise, experience, professionalism and integrity of the candidates. For the consideration of position of Independent Non-Executive Directors and Non-Independent Non-Executive Director, the Board also evaluates their ability to discharge responsibilities or functions as expected from Independent Non-Executive Directors and Non-Independent Non-Executive Director;
- To consider in making its recommendations, candidates for directorships proposed by the Chairman and within the boundaries of practicality, by any senior executive or any Director or shareholder;
- To recommend to the Board, Directors to sit on Board Committees; and
- To provide an orientation and education program for the new recruits to the Board.

The Committee sat three (3) times during the financial year ended 31 December 2012. All members attended all the meetings.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)



BOARD COMMITTEES (cont'd)

- **Remuneration Committee - Directors' Remuneration**

- (a) *Level and Make-up of Remuneration*

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

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 Mr Lau Keat Hoo and its current members are Tan Sri Dato' Dr. Lau Ban Tin and Datuk Sawaludin Bin Md Din.

The Committee met three (3) times during the financial year under review. All members attended all the meetings.

- (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 Director in all its forms, drawing from outside advice whenever necessary prior to making the relevant recommendation to the Board such that the level of remuneration is sufficient to attract and retain the Director needed to run the Company successfully. In the case of Independent Non-Executive Directors and Non-Independent Non-Executive Director, the level of remuneration reflects the experience and level of responsibilities undertaken by the respective Non-Executive Directors 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 Director, where appropriate, which are dependent on the individual performance and financial performance of the Group based on an established formula.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

BOARD COMMITTEES (cont'd)

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

(c) *Disclosure of Remuneration*

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive Director				
Fees	12,000	12,000	12,000	12,000
Salary and other emoluments	134,117	-	-	-
	146,117	12,000	12,000	12,000
Non-Executive Directors				
Fees	112,500	101,000	112,500	101,000
Other emoluments	-	-	-	-
	258,617	113,000	124,500	113,000

The remuneration paid to Executive Director and Non-Executive Directors of the Company by category and in the bands of RM50,000 is as set out below:

Range (RM)	No. of Executive Director	No. of Non-Executive Director
0 - 50,000	-	4
50,001 - 100,000	-	-
100,001 - 150,000	1	-
Total	1	4

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' TRAINING

All Directors have completed the Mandatory Accreditation Programme (“MAP”) as required under the Listing Requirements of Bursa Securities. The Directors are mindful that training is essential to all Directors and they should continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure.

During the year the Company Secretaries, External Auditors and Consultants engaged by the Company provided updates to the Board on relevant governance matters and on new legislation and regulations concerning the Group and the Directors' duties and obligations. The Audit Committee regularly considers new accounting developments from the management and the External Auditors. Non-Executive Directors increase their understanding of the business and sector through regular presentations given by the management on issues, innovations and market intelligence related to the industry and business.

Respective Directors have also attended the following training programmes and seminars to further broaden their skills, knowledge and perspectives to keep them abreast with new and relevant developments. During the year, the Directors attended / participated the following seminars / programmes on:-

1. Corporate Governance Blueprint and Malaysian Code of Corporate Governance 2012
2. Sustainability Training for Directors & Practitioners
3. Principles of Modern Green Tropical Buildings - Turning Ideas into Reality
4. Tax Planning for Directors, Sole Proprietor and Partnership (inclusive of succession planning)
5. Shipping Practices and Custom Documentation

Also, during the year Tan Sri Dato' Dr Lau Ban Tin has given speech on the following topics at seminar / workshops:

1. Bengkel Memperkasakan Pusat Khidmat Majlis Jaksa Pendamai Negeri Melaka 2012
2. Profession Prospect for Young & Dynamic AIA Students and Members
3. Bengkel Graduate Employability Blueprint KPI

Mr Thiang Kai Goh who was appointed as Director of the Company on 16 November 2012 had attended the Mandatory Accreditation Programme for Directors of public listed companies organised by Bursatra Sdn Bhd on 9 and 10 January 2013.

ELECTION/RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association (“Articles”), a Director who is appointed during the year is subject to retire and seek re-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 in every three (3) years.

RELATIONSHIPS WITH SHAREHOLDERS 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 Report, Circulars to shareholders and press releases. Enquiries by shareholders are promptly dealt as practicable as possible.

In addition, Datuk Lee Chuen Wan acts as the Senior Independent Non-Executive Director and thus, any matters concerning the Group may be conveyed to him.



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ANNUAL GENERAL MEETING

The AGM is the principal forum for dialogue with shareholders. Notice of the AGM and Annual Reports in the CD-ROM forms 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 and the Listing Requirements of Bursa Securities. 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 Risk Management and Internal Control as set out on pages 19 to 20 of this Annual Report.

EXTERNAL AUDIT

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

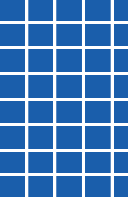
The External Auditors have an obligation to highlight any significant defects in the Group's system of control and non-compliance to the attention of the management; and if necessary, to the Audit Committee and the Board accordingly. This includes the communication of fraud.

RELATIONSHIP WITH EXTERNAL AUDITORS

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

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

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



STATEMENT ON CORPORATE GOVERNANCE (cont'd)

DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

Pursuant to the Companies Act, 1965, Directors are required to prepare the audited financial statements to give a true and fair view of the financial position, financial performance 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 2012, 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 and Financial Reporting Standards.

CORPORATE SOCIAL RESPONSIBILITY

Environmental Friendly

The Group strongly respects and values the environment and committed to greener future. Over the years, the Group strives to reduce the environmental impact from daily routine such as:-

- i) minimize the usage of paper via increased used of emails;
- ii) minimize electrical and fuel consumption and takes measure to ensure that it is not wasted; and
- iii) the Group purchases paper contain recycled content and recycles office paper.

The Group consistently communicates with the employees and creates awareness of environmental policy to ensure that all levels of employees working towards the same objectives.

Employees

The Group recognizes that employees are the most valuable assets and acknowledged their invaluable contributions to the Group. The Group understands that long-term sustainability depends on the ability to attract and retain talented, dedicated employees. The Group aims to be an employer of choice by offering competitive compensation and benefits and also rewarding opportunity for professional growth and development. The Group strongly believes that stimulating and challenging working environment can encourage the employees to perform their best.

Health and Safety

The Group takes responsibility to provide highest standard of safety and healthy working environment for its employees. It is the Group's policy that employees' safety and health in the workplace are of the priority that should not be compromised. Therefore, the Group consistently takes all reasonably practicable measures to prevent personal injury, accidents, damages to property and to protect all its employees from work hazards.

Healthy Life Style and Work-Life Balance

To promote healthy life style and work-life balance, the Group consistently organizes and sponsors various sports activities for the staff. Despite hectic schedule, the Group strongly encourages all staff to participate in the sport activities in order to achieve a balance and healthy life style.

Community

The Group believes that contributing to the local community is not just something out of choice but is actually vital part of the business. The Group plays an active role in contributing to these communities through direct financial support, gifts in kind and employees' voluntarism.

This statement is issued in accordance with a resolution of the Directors dated 23 April 2013.



OTHER INFORMATION

Utilisation of Proceeds

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

Share Buy-backs

There were no shares buy-back 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.

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 RM6,000 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 results and unaudited results previously announced for the financial year ended 31 December 2012.

Profit Guarantees

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

Material Contracts

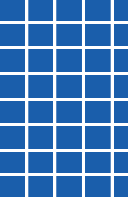
During the financial year there were no material contracts (not being contracts entered into in the ordinary course of business) entered by the Company or its subsidiaries involving the interests of the Directors and major shareholders.

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.

Internal Audit Function

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



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board presents the Group's Statement on Risk Management and Internal Control, pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The Board of Directors acknowledges its responsibility for the Group's system of internal control as well as risk management that aim 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 and risk management, which is designed to manage rather than eliminate the risks 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, loss or fraud.

During the financial year, the Board has undertaken steps in reviewing the Group's system of internal control and risk management against the requirements outlined in the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers ("Guidelines").

The Board confirms that there is an on-going process for identifying, evaluating, managing and reporting the significant risks faced by the Group as follows:-

- The Group's Internal Audit Department has been in existence and is independent of the activities it audits. Its role is to perform regular reviews and examinations of existing selected activities, in compliance with the Group's policies, procedures and guidelines and to ensure that the system of internal controls with risk management 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, risk management 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 meetings are held on a quarterly basis with the Operating Management to critically review the business performances and the results against the budget and to take appropriate actions and to chart new direction/strategy if necessary.
- Adequate financial and operational information systems are in place to capture and present timely and pertinent internal business information. Clear reporting structure ensures financial and operational reports are prepared and presented to the Management and Board for review on a timely basis.
- Policies, procedures and guidelines on issues concerning responsibilities and authority for crucial business and operational matters are clearly defined.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

RISK MANAGEMENT FRAMEWORK

The Board recognizes the importance of risk management practices to good corporate governance. With the assistance of the Internal Audit Department, the Board undertook a review of its existing risk management processes and key components of its internal control that were in place within the various operating business units.

The Board believes that the function of a sound system of internal control and risk management policies is built on a clear understanding and appreciation of the Group's risk management framework. The Group maintains a database of key risks specific to the Group together with their corresponding controls, which are categorized as follows:

- Strategic, that affect the overall direction of the business;
- Operational, that impact the delivery of the Group's products and services;
- Financial, which associates with financial processes and reporting; and
- Knowledge, which relates to intellectual property and information resources.

The internal Auditor will prepare a risk profile. Risks identified were assessed according to the possibility of occurrence and the impact to the Group. The management will review the risk rating and profile annually and whenever necessary. The management comprising the Executive Director, Group Finance Manager, operational managers and internal auditors will identify, evaluate, mitigate and manage any material risks faced by the Group to achieve the Group's strategic objectives. During the financial year under review, the Board has received assurance from the Executive Director and Group Finance Manager through the management meetings that the Group's risk management framework and policies, and internal control system are operating adequately and effectively in all material aspects, based on the said framework, policies and system of the Group.

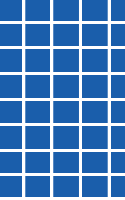
INTERNAL AUDIT DEPARTMENT

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 Group. The Department is also responsible for the conduct of regular and systematic reviews of environmental and safety issues in the Group. The attainment of such objectives involves the following activities being carried out by the Department:-

- Preparing risk profile and reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Group at reasonable cost;
- Ascertaining the extent to which the Group's assets are accounted for and safeguarded from losses of all kinds;
- Appraising the reliability and usefulness of information developed within the Group 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 Group; and
- Identifying opportunities to improve the operations of business processes in the Group.

The internal audit activities were done in-house. The total expenses incurred in managing the internal audit activities during the financial year 2012 was RM34,902.00.

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 risk and control environment.



AUDIT COMMITTEE REPORT

COMPOSITION

MEMBERS OF THE AUDIT COMMITTEE

Chairman

Datuk Sawaludin Bin Md Din (Independent Non-Executive Chairman)

Members

Datuk Lee Chuen Wan (Senior Independent Non-Executive Director)

Tan Sri Dato' Dr. Lau Ban Tin (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 fulfills the following requirements:-

- a. the Audit Committee shall consist 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. fulfills such other requirements as prescribed or approved by 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.

The terms of office and performance of the Committee and each of its members shall be reviewed by the Board at least once every three (3) years. However, the appointment terminates when a member ceases to be a 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.

3. AUTHORITY

The Committee is authorised by the Board to investigate 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; and
- 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, internal control and risk management processes, risk profiles, 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, profile 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 Auditors are not suitable for re-appointment
 - any recommendation on the nomination of a person or persons as External Auditors
- vii. To assess the adequacy and effectiveness of the system of internal control and accounting control procedures of the Company and the Group by reviewing the External Auditors' management letters and management response.
- viii. To undertake such other responsibilities as may be agreed to by the Committee and the Board.
- ix. To report to the Board its activities, significant results and findings.

5. MEETINGS AND REPORTING PROCEDURES

Number of Meetings

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



AUDIT COMMITTEE REPORT (cont'd)

5. MEETINGS AND REPORTING PROCEDURES (cont'd)

Attendance of Meetings

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

Quorum

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

6. SECRETARIES TO AUDIT COMMITTEE AND MINUTES

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

7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2012 to review the Company's 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 2012 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 2012 before they were tabled to the Board for adoption and approval;
- v. reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2012 before tabling at the Board Meeting for approval before released to Bursa Malaysia Securities Berhad 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 of the Circular to Shareholders, the Statements on the Audit Committee Reports and Risk Management and Internal Controls for inclusion in this Annual Report; and
- viii. monitor other legal regulatory requirements and good governance.

AUDIT COMMITTEE REPORT (cont'd)

8. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2012. The attendance record of each member is as follows:

Audit Committee Members	Number of meetings attended
Datuk Sawaludin Bin Md Din (Chairman)	5 / 5
Datuk Lee Chuen Wan (Appointed w.e.f. 25 April 2012)	3 / 3
Tan Sri Dato' Dr. Lau Ban Tin	5 / 5
Yong Siew Kat (Resigned w.e.f. 25 April 2012)	0 / 1

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2012 to the date of Directors' Report. The attendance record of each member is as follows:-

Audit Committee Members	Number of meetings attended
Datuk Sawaludin Bin Md Din (Chairman)	2 / 2
Datuk Lee Chuen Wan	2 / 2
Tan Sri Dato' Dr. Lau Ban Tin	2 / 2

9. INTERNAL AUDIT FUNCTION

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

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

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

FINANCIAL HIGHLIGHT

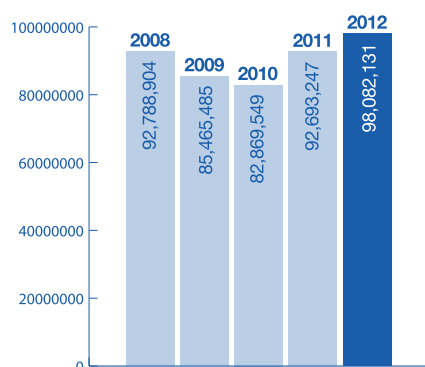
FIVE YEAR GROUP FINANCIAL SUMMARY

OPERATING RESULT	FY 31 Dec '08 RM	FY 31 Dec'09 RM	FY 31 Dec'10 RM	FY 31 Dec'11 RM	FY 31 Dec'12 RM
Revenue	92,788,904	85,465,485	82,869,549	92,693,247	98,082,131
Operating profit (loss)	7,892,418	4,982,860	3,220,256	993,771	5,214,392
Profit/(Loss) before taxation	3,469,919	(5,420,286)	(1,531,452)	(3,234,488)	1,644,697
Profit/(Loss) attributable to equity holders of the Company	3,941,325	(7,124,646)	(2,422,845)	(6,543,528)	(2,544,953)

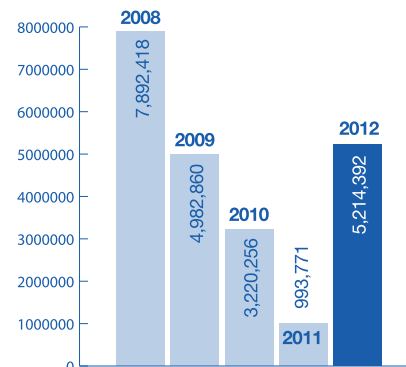
KEY STATEMENTS OF FINANCIAL POSITION DATA	FY 31 Dec '08 RM	FY 31 Dec'09 RM	FY 31 Dec'10 RM	FY 31 Dec'11 RM	FY 31 Dec'12 RM
Total assets	165,547,328	146,878,665	142,549,727	133,814,397	124,781,087
Total Liabilities	103,172,191	91,628,174	89,722,081	87,530,279	81,041,922
Paid-up capital	48,092,200	48,092,200	48,092,200	48,092,200	48,092,200
Shareholders' equity	62,375,137	55,250,491	62,827,646	46,284,118	43,739,165

SHARE INFORMATION	FY 31 Dec '08 RM	FY 31 Dec'09 RM	FY 31 Dec'10 RM	FY 31 Dec'11 RM	FY 31 Dec'12 RM
Per share (sen)					
Basic earnings/(loss)	8.20	(14.81)	(5.04)	(13.61)	(5.29)
Net assets	1.30	1.15	1.31	0.96	0.91

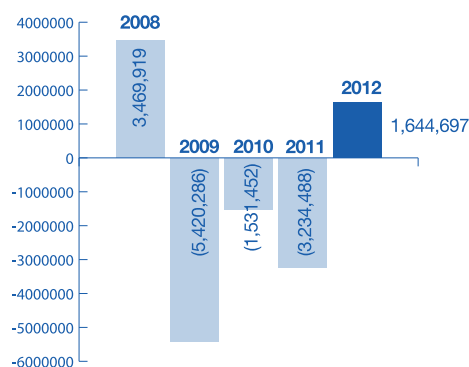
Revenue



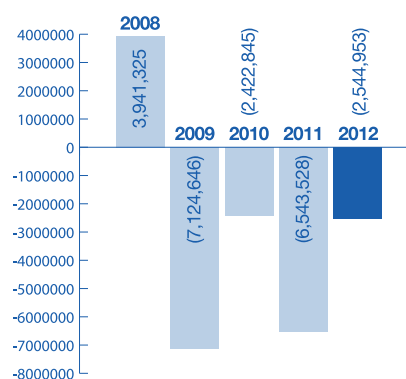
Operating profit (loss)



Profit/(Loss) before taxation



Profit/(Loss) attributable to equity holders of the Company



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 2012.

REVIEW OF RESULTS

During the year ended 31 December 2012, the Group recorded a turnover of RM98.08 million as against RM92.69 million recorded for the previous year, an increase of RM5.39 million or 5.82%. The increase in turnover is mainly contributed by the higher sales in the concrete piles division and industrial gas division. The Group recorded a profit before taxation for the current year at RM1.64 million over loss before taxation of RM3.23 million recorded for the previous year.

- **Industrial Gas Division**

The industrial gas division recorded a turnover of RM34.76 million as against RM32.45 million recorded for the previous year. This division recorded a profit before taxation of RM1.22 million for the current year as against a loss before taxation of RM0.78 million recorded for the previous year.

- **Ready Mixed Cement and Concrete Piles Division**

During the year under review, the ready mixed cement and concrete piles division recorded a turnover of RM46.60 million as against RM39.47 million recorded for the previous year. This division recorded a profit before taxation of RM0.40 million for the current year as against a loss before taxation of RM0.37 million recorded for the previous year.

- **Property Division**

Turnover for the property division was recorded at RM16.72 million as against RM20.77 million recorded for the previous year. Profit before taxation for this division was recorded at RM1.08 million for the current year as compared to profit before taxation of RM1.42 million recorded for the previous year.

OPERATING ENVIRONMENT

- **Industrial Gas Division**

2012 was a challenging year for Oil & Gas industry. The environment was affected by economic crisis in Eurozone and global economic slowdown. In contrast, Malaysia economy had remained buoyant throughout the financial year 2012 and registered a healthy growth rate of 5% per annum.

In 2012, we have invested RM1.65 million in the cylinders to capture the market and strengthen our foothold in the industrial gas sector. As a result of this investment, the revenue has increased to RM34.76 million compared to RM32.45 million recorded in the previous year.

The business environment of industrial gas sector has always been challenging and is getting more demanding. Nevertheless, we have performed well in 2012 arresting the declining in profitability in the past few years.

- **Ready Mixed Cement and Concrete Piles ("RMC") Division**

The ready mixed cement and concrete piles division registered another year of strong performance for the financial year ended 31 December 2012. Its growth was supported by the booming construction industry of Sabah.

The RMC division reported an 18.16% increase in revenue to RM46.64 million compared to RM39.47 million in the previous preceding year. The increase in revenue was attributed to aggressive coverage of ready mixed cement, pre-cast concrete and other precast products like box culverts, L-shape and U-drain market throughout Sabah.

CHAIRMAN'S STATEMENT (cont'd)

- **Property Division**

2012 was a challenging year for the property division. Over the year we had seen many improvised guidelines imposed by Bank Negara Malaysia (BNM) to rein property speculation such as loan-to-value ratio at 70% for third and subsequent property purchased and loan processing based on net income instead of gross income previously. For the external sector, it was pressured by the weakening of global demand amidst the economic crisis in Europe and the deceleration in the Asian economic growth.

After several years of growth, the number of transactions within the property market fell for the first time last year. This number fell from 430,403 transactions in 2011 to 427,520 transactions in 2012, a drop of 0.67%, as revealed at the recent launch of *Property Market Report 2012* by the Ministry of Finance's Valuation and Property Services Department. While the number of property transactions dropped in Selangor by 1.7%, the value of transactions in Selangor increased by 13.8%, including a significant increase in the prices of transactions.

The number of residential property transactions last year grew by 1.1% to nearly 273,000 transactions, totaling about RM68 billion in sales. The growth of 1% came from increase in home sales in Kelantan, Pahang and Putrajaya, among others. The growth in these states were offsetted by drops in transactions in Penang (-24.2%), Perak (-9.1%), Johor (-7.2%), Sarawak (-2.6%), Kuala Lumpur (-1.3%) and Selangor (-0.5%). The property sector for residential purpose would continue to be resilience, mainly attributed by the economic growth of the country which leads to rising incomes, greater urbanization, low unemployment rate and consumer confidence.

We foresee that there is still a demand for the residential property such as landed property or condominiums because Malaysia has a relatively young population and the urbanization of the younger population for education and jobs augur well for our projects which are located in Kota Kinabalu and Kuching. However, demand for larger condominium units and high-end housing priced above RM1 million may experience a slower demand.

DIVIDEND

The Board of Directors does not recommend any dividend be declared for the financial year ended 31 December 2012.

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 26 June 2012, B.I.G. Industrial Gas Sdn Bhd, a wholly-owned subsidiary of the Company had entered into two (2) sale and purchase agreements on the proposed disposals of two (2) pieces of leasehold land to Pan Wijaya Property Sdn Bhd ("PWPSB") and Kidurong Futsal Centre Sdn Bhd ("KFCSB") for a consideration of RM3.10 million and RM1.10 million respectively. The sale proceeds would be utilised by the Group for repayment of financial obligations and working capital.

The proposed disposal to KFCSB was completed on 4 March 2013. The Director of Lands and Surveys had rejected the application for consent to transfer ownership of land title to PWPSB via its letter dated 12 March 2013 and accordingly the sale and purchase agreement was deemed cancelled.

CHAIRMAN'S STATEMENT (cont'd)

FUTURE OUTLOOK

- **Industrial Gas Division**

According to Bank Negara Malaysia's projection, the gross domestic product for 2013 will grow in the range of 4.5% to 5.5% in Malaysia which is driven mainly by domestic demand and the Economic Transformation Program.

The growth of industrial gas sector largely depends on the growth of manufacturing sector. With the anticipated growth in manufacturing sector and also in tandem with the expansion of Samalaju Industrial Park, we are optimistic that the demand for our gases will be better.

- **Ready Mixed Cement and Concrete Piles ("RMC") Division**

The RMC division is expected to maintain its respective market shares in ready mixed cement and concrete piles in 2013 in spite of operating in a competitive and challenging business environment. Business activities in the construction industry of Sabah will experience some headwinds due to softening of palm oil prices. In the past, the oil palm sector had been a key factor dueling the property boom and now the market landscape has changed notably. The ready mixed concrete division has secured a major contract on the sale of concrete for the construction of Pusat Pentadbiran Negeri Sabah which is undertaken by Bina Puri Construction Sdn Bhd. The project is expected to require 100,000 m³ of concrete for the next 2 or 3 years. With aggressive coverage of pre-cast market throughout Sabah, concrete pile division is expected to maintain its leadership role in RC pile supply with the support of other precast products like box culverts, L-shape and U-drain.

- **Property Division**

Opportunities are arising in 2013. We foresee the construction industry will continue its double-digit growth trend in 2013 with mega projects such as the MRT lines, Double Track Railway Project, Langat 2 treatment plant, mixed development in the Tun Razak Exchange and Kwasa Damansara. The excitement also from Kedah to Penang and until the booming Iskandar Malaysia development corridor in Johor. Also petrochemical development from Kuching, Sarawak to Kota Kinabalu, Sabah.

We believe 2013 would be a better year than 2012. We are aggressively on the lookout for more land bank and joint venture developments. We are prepared for the upcoming challenge.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to extend my gratitude to the management, staff of the Group for their hardwork and commitment; to our valued customers, suppliers, shareholders, financiers, business associates for their continued support and assistance.

Lastly, I would like to welcome Mr Thiang Kai Goh who is appointed to the Board and thank my fellow members of the Board for their contribution, guidance and support throughout the year.

DATUK SAWALUDIN BIN MD DIN

Chairman

4 June 2013

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 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 18 to the financial statements.

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

RESULTS

	Group RM	Company RM
Loss net of tax	(2,544,953)	(1,096,541)
Attributable to:		
Owners of the Company	(2,544,953)	(1,096,541)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as 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 2012.

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:

Datuk Sawaludin Bin Md Din
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Datuk Lee Chuen Wan
Lau Keat Hoo
Thiang Kai Goh (Appointed on 16 November 2012)

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.

DIRECTORS' REPORT (cont'd)

DIRECTORS' BENEFITS (cont'd)

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 10 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, except as disclosed in Note 32 to the financial statements.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, none of the directors in office at the end of the financial year had any interest in shares and options over shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- a. Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - i. to ascertain that proper action had 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 provision had been made for doubtful debts; and
 - ii. to ensure that any current assets which were unlikely to realise their value 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 provision 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 the 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 would 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. At the date of this report, there does not exist:
 - i. any charge on the assets of the Group or 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 or of the Company which has arisen since the end of the financial year.
- f. In the opinion of the directors:
 - i. no contingent or other liability has become enforceable 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 or of the Company to meet their obligations when they fall due, other than as disclosed in Note 34 to the financial statements; and



DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- ii. no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT

Details of significant event are disclosed in Note 39 to the financial statements.

SUBSEQUENT EVENT

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

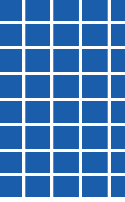
AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2013.

Datuk Sawaludin Bin Md Din

Lau Keat Hoo



STATEMENT BY DIRECTORS

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

We, **Datuk Sawaludin Bin Md Din** 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 36 to 100 are drawn up in accordance with Financial Reporting Standards and the requirements of 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 2012 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 42 to the financial statements have been presented in accordance with directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the directive issued by Bursa Malaysia Securities Berhad and Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 23 April 2013.

Datuk Sawaludin Bin Md Din

Lau Keat Hoo

STATUTORY DECLARATION

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

I, **Lau Keat Hoo**, being the Director primarily responsible for the financial management of **B.I.G. Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 36 to 100 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 **Lau Keat Hoo**
at Shah Alam
in Selangor Darul Ehsan
on 23 April 2013

Lau Keat Hoo

Before me,

SHAHIDAH MD YUNOS (NO. B319)
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 statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows 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 36 to 100.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about 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 entity's preparation of financial statements that give a true and fair view 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 entity'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 give a true and fair view of the financial position of the Group and of the Company as at 31 December 2012 and of their financial performance and cash flows for the year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

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 subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditor's report of the subsidiary of which we have not acted as auditors, which are indicated in Note 18 to the financial statements, being financial statements that have been included in the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (cont'd)

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (cont'd)

- (c) We are satisfied that the financial statements of the subsidiaries 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 financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 42 on page 100 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

YONG VOON KAR
1769/04/14 (J/PH)
Chartered Accountant

Kuching, Malaysia.
Date: 23 April 2013

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Revenue	4	98,082,131	92,693,247	1,920,000	-
Other income	5	4,329,694	2,511,019	1,743,286	1,808,563
Changes in inventories of finished goods		1,077,036	588,364	-	-
Inventories purchased and raw materials consumed		(49,688,649)	(46,855,546)	-	-
Carriage outwards		(524,727)	(691,218)	-	-
Employee benefits expense	9	(9,770,530)	(9,153,241)	(1,518,585)	(12,000)
Depreciation of property, plant and equipment	8	(6,126,391)	(4,430,194)	-	-
Amortisation of land use rights	8	(212,518)	(203,296)	-	-
Development costs		(12,760,355)	(13,023,444)	-	-
Provision for foreseeable loss, net of reversal	8	31,378	594,829	-	-
Administrative and other expenses		(19,222,677)	(21,036,749)	(619,097)	(223,593)
Operating profit		5,214,392	993,771	1,525,604	1,572,970
Finance costs	7	(3,569,695)	(4,228,259)	(2,390,445)	(2,774,549)
Impairment loss on investment in subsidiaries	8	-	-	(445,913)	(152,000)
Impairment loss on amount due from subsidiaries, net of reversal	8	-	-	214,213	(969,620)
Profit/(loss) before tax	8	1,644,697	(3,234,488)	(1,096,541)	(2,323,199)
Income tax expense	11	(4,189,650)	(3,309,040)	-	(4,514)
Loss net of tax, representing total comprehensive income for the year		(2,544,953)	(6,543,528)	(1,096,541)	(2,327,713)
Total comprehensive income for the year					
Loss attributable to: Owners of the Company		(2,544,953)	(6,543,528)	(1,096,541)	(2,327,713)
Loss per share attributable to Owners of the Company:					
Basic, for loss from the year (sen)	12	(5.3)	(13.6)		
Diluted, for loss from the year (sen)	12	*	*		

* No diluted earning per share was disclosed as the effect was anti-dilutive.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	49,274,661	51,728,427	-	-
Land held for property development	14	5,170,583	5,148,083	-	-
Investment properties	15	-	-	-	-
Goodwill	16	840,968	840,968	-	-
Land use rights	17	7,558,263	8,401,068	-	-
Investment in subsidiaries	18	-	-	48,089,386	48,535,299
Investment in associate	19	-	-	-	-
Other investments	20	436,445	436,445	-	-
		63,280,920	66,554,991	48,089,386	48,535,299
Current assets					
Property development costs	21	7,906,303	14,773,316	-	-
Inventories	22	13,034,613	8,522,568	-	-
Trade and other receivables	23	27,597,884	33,340,885	20,181,883	26,225,239
Other current assets	24	8,887,144	4,146,002	-	-
Tax recoverable		875,301	1,119,005	41,316	47,275
Cash and bank balances	25	3,198,922	5,357,630	434,116	99,561
		61,500,167	67,259,406	20,657,315	26,372,075
TOTAL ASSETS		124,781,087	133,814,397	68,746,701	74,907,374
EQUITY AND LIABILITIES					
Current liabilities					
Income tax payable		13,733	8,559	-	-
Loans and borrowings	26	25,869,318	29,050,520	9,875,251	9,562,168
Trade and other payables	27	22,506,081	21,987,432	1,988,358	1,365,573
Other current liabilities	28	3,195,558	2,572	-	-
		51,584,690	51,049,083	11,863,609	10,927,741
Net current assets		9,915,477	16,210,323	8,793,706	15,444,334

STATEMENTS OF FINANCIAL POSITION (cont'd)

as at 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Non-Current Liabilities					
Loans and borrowings	26	21,966,986	31,955,196	18,500,000	24,500,000
Deferred tax liabilities	29	7,490,246	4,526,000	-	-
		29,457,232	36,481,196	18,500,000	24,500,000
Total liabilities		81,041,922	87,530,279	30,363,609	35,427,741
Net assets		43,739,165	46,284,118	38,383,092	39,479,633
Equity attributable to Owners of the Company					
Share capital	30	48,092,200	48,092,200	48,092,200	48,092,200
Share premium		150,113	150,113	150,113	150,113
Accumulated losses		(4,503,148)	(1,958,195)	(9,859,221)	(8,762,680)
Total equity		43,739,165	46,284,118	38,383,092	39,479,633
TOTAL EQUITY AND LIABILITIES		124,781,087	133,814,397	68,746,701	74,907,374

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

for the financial year ended 31 December 2012

	← Attributable to Owners of the Company →			
	Share capital (Note 30) RM	Share premium RM	Distributable Retained earnings/ (accumulated losses) RM	Total equity RM
Group				
Opening balance at 1 January 2011	48,092,200	150,113	4,585,333	52,827,646
Total comprehensive income	-	-	(6,543,528)	(6,543,528)
Closing balance at 31 December 2011 and opening balance at 1 January 2012	48,092,200	150,113	(1,958,195)	46,284,118
Total comprehensive income	-	-	(2,544,953)	(2,544,953)
Closing balance at 31 December 2012	48,092,200	150,113	(4,503,148)	43,739,165
Company				
Opening balance at 1 January 2011	48,092,200	150,113	(6,434,967)	41,807,346
Total comprehensive income	-	-	(2,327,713)	(2,327,713)
Closing balance at 31 December 2011 and opening balance at 1 January 2012	48,092,200	150,113	(8,762,680)	39,479,633
Total comprehensive income	-	-	(1,096,541)	(1,096,541)
Closing balance at 31 December 2012	48,092,200	150,113	(9,859,221)	38,383,092

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Operating activities					
Profit/(loss) before tax		1,644,697	(3,234,488)	(1,096,541)	(2,323,199)
<u>Adjustments for:</u>					
Amortisation of land use rights	8	212,518	203,296	-	-
Amount due to subsidiary written off	8	-	-	-	(42,000)
Bad debts written off	8	1,578,068	19,494	-	19,494
Depreciation of property, plant and equipment	8	6,126,391	4,430,194	-	-
Net gain on disposal of property, plant and equipment	5	(644,312)	(335,996)	-	-
Net gain on disposal of land use rights	5	(171,716)	(135,000)	-	-
Impairment loss on amount due from subsidiaries, net of reversal	8	-	-	(214,213)	969,620
Inventory written off	8	126,383	-	-	-
Impairment loss on investment in subsidiaries	8	-	-	445,913	152,000
Impairment loss on land use rights	8	-	1,278,985	-	-
Impairment loss on property, plant and equipment	8	-	619,885	-	-
Impairment loss on trade receivables	8	1,472,273	244,452	-	-
Impairment loss on other receivables	8	-	754,827	-	4,270
Finance costs	7	3,569,695	4,228,259	2,390,445	2,774,549
Interest income	6	(24,001)	(48,941)	(1,743,286)	(1,766,525)
Net loss on disposal of investment properties	8	-	1,313,633	-	-
Property, plant and equipment written off	8	50,705	268,186	-	-
Provision for foreseeable losses, net of reversal	8	(31,378)	(594,829)	-	-
Reversal of allowance for impairment of trade and other receivables	5	(1,393,574)	(66,544)	-	-
Operating cash flows before changes in working capital		12,515,749	8,945,413	(217,682)	(211,791)
<u>Changes in working capital:</u>					
Property development costs		7,332,932	7,661,071	-	-
Inventories		(4,638,428)	(873,530)	-	-
Receivables		(2,648,907)	(2,835,125)	(29,001)	11,455
Payables		3,711,636	(1,943,237)	294,899	(518,323)
Subsidiaries		-	-	6,620,456	5,344,400
Cash Flow From Operations		16,272,982	10,954,592	6,668,672	4,325,741

STATEMENTS OF CASH FLOWS (cont'd)

for the financial year ended 31 December 2012

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Operating activity (cont'd)					
Interest received		24,001	48,941	1,743,286	1,766,525
Income taxes paid, net of refunds		(982,529)	(804,767)	(41)	(6,200)
Net cash flows from operating activities		15,314,454	10,198,766	8,411,917	6,386,066
Investing activities					
Purchase of property, plant and equipment	13	(2,736,606)	(2,907,672)	-	-
Purchase of land use rights	17	(10,538)	(1,860,819)	-	-
Proceeds from disposal of property, plant and equipment		956,597	815,206	-	-
Proceeds from disposal of investment properties	15	2,000,000	3,000,000	-	-
Proceeds from disposal of land use rights		378,000	375,000	-	-
Subsequent expenditure on land held for development	14	(22,500)	(7,200)	-	-
Net cash flows from/(used) in investing activities		564,953	(585,485)	-	-
Financing activities					
Proceeds from loans and borrowings, net of repayment		(8,834,986)	(522,408)	(6,000,000)	(3,000,000)
Repayment of lease financing		(3,821,095)	(3,217,695)	-	-
Decrease/(increase) in short term deposits pledged and restricted cash	25	2,272,776	(2,325,131)	-	-
Interest paid		(3,569,695)	(4,228,259)	(2,390,445)	(2,774,549)
Net cash flows used in financing activities		(13,953,000)	(10,293,493)	(8,390,445)	(5,774,549)
Net increase/(decrease) in cash and cash equivalents		1,926,407	(680,212)	21,472	611,517
Cash and cash equivalents at 1 January		(3,447,188)	(2,766,976)	(962,607)	(1,574,124)
Cash and cash equivalents at 31 December	25	(1,520,781)	(3,447,188)	(941,135)	(962,607)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

1. Corporate information

B.I.G. Industries Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company are located at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are described in Note 18 to the financial statements. There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2012 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except for financial assets and liabilities which are carried at fair value through profit or loss and as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2012, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

- IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement
- Amendments to FRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
- Amendments to FRS 7: Transfers of Financial Assets
- Amendments to FRS 112: Deferred Tax: Recovery of Underlying Assets
- FRS 124 Related Party Disclosures

Adoption of the above FRS and IC Interpretations did not have any effect on the financial performance or position of the Group or of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
FRS 101 Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)	1 July 2012
Amendments to FRS 101: Presentation of Financial Statements (Improvements to FRSs (2012))	1 January 2013
FRS 10 Consolidated Financial Statements	1 January 2013
FRS 11 Joint Arrangements	1 January 2013
FRS 12 Disclosure of interests in Other Entities	1 January 2013
FRS 13 Fair Value Measurement	1 January 2013
FRS 119 Employee Benefits	1 January 2013
FRS 127 Separate Financial Statements	1 January 2013
FRS 128 Investment in Associate and Joint Ventures	1 January 2013
Amendment to IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))	1 January 2013
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Amendments to FRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Government Loans	1 January 2013
Amendments to FRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 116: Property, Plant and Equipment (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 132: Financial Instruments: Presentation (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS134: Interim Financial Reporting (Improvements to FRSs (2012))	1 January 2013
Amendments to FRS 10: Consolidated Financial Statements: Transition Guidance	1 January 2013
Amendments to FRS 11: Joint Arrangements: Transition Guidance	1 January 2013
Amendments to FRS 12: Disclosure of Interests in Other Entities: Transition Guidance	1 January 2013
Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 10, FRS 12 and FRS 127: Investment Entities	1 January 2014
FRS 9 Financial Instruments	1 January 2015

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below.

FRS 10 Consolidated Financial Statements

FRS 10 replaces part of FRS 127 Consolidated and Separate Financial Statements that deals with consolidated financial statements and IC Interpretation 112 Consolidation – Special Purpose Entities.

Under FRS 10, an investor controls an investee when (a) the investor has power over an investee, (b) the investor has exposure, or rights, to variable returns from its involvement with the investee, and (c) the investor has ability to use its power over the investee to affect the amount of the investor's returns. Under FRS 127 Consolidated and Separate Financial Statements, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

FRS 10 includes detailed guidance to explain when an investor has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances.

The application of FRS 10 will affect the accounting for the Group's equity interest in its associate of the Group which is accounted for using the equity method of accounting.

FRS 11 Joint Arrangements

FRS 11 replaces FRS 131 Interests in Joint Ventures and IC Interpretation 113 Jointly-Controlled Entities - Non-monetary Contributions by Venturers.

The classification of joint arrangements under FRS 11 is determined based on the rights and obligations of the parties to the joint arrangements by considering the structure, the legal form, the contractual terms agreed by the parties to the arrangement and when relevant, other facts and circumstances. Under FRS 11, joint arrangements are classified as either joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 12 Disclosures of Interests in Other Entities

FRS 12 includes all disclosure requirements for interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are required. This standard affects disclosures only and has no impact on the Group's financial position or performance.

FRS 127 Separate Financial Statements

As a consequence of the new FRS 10 and FRS 12, FRS 127 is limited to accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

FRS 128 Investments in Associates and Joint Ventures

As a consequence of the new FRS 11 and FRS 12, FRS 128 is renamed as FRS 128 Investments in Associates and Joint Ventures. This new standard describes the application of the equity method to investments in joint ventures in addition to associates.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

FRS 13 Fair Value Measurement

FRS 13 establishes a single source of guidance under FRS for all fair value measurements. FRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted.

Upon adoption of FRS 13, the Group will take into consideration the highest and best use of certain properties in measuring the fair value of such properties. The adoption of FRS 13 is expected to result in higher fair value of certain properties of the Group.

FRS 9 Financial Instruments: Classification and Measurement

FRS 9 reflects the first phase of the work on the replacement of FRS 139 Financial Instruments: Recognition and Measurement and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139 Financial Instruments: Recognition and Measurement. The adoption of the first phase of FRS 9 will have an effect on the classification and measurement of the Group's financial assets. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

FRS 101: Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)

The amendments to FRS 101 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations and net loss or gain on available-for-sale financial assets) would be presented separately from items which will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position and performance.

Amendments to FRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities

The amendments require additional information to be disclosed to enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. The amendment affects disclosure only and has no impact on the Group's financial position or performance.

Amendments to FRS 132: Offsetting Financial Assets and Financial Liabilities

The amendments to FRS 132 clarified that a legally enforceable right to set off is a right of set off that must not be contingent on a future event; and must be legally enforceable in the normal course of business, the event of default and the event of insolvency or bankruptcy of the entity and all of the counterparties. The amendments further clarified that an entity will meet the net settlement criterion as provided in FRS 132 if the entity can settle amounts in a manner that the outcome is, in effect, equivalent to net settlement.

Malaysian Financial Reporting Standards ("MFRS Framework")

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Malaysian Financial Reporting Standards ("MFRS Framework") (cont'd)

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014. The Group falls within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014.

In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group has commenced transitioning its accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework. This project consists of the following phases:

(a) Assessment and planning phase

This phase involves the following:

- (i) High level identification of the key differences between Financial Reporting Standards and accounting standards under the MFRS Framework and disclosures that are expected to arise from the adoption of MFRS Framework; and
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan

The Group has commenced its assessment and planning phase, with work progressing in each of the areas described above. This phase is expected to be completed during the upcoming financial year.

(b) Implementation and review phase

This phase aims to:

- (i) formulate new and/or revised accounting policies and procedures for compliance with the MFRS Framework; and
- (ii) identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework; and
- (iii) develop disclosures required by the MFRS Framework; and
- (iv) develop training programs for the staff.

At the date of these financial statements, the Group has not completed its quantification of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework due to the ongoing assessment by the project team. Accordingly, the consolidated financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

The Group considers that it is achieving its scheduled milestones and expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2014.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.4 Subsidiaries and basis of consolidation

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intragroup transactions are eliminated in full. Unrealised losses may indicate an impairment that requires recognition in the consolidated financial statements.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement. The Group elects for each individual business combination, whether non-controlling interests in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the income statement on the acquisition date.

Subsidiaries 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.

A list of the Company's subsidiaries is shown in Note 18.

Business combinations prior to 1 January 2011

Business combinations were accounted for using the purchase method. Any costs directly attributable to the business combination formed part of the cost of a business combination.

Business combinations achieved in stages were accounted for separately for each transaction, using the cost of the transaction and fair value information at the date of each transaction, to determine the amount of any goodwill associated with that transaction. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity. Any additional acquired interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements of the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd)

2.4 Subsidiaries and basis of consolidation (cont'd)

(b) Transactions with non-controlling interests

Non-controlling interests represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company. Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary.

Any difference between the amount by which the non-controlling interests is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

(c) Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in the income statement.

2.5 Foreign currency

(a) 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.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, plant and equipment and furniture and fixtures are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

Land development and improvement, assets under construction or capital work-in-progress included in plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.7 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.7 Investment properties (cont'd)

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.6 up to the date of change in use.

2.8 Intangible assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over their lease terms.

2.10 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.10 Impairment of non-financial assets (cont'd)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed 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. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate 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.

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate'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's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in an associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The Group's share of the operating results of an associate is shown separately in the income statement. The Group's share of other comprehensive income of the associate is recognised in other comprehensive income. The financial statements of the associate are prepared as of the same reporting date as the Company.

Where necessary, adjustments are made to bring the accounting policies in line with those of the Group. In the Company's separate financial statements, investment in an associate are stated at cost less impairment losses. On disposal of such investment, the difference between net disposal proceeds and the carrying amount is included in the income statement.

The details of the Company's investment in an associate are shown in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.12 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Held-to-maturity investments are classified as non-current assets, except for those having maturity within 12 months after the reporting date which are classified as current.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.12 Financial assets (cont'd)

(d) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

2.13 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics.

Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.13 Impairment of financial assets (cont'd)

(a) Trade and other receivables and other financial assets carried at amortised cost (cont'd)

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income.

For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Construction contracts

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.15 Construction contracts (cont'd)

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

2.16 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 and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.19 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.19 Financial liabilities (cont'd)

(b) Other financial liabilities (cont'd)

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.20 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

All unexpired financial guarantees issued were not recognised as no value has been placed on the guarantees provided by the Company as the directors regard the value of the credit enhancement provided by the said guarantees to be minimal.

2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.22 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. 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, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.22 Employee benefits (cont'd)

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share option reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

2.23 Leases

(a) As lessee

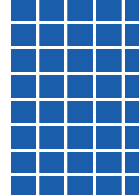
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012



2. Summary of significant accounting policies (cont'd.)

2.23 Leases (cont'd)

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(h).

2.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services and maintenance

Revenue from services rendered and maintenance are recognised net of discounts, as and when the services are performed. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

(c) Sale of development properties

Revenue from sale of development properties is accounted for by the stage of completion method as described in Note 2.16 (ii).

(d) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.15.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Management fees, administrative fees, project management fees, transportation and handling fees, and hiring of plant and machinery

Management fees, administrative fees, project management fees, transportation and handling fees, and hiring of plant and machinery are recognised when services are rendered.

(g) Dividend income and other income

Dividend income and other income are recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.24 Revenue (cont'd)

(h) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(i) Revenue from money lending

Revenue from money lending is recognised when services are rendered.

(j) Revenue from vessel chartering

Revenue from vessel chartering is recognised on an accrual basis.

2.25 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.25 Income taxes (cont'd)

(b) Deferred tax (cont'd)

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 38, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared and approved.

2.28 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.



NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

2. Summary of significant accounting policies (cont'd.)

2.29 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.

3. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date 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 statement of comprehensive income 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 property development costs. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

One of the main compositions 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 amounts of assets and liabilities of the Group arising from property development activities are disclosed in Note 21. A 0.5% difference in the estimated total property development revenue or costs would result in approximately 0.1% (2011: 3.6%) variance in the Group's revenue and 0.11% (2011: 4.7%) variance in the Group's cost of sales.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and brands are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and brands and sensitivity analysis to changes in the assumptions are given in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

3. Significant accounting judgements and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 23.

(iv) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 20 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13. A 5% difference in the expected useful lives of these assets from management's estimates would result in approximately 15% (2011: 59%) variance in the Group's loss for the year.

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 administrative fees from subsidiaries. The significant categories of revenue during the year are analysed as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Sales of goods and rendering of services and maintenance	79,201,744	70,291,564	-	-
Sales of development properties	16,720,923	20,772,065	-	-
Transportation and handling fees	1,980,174	1,629,618	-	-
Hiring of plant and machinery	179,290	-	-	-
Management fee income from subsidiaries	-	-	1,920,000	-
Total revenue	98,082,131	92,693,247	1,920,000	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

5. Other income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Amount due to subsidiary written off (Note 8)	-	-	-	42,000
Dividend income	6,314	-	-	-
Net gain on disposal of property, plant and equipment (Note 8)	644,312	335,996	-	-
Net gain on disposal of land use rights (Note 8)	171,716	135,000	-	-
Net gain on foreign exchange realised (Note 8)	9,183	100,506	-	-
Interest income (Note 6)	24,001	48,941	1,743,286	1,766,525
Rental income	823,972	397,718	-	-
Rental income from cylinders	716,690	1,174,308	-	-
Reversal of allowance for impairment of trade receivables (Note 8 and Note 23)	1,393,574	66,544	-	-
Management fee from associate	72,000	-	-	-
Miscellaneous income	467,932	252,006	-	38
Total other income	4,329,694	2,511,019	1,743,286	1,808,563

6. Interest income

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest income from loans and receivables:				
- Due from subsidiaries	-	-	1,741,546	1,766,078
- Due from associate	1,125	-	1,125	-
- Cash and bank balances	22,876	48,941	615	447
Total interest income (Note 5)	24,001	48,941	1,743,286	1,766,525

7. Finance costs

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Interest expense on:				
- Bank loans, bills payables, revolving credits and overdrafts	3,195,137	3,684,643	2,390,445	2,774,549
- Obligations under finance leases	374,558	543,616	-	-
Total finance costs	3,569,695	4,228,259	2,390,445	2,774,549

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

8. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Amortisation of land use rights (Note 17)	212,518	203,296	-	-
Amount due to subsidiary written off (Note 5)	-	-	-	(42,000)
Auditors' remuneration: Statutory audits:				
- current year	169,700	149,454	25,000	25,000
- underprovision in prior year	-	2,225	-	-
Bad debts written off	1,578,068	19,494	-	19,494
Depreciation of property, plant and equipment (Note 13)	6,126,391	4,430,194	-	-
Employee benefits expense (Note 9)	9,770,530	9,153,241	1,518,585	12,000
Finance costs (Note 7)	3,569,695	4,228,259	2,390,445	2,774,549
Impairment loss on amount due from subsidiaries, net of reversal (Note 23)	-	-	(214,213)	969,620
Impairment loss on investment in subsidiaries	-	-	445,913	152,000
Impairment loss on property, plant and equipment (Note 13)	-	619,885	-	-
Impairment loss on land use rights (Note 17)	-	1,278,985	-	-
Impairment loss on trade receivables (Note 23)	1,472,273	244,452	-	-
Inventory written off	126,383	-	-	-
Reversal of impairment loss on trade receivables (Note 5)	(1,393,574)	(66,544)	-	-
Impairment loss on other receivables (Note 23)	-	754,827	-	4,270
Net gain on foreign exchange				
- realised (Note 5)	(9,183)	(100,506)	-	-
Net loss on disposal of investment properties (Note 15)	-	1,313,633	-	-
Net gain on disposal of land use rights (Note 5)	(171,176)	(135,000)	-	-
Net gain on disposal of property, plant and equipment (Note 5)	(644,312)	(335,996)	-	-
Non-executive directors' remuneration:				
- current year (Note 10)	118,500	101,000	112,500	101,000
Property, plant and equipment written off (Note 13)	50,705	268,186	-	-
Provision for foreseeable losses, net of reversal (Note 21)	(31,378)	(594,829)	-	-
Operating leases: Minimum lease payments on:				
- Land and buildings	425,918	412,502	-	-
- Equipment and machinery	389,316	147,422	-	-
Utility charges	3,138,949	3,598,338	-	-
Transportation charges	4,249,869	4,289,931	-	-
Legal and professional fees	1,190,452	1,221,924	391,103	8,411
Repairs and maintenance	2,112,745	2,381,576	-	-

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

9. Employee benefits expense (Note 8)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Wages and salaries	8,519,390	8,158,353	1,404,413	12,000
Social security contributions	116,064	101,001	7,358	-
Contributions to defined contribution plan	928,554	726,045	105,591	-
Other benefits	206,522	167,842	1,223	-
	9,770,530	9,153,241	1,518,585	12,000

Included in employee benefits expense of the Group and of the Company are an executive director's remuneration amounting to RM138,778 (2011: RM12,000) and RM12,000 (2011: RM12,000) respectively, as further disclosed in Note 10.

10. Directors' remuneration

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Executive (Note 9):				
Salaries and other emoluments	102,000	-	-	-
Bonus	11,194	-	-	-
Defined contribution plan	13,584	-	-	-
Fees	12,000	12,000	12,000	12,000
	138,778	12,000	12,000	12,000
Non-Executive (Note 8):				
Fees	118,500	101,000	112,500	101,000
Total directors' remuneration (Note 32(b))	257,278	113,000	124,500	113,000

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	
	2012	2011
Executive director:		
RM Nil - RM50,000	-	1
RM50,001 - RM150,000	1	-
Non-executive directors:		
RM Nil - RM50,000	4	4

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

11. Income tax expense

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2011: 25%) of the estimated assessable profit for the year.

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,160,502	639,827	-	-
Under/(over) provision in respect of previous year	64,902	(522,301)	-	4,514
	1,225,404	117,526	-	4,514
Deferred income tax (Note 29):				
Relating to origination and reversal of temporary differences	65,159	89,311	-	-
Underprovision in respect of previous year	2,899,087	3,102,203	-	-
	2,964,246	3,191,514	-	-
Income tax expense recognised in profit or loss	4,189,650	3,309,040	-	4,514

Reconciliation between tax expense and accounting profit/(loss)

The reconciliation between tax expense and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2012 and 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Profit/(loss) before tax	1,644,697	(3,234,488)	(1,096,541)	(2,323,199)
Taxation at Malaysian statutory rate of 25% (2011: 25%)	411,174	(808,622)	(274,135)	(580,800)
Non-deductible expenses	903,085	1,750,050	274,135	580,800
Income not subject to taxation	(84,247)	(1,341)	-	-
Deferred tax assets recognised on unutilised tax losses and unabsorbed capital allowances	(4,351)	(210,949)	-	-
Underprovision of deferred income tax in respect of previous year	2,899,087	3,102,203	-	-
Under/(over) provision of income tax in respect of previous year	64,902	(522,301)	-	4,514
Income tax expense recognised in profit or loss	4,189,650	3,309,040	-	4,514

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

12. Loss per share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the parent (after adjusting for interest expense on convertible redeemable preference shares, if any) by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the loss and share data used in the computation of basic and diluted loss per share for the years ended 31 December:

Basic	Group	
	2012 RM	2011 RM
Loss net of tax attributable to owners of the parent used in the computation of basic earnings/loss per share (RM)	(2,544,953)	(6,543,528)
Weighted average number of ordinary shares in issue for basic earnings/loss per share	48,092,200	48,092,200
Basic loss per share (sen per share)	(5.3)	(13.6)

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

13. Property, plant and equipment

Group	Land development and improvement RM	Buildings RM	Plant, machinery, and cylinders RM	Furniture, fixtures, and equipment, and motor vehicles RM	Capital work-in-progress RM	Total RM
Cost:						
At 1 January 2012	187,534	9,591,644	73,604,439	23,122,244	-	106,505,861
Additions	-	1,042,121	1,936,685	1,056,809	-	4,035,615
Disposals	-	-	(3,873,496)	(1,878,492)	-	(5,751,988)
Written off	-	(1,552,521)	(677,929)	(214,966)	-	(2,445,416)
At 31 December 2012	187,534	9,081,244	70,989,699	22,085,595	-	102,344,072
Accumulated depreciation and impairment:						
At 1 January 2012	-	5,276,618	33,104,579	16,396,237	-	54,777,434
Charge for the year (Note 8)	-	270,081	3,580,811	2,275,499	-	6,126,391
Disposals	-	-	(3,696,505)	(1,743,198)	-	(5,439,703)
Written off	-	(976,724)	(721,701)	(696,286)	-	(2,394,711)
At 31 December 2012	-	4,569,975	32,267,184	16,232,252	-	53,069,411
Net carrying amount	187,534	4,511,269	38,722,515	5,853,343	-	49,274,661
Cost:						
At 1 January 2011	187,534	9,161,181	71,770,036	22,022,248	180,656	103,321,655
Additions	-	432,913	2,353,644	1,287,128	-	4,073,685
Disposals	-	(2,450)	(432,121)	(186,584)	-	(621,155)
Written off	-	-	(87,120)	(548)	(180,656)	(268,324)
At 31 December 2011	187,534	9,591,644	73,604,439	23,122,244	-	106,505,861
Accumulated depreciation and impairment:						
At 1 January 2011	-	5,028,947	30,068,030	14,772,461	-	49,869,438
Charge for the year (Note 8)	-	249,855	2,446,316	1,734,023	-	4,430,194
Impairment losses recognised (Note 8)	-	-	619,885	-	-	619,885
Disposals	-	(2,184)	(29,652)	(110,109)	-	(141,945)
Written off	-	-	-	(138)	-	(138)
At 31 December 2011	-	5,276,618	33,104,579	16,396,237	-	54,777,434
Net carrying amount	187,534	4,315,026	40,499,860	6,726,007	-	51,728,427

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

13. Property, plant and equipment (cont'd.)

Assets held under finance leases

During the financial year, the Group acquired plant and equipment and furniture and fixtures with an aggregate cost of RM4,035,615 (2011: RM 4,073,685) of which RM1,299,009 (2011: RM1,166,013) were acquired by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM2,736,606 (2011: RM2,907,672).

The carrying amount of plant and equipment and furniture and fixtures of the Group held under finance leases at the reporting date were RM15,371,540 (2011: RM14,185,147) and were as follows:

	2012 RM	2011 RM
Motor vehicles	1,214,933	1,998,726
Cylinders	11,703,526	9,939,861
Storage tank	2,261,982	1,964,085
Software	130,049	156,058
Plant and machinery	-	126,417
Equipment	61,050	-
	15,371,540	14,185,147

Certain leased assets are pledged as security for the related finance lease liabilities (Note 26).

Assets pledged as security

In addition to assets held under finance leases, the Group's buildings with a carrying amount of RM2,211,198 (2011: RM164,000) are mortgaged to secure the Group's bank loans and borrowings (Note 26).

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its cylinders. There was no impairment loss recognised in current year (2011: RM619,885), representing the write-down of cylinders to the recoverable amount recognised in "administrative and other expenses" line item of the statement of comprehensive income for the financial year ended 31 December 2011.

14. Land held for property development

	Group Leasehold land	
	2012 RM	2011 RM
Cost:		
At 1 January	5,148,083	5,140,883
Additions from subsequent expenditure	22,500	7,200
At 31 December	5,170,583	5,148,083
Accumulated impairment:		
At 1 January/at 31 December	-	-
Net carrying amount:		
At 31 December	5,170,583	5,148,083

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

14. Land held for property development (cont'd.)

The long term leasehold land was acquired in 2004. The Group executed a debenture between Malaysian Trustees Berhad and Kerisma Berhad whereby the Group created a first fixed and floating charge on all of a subsidiary's assets, property and business for the Company's primary collateralised loan obligations ("CLO") of RM33.5 million (Note 39).

15. Investment properties

	Group	
	2012 RM	2011 RM
Leasehold land and building		
At 1 January	-	6,313,633
Disposals	-	(6,313,633)
At 31 December	-	-

The industrial leasehold land and building, acquired in 2005, expiring on 29 December 2067, is located at PM 3343 Lot No. 9203 Telok Gong, Klang, Selangor Darul Ehsan. It was stated at fair value, which had been determined based on valuations at the previous reporting date.

On 9 December 2011, the Group entered into a Sale and Purchase Agreement with a third party to dispose the leasehold land and building for a purchase consideration of RM5,000,000, resulting in a net loss on disposal of RM1,313,633 (Note 8) in prior year. The cash inflow on disposal of these investment properties amounted to RM2,000,000 (2011: RM3,000,000) during the financial year.

16. Goodwill

	Group	
	2012 RM	2011 RM
Cost:		
At 1 January and 31 December	840,968	840,968

Impairment testing of goodwill

Goodwill arising from business combination on the acquisition of the remaining 49% of the total issued and paid-up share capital of a subsidiary during the financial year ended 31 December 2006 has been allocated to one cash-generating unit ("CGU") for impairment testing as follows: Property development and construction segment.

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a two-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flows beyond the five-year period are 7.10% (2011: 10.10%) and 3% (2011: 3%) respectively.

The carrying amount of goodwill allocated to this CGU is RM840,968 (2011: RM840,968).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

16. Goodwill (cont'd.)

The key assumptions are as follows:

- Cash flows are projected based on actual operating results achieved and the projected revenue in the next two years is expected to be RM7,190,000.
- Expenses are projected to average at RM3,470,000 per annum.
- Collections from trade receivables and settlement of trade payables will be made in accordance with the current credit arrangements and policies.
- Effective tax rate is projected to be 25% for the ensuing two years,
- A pretax discount rate of 7.10% per annum is applied in determining the recoverable amount of the CGU,
- The Group's share of the property development and construction market to be stable over the budget period.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal historical data.

Sensitivity to changes in assumption

The above estimates are particularly sensitive to the fluctuations in volume of property development units sold. With 10% downward variations in the projected selling price and projected sales volume of the units respectively, however, the projected recoverable amounts of the CGU acquired are still greater than their carrying amount.

17. Land use rights

	Group	
	2012	2011
	RM	RM
Cost:		
At 1 January	11,719,016	10,158,197
Additions	10,538	1,860,819
Disposals	(257,004)	(300,000)
Transferred to property development cost (Note 21)	(1,089,682)	-
At 31 December	<u>10,382,868</u>	<u>11,719,016</u>
Accumulated amortisation and impairment:		
At 1 January	3,317,948	1,895,667
Amortisation for the year (Note 8)	212,518	203,296
Impairment losses for the year (Note 8)	-	1,278,985
Disposals	(50,720)	(60,000)
Transferred to property development costs (Note 21)	(655,141)	-
At 31 December	<u>2,824,605</u>	<u>3,317,948</u>
Net carrying amount	<u>7,558,263</u>	<u>8,401,068</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

17. Land use rights (cont'd)

	Group	
	2012 RM	2011 RM
Amount to be amortised:		
- Not later than one year	184,716	213,049
- Later than one year but not later than five years	738,862	852,196
- Later than five years	6,634,685	7,335,823

- (a) The net carrying amounts of land use rights pledged as securities for borrowings (Note 26) are RM2,628,286 (2011: RM3,144,496).
- (b) Certain long leasehold land of the Group with net carrying amounts of RM2,188,500 (2011: RM2,361,368) are held in trust by third parties, who are former staff and staff of a subsidiary.
- (c) Certain subsidiaries of the Group have land use rights over a total of 12 plots (2011: 13 plots) of Native Land. These land use rights are not transferable and have remaining tenure between 18 years to 90 years.

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its land use rights. There was no impairment loss recognised in current year (2011: RM1,278,985), representing the write-down of land use rights to the recoverable amount recognised in "administrative and other expenses" line item of the statement of comprehensive income for the financial year ended 31 December 2011.

18. Investment in subsidiaries

	2012 RM	2011 RM
Unquoted shares in Malaysia, at cost	48,737,309	48,737,309
Less: Accumulated impairment losses	(647,923)	(202,010)
	48,089,386	48,535,299

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

Name of subsidiary	Principal activities	Proportion of ownership interest	
		2012	2011
Held by the Company:			
B.I.G. Industrial Gas Sdn. Bhd. *	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd. *	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd. *#	Quarry operations	100%	100%
Lumanai Sdn. Bhd. *#	Provision of transportation services	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

18. Investment in subsidiaries (cont'd)

The details of the Group's subsidiaries, which are incorporated and domiciled in Malaysia, are set out as follows (cont'd):

Name of subsidiary	Principal activities	Proportion of ownership interest	
		2012	2011
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. *	Trading and distribution of building materials	100%	100%
B.I.G. Construction Sdn. Bhd. *#	Construction contractor	100%	100%
Linear Excellent Sdn. Bhd. *#	Contractor	100%	100%
Tani Kukuh Sdn. Bhd. *#	Property development	100%	100%
Sistem SDS Sdn. Bhd. *#	Trading and distribution of electrical home appliances, consumer durables and other related products on credit installment schemes	100%	100%
B.I.G. Marine Sdn. Bhd. *	Ship owner and vessel chartering	100%	100%
B.I.G. Bahtera Sdn. Bhd. *	Money lending	100%	100%
Uni-Mix Concrete Products Sdn. Bhd. *#	Manufacturing and trading of reinforced concrete tiles	100%	100%
Puncak Luyang Management Services Sdn. Bhd.	Has not commenced operations	100%	100%
Puncak Luyang Sdn. Bhd. **	Project management and property developer.	100%	100%
Held through subsidiary companies:			
Subsidiary company of Alpha Billion Sdn. Bhd.			
Alpha Billion Management Services Sdn. Bhd. *#	Has not commenced operations	100%	100%
Subsidiary company of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd. * # ("Besitek")	Has not commenced operations	100%	100%

* Audited by Ernst & Young, Malaysia

** Audited by firms other than Ernst & Young

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

Besitek, a subsidiary of the Group is applying for striking off its name from the Registry pursuant to Section 308(1) of the Companies Act, 1965. The striking off is expected to have no material effect on the earnings or net assets of the Group.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

19. Investment in associate

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unquoted shares in Malaysia, at cost	96,000	96,000	96,000	96,000
Less: Accumulated impairment losses	(96,000)	(96,000)	(96,000)	(96,000)
	-	-	-	-
Share of capital commitments	-	-	-	-
Share of contingent liabilities	-	-	-	-

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

Name of associate	Principal activity	Proportion of ownership interest	
		2012	2011
B.I.G. Oil and Gas Sdn. Bhd. *	Sale of industrial gases	30%	30%

* Audited by Ernst & Young, Malaysia

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2012 RM	2011 RM
Assets and liabilities:		
Total assets	435	17,405
Total liabilities	31,602	118,342
Results:		
Other income	90,893	-
Profit/(loss) for the year	69,770	(4,650)

20. Other investments

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Non-current:				
Available for sale financial assets				
Equity instruments (unquoted), at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses (Note 35)	(1,866,212)	(1,866,212)	-	-
	361,445	361,445	-	-
Golf and country club memberships, at cost (Note 35)	75,000	75,000	-	-
	436,445	436,445	-	-

Impairment losses

The Group recognised accumulated impairment losses of RM1,866,212 (2011: RM1,866,212) for unquoted equity instruments carried at cost, reflecting the write-down in the carrying value of these investments.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

21. Property development costs

Group	Leasehold land RM	Development costs RM	Total RM
At 31 December 2012			
Cumulative Property Development costs:			
At 1 January 2012	6,114,450	61,489,003	67,603,453
Transfers from land use rights (Note 17)	434,541	-	434,541
Cost incurred during the year	-	11,372,058	11,372,058
At 31 December 2012	6,548,991	72,861,061	79,410,052
Cumulative costs recognised in profit or loss			
At 1 January 2012	3,281,252	49,548,885	52,830,137
Recognised during the year	1,333,198	17,340,414	18,673,612
At 31 December 2012	4,614,450	66,889,299	71,503,749
Property development costs at 31 December 2012	1,934,541	5,971,762	7,906,303
At 31 December 2011			
Cumulative Property Development costs:			
At 1 January 2011	6,114,450	50,167,641	56,282,091
Cost incurred during the year	-	11,321,362	11,321,362
At 31 December 2011	6,114,450	61,489,003	67,603,453
Cumulative costs recognised in profit or loss			
At 1 January 2011	3,281,252	31,161,281	34,442,533
Recognised during the year	-	18,356,226	18,356,226
Foreseeable losses recognised	-	31,378	31,378
At 31 December 2011	3,281,252	49,548,885	52,830,137
Property development costs at 31 December 2011	2,833,198	11,940,118	14,773,316

Included in property development costs of the Group incurred during the financial year were:

	2012 RM	2011 RM
Interest expense	33,101	15,746

(a) Included in property development costs as at the reporting date was as follows:

	2012 RM	2011 RM
Accrued foreseeable loss brought forward	31,378	626,207
Accrued foreseeable loss carried forward	-	31,378
Amount of foreseeable loss recognised in profit or loss (Note 8)	(31,378)	(594,829)

(b) During the financial year, the Group transferred land with net carrying amount of RM434,541 from land use rights (Note 17).

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

22. Inventories

	Group	
	2012 RM	2011 RM
At cost:		
Industrial gases	1,124,960	1,243,645
Finished goods	4,414,752	4,576,395
Raw materials	1,852,520	1,438,490
Spare parts and consumables	1,759,650	738,792
	9,151,882	7,997,322
At net realisable value:		
Properties held for sale	3,882,731	525,246
	13,034,613	8,522,568

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM48,611,613 (2011: RM46,267,182).

23. Trade and other receivables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Trade receivables				
Third parties	26,144,862	32,080,917	-	-
Less: Allowance for impairment: Third parties	(1,386,109)	(2,282,412)	-	-
Trade receivables, net	24,758,753	29,798,505	-	-
Other receivables				
Amount due from subsidiaries	-	-	28,688,226	34,974,796
Amount due from associate	27,248	2,317	27,124	2,317
Amount due from related companies	12,677	-	-	-
Other receivables	1,779,135	2,355,215	8,539	8,539
Deferred expenditure	50,083	45,889	50,083	45,889
Proceeds from disposal of investment properties (Note 15)	-	2,000,000	-	-
Refundable deposits	969,988	1,235,637	-	-
	2,839,131	5,639,058	28,773,972	35,031,541
Less: Allowance for impairment:				
Third parties	-	(2,096,678)	(8,539)	(8,539)
Subsidiaries	-	-	(8,583,550)	(8,797,763)
	-	(2,096,678)	(8,592,089)	(8,806,302)
Other receivables, net	2,839,131	3,542,380	20,181,883	26,225,239
Total trade and other receivables	27,597,884	33,340,885	20,181,883	26,225,239
<i>Add:</i> Cash and bank balances (Note 25)	3,198,922	5,357,630	434,116	99,561
Total loans and receivables	30,796,806	38,698,515	20,615,999	26,324,800

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

23. Trade and other receivables (cont'd.)

(a) Trade receivables

Trade receivables are generally non-interest bearing and are on 14 days to 180 days (2011: 14 days to 180 days) terms. They are recognised at original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case-by-case basis.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2012 RM	2011 RM
Neither past due nor impaired	11,627,956	8,536,631
1 to 30 days past due not impaired	6,464,236	5,784,646
31 to 60 days past due not impaired	2,208,258	5,495,087
61 to 90 days past due not impaired	1,495,266	3,087,680
91 to 120 days past due not impaired	863,627	3,069,444
More than 121 days past due not impaired	2,099,410	3,825,017
	13,130,797	21,261,874
Impaired	1,386,109	2,282,412
	<u>26,144,862</u>	<u>32,080,917</u>

As at 31 December 2012 and 31 December 2011, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company. None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Company has trade receivables amounting to RM13,130,797 (2011: RM21,261,874) that are past due at the reporting date but not impaired. The remaining balances of receivables that are past due but not impaired are unsecured in nature.

Trade receivables that are impaired

The Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

23. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd)

Trade receivables that are impaired (cont'd)

	Group Individually impaired	
	2012 RM	2011 RM
Trade receivables-nominal amounts	1,386,109	2,282,412
Less: Allowance for impairment	(1,386,109)	(2,282,412)
	-	-
Movement in allowance accounts:		
At 1 January	2,282,412	3,059,777
Charge for the year (Note 8)	1,472,273	244,452
Reversal of impairment losses (Note 5)	(1,393,574)	(66,544)
Written off	(975,002)	(947,868)
Reclassified to other receivables	-	(7,405)
At 31 December	1,386,109	2,282,412

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Related party transactions

- Amount due from associate is unsecured, non-interest bearing and is repayable upon demand.
- Amounts due from subsidiaries are unsecured, repayable upon demand and generally are non-interest bearing except that certain amounts due from subsidiaries bear interest rate at 6.27% (2011: 6.27%) per annum.

(c) Other receivables

Other receivables that are impaired

The Group and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group Individually impaired		Company Individually impaired	
	2012 RM	2011 RM	2012 RM	2011 RM
Other receivables				
– nominal amount	-	2,096,678	8,592,089	8,806,302
Less: Allowance for Impairment	-	(2,096,678)	(8,592,089)	(8,806,302)
	-	-	-	-
Movement in allowance accounts:				
At 1 January	2,096,678	1,351,025	8,806,302	7,848,991
Charge for the year (Note 8):				
Third parties	-	754,827	-	4,270
Subsidiaries	-	-	900,600	969,620
Written off	(2,096,678)	(16,579)	-	(16,579)
Reclassified from trade receivables	-	7,405	-	-
Reversal (Note 8)	-	-	(1,114,813)	-
At 31 December	-	2,096,678	8,592,089	8,806,302

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

23. Trade and other receivables (cont'd)

(c) Other receivables (cont'd)

Other receivables that are impaired (cont'd)

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

24. Other current assets

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Prepaid operating expenses	1,352,407	1,497,776	-	-
Accrued billings in respect of property development costs	7,534,737	2,648,226	-	-
	8,887,144	4,146,002	-	-

25. Cash and bank balances

Cash at banks and on hand	2,466,526	2,352,458	434,116	99,561
Short term deposits with: licensed banks (pledged)	718,563	697,833	-	-
Cash held pursuant to Housing Development Act	13,833	2,307,339	-	-
	732,396	3,005,172	-	-
Cash and bank balances	3,198,922	5,357,630	434,116	99,561

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and eighteen months depending on the immediate cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The weighted average interest rates during the financial year are disclosed in Note 26 and the maturities of deposits as at 31 December 2012 was 365 days (2011: 365 days).

The short term deposits are pledged to licensed banks as security for banking facilities granted to certain subsidiaries.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Cash at banks and on hand	2,466,526	2,352,458	434,116	99,561
Less: Bank overdrafts (Note 26)	(3,987,307)	(5,799,646)	(1,375,251)	(1,062,168)
Cash and cash equivalents	(1,520,781)	(3,447,188)	(941,135)	(962,607)

Included in banks and cash on hand of the Group is an amount of RM13,883 (2011: RM2,307,339) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

26. Loans and borrowings

	Maturity	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Current Secured:					
Obligations under finance leases (Note 33 (b))	2013	2,122,817	3,676,364	-	-
Bank overdrafts	On demand	2,462,815	4,132,994	-	-
Bill payables	2013	5,570,338	5,441,383	-	-
Revolving credits	2013	5,000,000	5,100,000	-	-
Term loans	2013	688,856	533,127	-	-
		15,844,826	18,883,868	-	-
Unsecured:					
Bank overdrafts	On demand	1,524,492	1,666,652	1,375,251	1,062,168
Revolving credits	2013	2,500,000	2,500,000	2,500,000	2,500,000
Term loans	2013	6,000,000	6,000,000	6,000,000	6,000,000
		10,024,492	10,166,652	9,875,251	9,562,168
Current, net		25,869,318	29,050,520	9,875,251	9,562,168
Non-current Secured:					
Obligations under finance leases (Note 33 (b))	2014-2019	2,411,471	3,380,010	-	-
Term loans	2014-2015	1,055,515	4,075,186	-	-
		3,466,986	7,455,196	-	-
Unsecured:					
Term loans	2015	18,500,000	24,500,000	18,500,000	24,500,000
Non-current, net		21,966,986	31,955,196	18,500,000	24,500,000
Total loans and borrowings		47,836,304	61,005,716	28,375,251	34,062,168
Total secured:					
Obligations under finance leases (Note 33 (b))		4,534,288	7,056,374	-	-
Bank overdrafts		2,462,815	4,132,994	-	-
Bill payables		5,570,338	5,441,383	-	-
Revolving credits		5,000,000	5,100,000	-	-
Term loans		1,744,371	4,608,313	-	-
		19,311,812	26,339,064	-	-
Total unsecured:					
Bank overdrafts		1,524,492	1,666,652	1,375,251	1,062,168
Revolving credits		2,500,000	2,500,000	2,500,000	2,500,000
Term loans		24,500,000	30,500,000	24,500,000	30,500,000
		28,524,492	34,666,652	28,375,251	34,062,168
Total loans and borrowings		47,836,304	61,005,716	28,375,251	34,062,168

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

26. Loans and borrowings (cont'd)

Maturity	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total borrowings:				
Obligations under finance leases (Note 33 (b))	4,534,288	7,056,374	-	-
Bank overdrafts (Note 25)	3,987,307	5,799,646	1,375,251	1,062,168
Bill payables	5,570,338	5,441,383	-	-
Revolving credits	7,500,000	7,600,000	2,500,000	2,500,000
Term loans	26,244,371	35,108,313	24,500,000	30,500,000
Total loans and borrowings	47,836,304	61,005,716	28,375,251	34,062,168
Presented as:				
Amount due within 12 months	25,869,318	29,050,520	9,875,251	9,562,168
Amount due after 12 months	21,966,986	31,955,196	18,500,000	24,500,000
	47,836,304	61,005,716	28,375,251	34,062,168

The remaining maturities of the loans and borrowings as at 31 December 2011 are as follows:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
On demand or within one year	25,869,318	29,050,520	9,875,251	9,562,168
More than 1 year and less than 2 years	9,708,344	8,860,472	8,000,000	6,000,000
More than 2 years and less than 5 years	11,660,197	23,094,724	10,500,000	18,500,000
More than 5 years	598,445	-	-	-
Total loans and borrowings	47,836,304	61,005,716	28,375,251	34,062,168

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13 and Note 17). The discount rates implicit in the leases range from 4.1% to 6.2% (2011: 2.35% to 7.1%) per annum. These obligations are denominated in RM.

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest ranging from Base Lending Rate ("BLR") + 0.5% p.a. to BLR + 2.5% p.a. The weighted average effective interest rates for the Group was 1.7% (2011: 6.8% to 9.10%) respectively. The secured bank overdrafts of the Group are secured by corporate guarantee from the holding company and certain assets of the Group and of the Company as disclosed in Notes 13 and 17.

Bill payables and revolving credits

The secured bill payables and revolving credits are denominated in RM and have corporate guarantee executed by the Company. These borrowings are secured by a charge over the leased assets (Note 13 and Note 17). Revolving credits bear interest ranging between Bank Cost of Funds ("COF") + 1.5% p.a. and COF + 2.5% p.a.. The weighted average effective interest rates during the financial year for borrowings were as follows:

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

26. Loans and borrowings (cont'd)

Bill payables and revolving credits (cont'd)

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Bill payables	1.07%	1.5% to 4.84%	-	-
Revolving credits	8.5%	4.74% to 8.1%	8.5%	4.74%

Term loans

I. Term loan of the Company

Included in total term loans is an unsecured term loan of the Company amounting to RM24,500,000 (2011: RM30,500,000). In Year 2011, the Company managed to seek the assistance of the Corporate Debt Restructuring Committee ("CDRC") to negotiate for further extension of time. The Company subsequently entered into Settlement Agreements with bondholders and this unsecured loan is now repayable semi-annually over a 5 year period and bears interest rate of BLR +0.5% and to be repaid by 31 December 2015.

II. Term loans of subsidiaries

RM bank loan at BLR + 0.5% p.a.

This loan is secured by certain land use rights (Note 17) of the Company and is repayable by 30 April 2014. The net carrying amount of this loan at the reporting date is RM213,334 (2011: RM373,334).

RM bank loan at BLR + 1.0% p.a.

This loan is secured by certain land use rights (Note 17) of the Company and is repayable by 1 December 2020. The net carrying amount of this loan at the reporting date is RM862,787 (2011: RM929,333).

RM bank loan at BLR + 1.25% p.a.

There are two loans which are secured by certain land use rights (Note 17) of the Company and are repayable by 11 June 2013 and 11 August 2013 respectively. The net carrying amount of this loan at the reporting date is RM63,507 (2011: RM121,352).

RM bank loan at BLR + 1.75% p.a.

This loan is secured by certain land use rights (Note 17) of the Company and is repayable by 4 August 2014. The net carrying amount of this loan at the reporting date is RM599,412 (2011: RM913,778).

RM bridging bank loan at BLR + 3.50% p.a.

The net carrying amount of this loan at the reporting date is RM5,331 (2011: RM2,270,516).

This bridging loan is secured by:

- Corporate guarantee by the Company;
- A specific debenture created on the fixed and floating assets of a subsidiary;
- Legal charges created over a subsidiary's leasehold land (Note 17);
- Legal charges created over properties belonging to a third party;

This loan is to be repaid by either by way of redemption of development property units sold or by monthly instalments, whichever is earlier.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

26. Loans and borrowings (cont'd)

Term loans (cont'd.)

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 13 and Note 17. The weighted average interest rates for term loans are as follows:

	Group		Company	
	2012	2011	2012	2011
Term loans	7.15%	6.35% - 10.10%	8.5%	7.10% - 8.15%

27. Trade and other payables

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Current				
Trade payables				
Third parties	13,172,561	9,668,307	-	-
Third parties- retention sum	375,000	1,284,745	-	-
Trade payables, net	13,547,561	10,953,052	-	-
Other payables				
Amounts due to subsidiaries	-	-	1,668,459	1,334,573
Amounts due to associate	44,642	-	-	-
Amount due to related companies	11,473	-	-	-
Other payables	3,463,525	4,299,843	19,558	6,000
Deposit payables	3,261,152	2,247,993	-	-
Accrued operating expenses	2,177,728	4,486,544	300,341	25,000
Other payables, net	8,958,520	11,034,380	1,988,358	1,365,573
Total trade and other payables	22,506,081	21,987,432	1,988,358	1,365,573
Add: Loans and borrowings (Note 26)	47,836,304	61,005,716	28,375,251	34,062,168
Total financial liabilities carried at amortised costs	70,342,385	82,993,148	30,363,609	35,427,741

(a) Trade and other payables

These amounts are non-interest bearing. The normal trade credit terms granted to the Company range from 30 days to 90 days (2011: 30 days to 90 days). Other payables are normally settled on an average term of two to six months (2011: average term of two to six months).

(b) Amount due to related companies

Amount due to subsidiaries, associate and related companies are unsecured, non-interest bearing and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

28. Other current liabilities

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Progress billings in respect of property development costs	3,195,558	2,572	-	-

29. Deferred tax

At 1 January	4,526,000	1,334,486	-	-
Recognised in profit or loss (Note 11)	2,964,246	3,191,514	-	-
At 31 December	7,490,246	4,526,000	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(912,600)	(527,251)	-	-
Deferred tax liabilities	8,402,846	5,053,251	-	-
	7,490,246	4,526,000	-	-

Deferred income tax of the Group as at 31 December relates to the following:

Deferred tax assets:

	Provisions RM	Unutilised tax losses RM	Total RM
At 1 January 2012	(517,000)	(10,251)	(527,251)
Recognised in profit or loss	(392,000)	6,651	(385,349)
At 31 December 2012	(909,000)	(3,600)	(912,600)
At 1 January 2011	(537,000)	-	(537,000)
Recognised in profit or loss	20,000	(10,251)	9,749
At 31 December 2011	(517,000)	(10,251)	(527,251)

Deferred tax liabilities:

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2012	4,766,251	287,000	5,053,251
Recognised in profit or loss	3,621,666	(272,071)	3,349,595
At 31 December 2012	8,387,917	14,929	8,402,846
At 1 January 2011	1,612,486	259,000	1,871,486
Recognised in profit or loss	3,153,765	28,000	3,181,765
At 31 December 2011	4,766,251	287,000	5,053,251

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

30. Share capital

	Number of ordinary shares of RM1.00 each		Amount	
	2012	2011	2012 RM	2011 RM
Authorised				
At 1 January/31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January/31 December	48,092,200	48,092,200	48,092,200	48,092,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

31. Deferred tax assets not recognised

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Unutilised tax losses	13,338,221	13,359,125	594,791	594,791
Unabsorbed capital allowances	954,484	950,983	-	-
	14,292,705	14,310,108	594,791	594,791

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

32. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Company	
	2012 RM	2011 RM
Transactions with subsidiaries		
(i) Income		
Management fee income from:		
- B.I.G. Industrial Gas Sdn. Bhd.	-	-
- Kinalaju Supply Sdn. Bhd.	120,000	-
- Uni-Mix Sdn. Bhd.	780,000	-
- Uni-Mix Concrete Products Sdn. Bhd.	720,000	-
- Puncak Luyang Sdn. Bhd.	300,000	-
Interest income from:		
- Alpha Billion Sdn. Bhd.	503,729	-
- B.I.G. Communication Sdn. Bhd.	339,855	453,951
- B.I.G. Constructions Sdn. Bhd.	139,511	184,326
- B.I.G. Industrial Gas Sdn. Bhd.	386,425	660,818
- Hypervictory Sdn. Bhd.	256,732	306,354
- Kinalaju Sdn. Bhd.	5,350	5,084
- Linear Excellent Sdn. Bhd.	188	-
- Lumanai Sdn. Bhd.	(19,035)	(5,512)
- Puncak Luyang Sdn. Bhd.	74,371	151,937
- Sistem SDS Sdn. Bhd.	55,045	-
- Tani Kukuh Sdn. Bhd.	3,290	-
- Uni-Mix Concrete Products Sdn. Bhd.	(13,749)	2,545
- Uni-Mix Sdn. Bhd.	9,834	6,575
Transactions with related company		
Interest expense charged by:		
- Seristana Sdn. Bhd.	-	31,606

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

32. Related party disclosures (cont'd)

(b) Compensation of key management personnel

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

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Short term employee benefits	618,130	735,281	124,500	113,000
Defined contribution plan	63,094	74,604	-	-
	681,224	809,885	124,500	113,000
Included in the total key Management personnel are: Directors' remuneration (Note 10)	257,278	113,000	124,500	113,000

33. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2012 RM	2011 RM
Approved but not contracted for	-	8,198,000

34. Other commitments

(a) Operating lease commitments - as lessee

In addition to the land use rights disclosed in Note 17, the Group has entered into commercial leases on certain land, office premises and equipment. These leases have an average tenure of between one and five years with no renewal option or contingent rent provision included in the contracts. The Group is restricted from subleasing the leased office premises to third parties. Minimum lease payments, including amortisation of land use rights recognised in profit or loss for the financial year ended 31 December 2012 amounted to RM1,027,752 (2011: RM763,220).

At the reporting date, future minimum rentals payable under non-cancellable operating leases (excluding land use rights) which do not include those of two subsidiaries as the information is not available, are as follows:

	Group	
	2012 RM	2011 RM
Not later than one year	326,131	10,067
Later than one year but not later than five years	462,960	20,125
	789,091	30,192

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

34. Other commitments (cont'd)

(b) Finance lease commitments

The Group has finance leases for certain items of property, plant and equipment (Note 13). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group	
	2012 RM	2011 RM
Future minimum lease payments:		
Not later than 1 year	2,335,542	4,016,350
Later than 1 year and not later than 2 years	1,285,138	2,010,006
Later than 2 years and not later than 5 years	1,222,326	1,428,396
Later than 5 years	110,774	196,905
Total future minimum lease payments	4,953,780	7,651,657
Less: Future finance charges	(419,492)	(595,283)
Present value of minimum lease payments	4,534,288	7,056,374
Analysis of present value of finance lease liabilities:		
Not later than 1 year	2,122,817	3,676,364
Later than 1 year and not later than 2 years	1,363,252	1,866,501
Later than 2 years and not later than 5 years	923,653	1,330,051
Later than 5 years	124,566	183,458
Present value of minimum lease payments	4,534,288	7,056,374
Less: Amount due within 12 months (Note 26)	(2,122,817)	(3,676,364)
Amount due after 12 months (Note 26)	2,411,471	3,380,010

35. Fair value of financial instruments

A. Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at the reporting date, there were no financial instruments that were valued at fair value. Hence, no transfers between any levels of the fair value hierarchy took place during the current year and the comparative year. There were also no charges in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

35. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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

	Note	Group		Company	
		Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets					
At 31 December 2012:					
Investment in golf club membership	20	75,000	*	-	-
Investment in unquoted shares, at cost	20	361,445	*	-	-
At 31 December 2011:					
Investment in golf club membership	20	75,000	*	-	-
Investment in unquoted shares, at cost	20	361,445	*	-	-
Non-current financial liabilities					
At 31 December 2012:					
Obligations under Finance leases	26	(2,411,471)	(2,618,238)	-	**
At 31 December 2011:					
Obligations under Finance leases	26	(3,380,010)	(3,635,307)	-	**

* 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 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 26.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

35. Fair value of financial instruments (cont'd)

B. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (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 2012:			
Corporate guarantee	33	18,336,158	***
At 31 December 2011:			
Corporate guarantee	33	18,934,777	***

*** It is not practicable to estimate the fair value of contingent liabilities reliably due to the uncertainties of timing, costs and eventual outcome and the directors regard the value of the credit enhancement provided by the said guarantees to be minimal.

C. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	23
Trade and other payables (current)	27
Loans and borrowings (current and non-current, except obligations under finance leases)	26
- RM Loan at BLR + 0.50%	26
- RM Loan at BLR + 1.00%	26
- RM Loan at BLR + 1.25%	26
- RM Loan at BLR + 1.75%	26
- RM Loan at BLR + 3.5%	26

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

35. Fair value of financial instruments (cont'd.)

C. Determination of fair value (cont'd.)

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Amounts due from subsidiaries, finance lease obligations, fixed rate bank loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

36. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Executive Director and senior management of the Group. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investments, cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

36. Financial risk management objectives and policies (cont'd)

(a) Credit risk (cont'd)

Exposure to credit risk

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- A nominal amount of RM18,336,158 (2011: RM18,934,777) relating to corporate guarantees provided by the Company to banks of subsidiaries' bank loans.

Information regarding credit enhancements for trade receivables is disclosed in Note 23.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and the Company's trade receivables at the reporting date are as follows.

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
By industry sectors:				
Industrial GAS	11,824,626	12,802,202	-	-
Ready mix concrete/RCP	11,133,901	12,956,887	-	-
Property development	1,800,226	4,039,416	-	-
Trade receivables, net	24,758,753	29,798,505	-	-

As at 31 December 2012 and 31 December 2011, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with licensed banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

36. Financial risk management objectives and policies (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to maintain sufficient liquid financial assets and stand-by credit facilities with eleven different banks. At the reporting date, approximately 35% (2011: 28%) of the Group's loans and borrowings (Note 26) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM	One to five year RM	Over five years RM	Total RM
Group				
At 31 December 2012				
Financial liabilities:				
Loans and borrowings	26,506,818	21,368,541	593,114	48,468,473
Trade and other payables	22,506,081	-	-	22,506,081
Total undiscounted financial liabilities	49,012,899	21,368,541	593,114	70,974,554
At 31 December 2011				
Financial liabilities:				
Loans and borrowings	29,390,506	32,013,588	196,905	61,600,999
Trade and other payables	21,987,432	-	-	21,987,432
Total undiscounted financial liabilities	51,377,938	32,013,588	196,905	83,588,431
Company				
At 31 December 2012				
Financial liabilities:				
Loans and borrowings	9,875,251	8,000,000	10,500,000	28,375,251
Trade and other payables, excluding financial guarantees *	1,988,358	-	-	1,988,358
Total undiscounted financial liabilities	11,863,609	8,000,000	10,500,000	30,363,609
At 31 December 2011				
Financial liabilities:				
Loans and borrowings	9,562,168	6,000,000	18,500,000	34,062,168
Trade and other payables, excluding financial guarantees *	1,365,573	-	-	1,365,573
Total undiscounted financial liabilities	10,927,741	6,000,000	18,500,000	35,427,741

* At the reporting date, the counter party to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of FRS 139 are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

36. Financial risk management objectives and policies (cont'd)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. All of the Group's and the Company's financial assets and liabilities at floating rates are contractually re-priced at intervals of less than 6 months (2011: less than 6 months) from the reporting date.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts. At the reporting date, approximately 21% (2011: 21%) of the Group's borrowings are at fixed rates of interest.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM39,878 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales that are denominated in a currency other than the functional currency of the Group, primarily RM. The foreign currencies in which these transactions are denominated are mainly Brunei Dollars ("BD").

Approximately 3.3% (2011: 1.8%) of the Group's sales is denominated in foreign currencies. The Group's trade receivable balances at the reporting date have similar exposures.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in BD) amount to RM287,158 (2011: RM223,389) for the Group. During the financial 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:

	Total Bruner Dollar Equivalent RM
Functional currency	
At 31 December 2012:	
Trade receivables <i>Ringgit Malaysia</i>	929,824
Cash and bank balances <i>Ringgit Malaysia</i>	223,389
At 31 December 2011:	
Trade receivables <i>Ringgit Malaysia</i>	692,146
Cash and bank balances <i>Ringgit Malaysia</i>	223,389

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

36. Financial risk management objectives and policies (cont'd)

(d) Foreign currency risk(cont'd)

Sensitivity analysis for foreign currency risk

The Group has no significant exposure to foreign currency risk as at the reporting date.

37. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2012 and 31 December 2011.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings (excluding convertible redeemable preference shares, if any), trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

The Group is not subject to any externally imposed capital requirements.

	Note	Group		Company	
		2012 RM	2011 RM	2012 RM	2011 RM
Loans and borrowings	26	47,836,304	61,005,716	28,375,251	34,062,168
Trade and other payables	27	22,506,081	21,987,432	1,988,358	1,365,573
Less: Cash and bank balances	25	(3,198,922)	(5,357,630)	(434,116)	(99,561)
Net debt		67,143,463	77,635,518	29,929,493	35,328,180
Total capital:					
Equity attributable to Owners of the Company		43,739,165	46,284,118	38,383,092	39,479,633
Capital and net debt		110,882,628	123,919,636	68,312,585	74,807,813
Gearing ratio		61%	63%	44%	47%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

38. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

- (i) Industrial Gas;
- (ii) Ready Mix Concrete (“RMC”) / Reinforced Concrete Piles (“RCP”); 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. Hence, no operating segments have been aggregated to form the above reportable operating segments.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm’s length basis in a manner similar to transactions with third parties.

Geographical information

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

38. Segment Information (cont'd)

Segment analysis

The following tables provide an analysis of the Group's revenue, assets, liabilities and other information by business segments:

	Industrial GAS		RCP/RMC		Property Development & Construction		Corporate/others		Adjustments and eliminations		Per consolidated financial statements	
	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM	2012 RM	2011 RM
Revenue:												
External customers	34,765,865	32,449,468	47,679,622	39,471,714	15,636,644	20,772,065	-	-	-	-	98,082,131	92,693,247
Inter-segment	-	-	22,633,615	17,246,941	2,080,000	-	1,920,000	-	(26,633,615)	(17,246,941)	-	-
Total revenue	34,765,865	32,449,468	70,313,237	56,718,655	17,716,644	20,772,065	1,920,000	-	(26,633,615)	(17,246,941)	98,082,131	92,693,247
Results:												
Interest income	589	588	62,508	723	48,679	46,740	1,679,209	1,767,556	(1,766,984)	(1,766,666)	24,001	48,491
Depreciation and amortisation	5,227,616	3,139,781	1,077,426	1,459,052	33,867	34,657	-	-	-	-	6,338,909	4,633,490
Share of results of associates	-	-	-	-	-	-	44,642	44,642	(44,642)	(44,642)	-	-
Impairment of non-financial assets	-	1,898,870	-	-	-	-	-	-	-	-	-	1,898,870
Other non-cash expenses	759,982	86,830	232,894	596,825	-	1,313,633	3,228	65,764	-	-	992,104	2,063,052
Segment profit/(loss)	2,481,704	(784,981)	988,605	(367,327)	1,852,508	1,419,792	1,452,541	(4,623,592)	(5,130,661)	1,121,620	1,644,697	(3,234,488)
Assets:												
Investment in an associate	-	-	-	-	-	-	96,000	96,000	(96,000)	(96,000)	-	-
Additions to non-current assets	3,942,720	4,641,353	124,145	1,290,126	1,788	3,025	-	7,200	-	-	4,068,653	5,941,704
Segment assets	67,574,080	71,470,733	39,403,572	35,393,892	24,391,177	32,173,380	75,789,326	81,938,063	(82,377,068)	(87,161,661)	124,781,087	133,814,397
Segment liabilities	39,430,862	40,710,112	30,636,067	26,919,528	16,573,232	25,239,126	38,136,895	42,949,540	(43,735,134)	(48,288,027)	81,041,922	87,530,279

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

38. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues are eliminated on consolidation.
- B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2012 RM	2011 RM
Bad debts written off	8	1,578,068	19,494
Impairment loss on trade receivables net of reversal	8	1,472,273	244,452
Impairment loss on other receivables	8	-	754,827
Net gain on disposal of property, plant and equipment	8	(644,312)	(335,996)
Net gain on disposal of land use rights	9	(171,716)	(135,000)
Net loss on disposal of investment properties	8	-	1,313,633
Property, plant and equipment written off	8	50,705	268,186
Reversal of impairment loss on trade receivables	8	(1,393,574)	(66,544)
Inventory written off	8	104,660	-
		<u>1,147,029</u>	<u>2,063,052</u>

- C The following items are added to/(deducted from) segment profit/(loss) to arrive at "Profit/(loss) before tax", presented in the consolidated statement of comprehensive income:

	2012 RM	2011 RM
Finance costs (Note 7)	(3,595,134)	(4,228,259)
Inter-segment costs	(1,535,527)	3,106,639
	<u>(5,130,661)</u>	<u>1,121,620</u>

- D Additions to non-current assets consist of:

	2012 RM	2011 RM
Property, plant and equipment (Note 13)	4,053,615	4,073,685
Land use rights (Note 17)	10,538	1,860,819
Land held for property development (Note 14)	22,500	7,200
	<u>4,086,653</u>	<u>5,941,704</u>

- E The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2012 RM	2011 RM
Inter-segment assets	<u>(82,377,068)</u>	<u>(87,111,651)</u>

- F The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2012 RM	2011 RM
Inter-segment liabilities	<u>(43,735,134)</u>	<u>(48,288,027)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)

For the financial year ended 31 December 2012

39. Significant event

Disposal of land

On 26 June 2012, the Group entered into two sale and purchase agreements, through a subsidiary, to dispose two leasehold land to Pan Wijaya Property Sdn. Bhd. ("Pan Wijaya") and Kidurong Futsal Centre Sdn. Bhd. ("Kidurong Futsal") for consideration of RM3,100,000 and RM1,100,000, respectively. The gain on disposal was expected to be approximately RM3,318,190. The sales proceeds would be utilised by the Group to repay financial obligations and for working capital purposes. The proposed disposals were subject to the consent from Director of Lands and Surveys and any relevant authorities and accordingly, the disposals had not been accounted for in the 2012 financial statements.

40. Events occurring after reporting date

Disposal of land

On 4 March 2013, the Company announced that the Group disposed a piece of leasehold land for cash consideration of RM1,000,000 to Kidurong Futsal, a third party. The expected gain on disposal of the said land will be accounted for in the financial year ending 31 December 2013.

On 12 March 2013, the Company announced that the Director of Lands and Surveys rejected the Group's application to dispose a land to Pan Wijaya, as disclosed in Note 39 to the financial statements. Accordingly, the relevant sale and purchase agreement dated 26 June 2012 on the proposed disposal to Pan Wijaya is deemed cancelled.

41. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 23 April 2013

42. Supplementary information - breakdown of retained earnings/(accumulated losses) into realised and unrealised

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 December 2012 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance").

	Group		Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Total retained earnings/(accumulated losses) of the Company and its subsidiaries				
- Realised	7,155,893	6,968,301	(9,859,221)	(8,762,680)
- Unrealised	(7,490,246)	(4,526,000)	-	-
	(334,353)	2,442,301	(9,859,221)	(8,762,680)
Less: Consolidation adjustments, net	(4,168,795)	(4,400,496)	-	-
Accumulated losses as per financial statements	(4,503,148)	(1,958,195)	(9,859,221)	(8,762,680)

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2013

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

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of Shares Held	%
1 to 99	142	5.10	2,263	0.01
100 to 1,000	525	18.88	436,736	0.90
1,001 to 10,000	1,609	57.87	7,230,145	15.03
10,001 to 100,000	458	16.47	13,085,598	27.21
100,001 to 2,404,609 (*)	45	1.61	19,048,426	39.61
2,404,610 and above (**)	2	0.07	8,289,032	17.24
Total	2,781	100.00	48,092,200	100.00

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

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2013

No.	Name of Shareholders	No. of Shares	%
1.	Pristine Corporation Sdn Bhd	5,038,082	10.48
2.	Pristine Corporation Sdn Bhd	3,250,950	6.76
3.	Koulandamary A/K Sinnappan	2,114,800	4.40
4.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hoon Nin</i>	1,726,300	3.59
5.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,551,300	3.23
6.	Lee Sheng Fung	1,363,000	2.83
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>	920,226	1.91
9.	Ch'ng Wee Lan	795,600	1.65
10.	TA Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Charles Ross McKinnon</i>	702,600	1.46
11.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	658,200	1.37
12.	Kenanga Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Charles Ross McKinnon</i>	629,000	1.31
13.	Affin Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
14.	Hoon Nin	500,000	1.04
15.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Yoke Ching</i>	455,500	0.95
16.	Charles Ross McKinnon	433,600	0.90
17.	Liang Kun Chi @ Liong Kun Chi	411,500	0.86
18.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Poh Eng</i>	397,000	0.83

ANALYSIS OF SHAREHOLDINGS (cont'd)

As at 30 April 2013

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2013 (cont'd)

No.	Name of Shareholders	No. of Shares	%
19.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Kam Seng (IPH)</i>	381,000	0.79
20.	Lu Yeep Hing	364,000	0.76
21.	Ng See Fook	300,000	0.62
22.	Malacca Equity Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tham Ah Lan</i>	255,900	0.53
23.	Ng Yu Thian	233,700	0.49
24.	Low Yoke Choo	228,000	0.47
25.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kien Wi (E-KPT)</i>	200,000	0.42
26.	Eng Ah Hong	182,000	0.38
27.	CIMSEC Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye (SS2 PJ-CL)</i>	180,500	0.38
28.	RHB Capital Nominees (Tempatan) Sdn Bhd <i>Sin Huan Kwang (T-471154)</i>	170,100	0.35
29.	Chang Eng Hock	168,000	0.35
30.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lau Hang Nguong</i>	162,900	0.34

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2013

No.	Size of Holdings	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Pristine Corporation Sdn. Bhd.	8,289,086 (i)	17.24	-	-
2.	Lee Sheng Fung	2,382,300 (iii)	4.95	8,289,086 (ii)	17.24
3.	Hoon Nin	2,226,300 (iv)	4.63	8,289,086 (ii)	17.24

Notes:

- (i) Direct holding (8,289,032 shares) and indirect holding through HDM Nominees (Tempatan) Sdn. Bhd. (54 shares).
- (ii) Deemed interested by virtue of her substantial shareholdings in Pristine Corporation Sdn. Bhd.
- (iii) Direct holding (1,363,000 shares) and holding through TA Nominees (Tempatan) Sdn. Bhd. (1,019,300 shares).
- (iv) Direct holding (500,000 shares) and 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.	Datuk Sawaludin Bin Md Din	-	-	-	-
2.	Mr. Lau Keat Hoo	-	-	-	-
3.	Tan Sri Dato' Dr. Lau Ban Tin	-	-	-	-
4.	Datuk Lee Chuen Wan	-	-	-	-
5.	Mr Thiang Kai Goh	-	-	-	-

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2012

	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	28 years & 19 years	3,310	2044	107,836	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	26 years & 16 years	2,448	2052	112,177	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	17 years & 14 years	12,141	2053	949,074	1994
4.	Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	2039	36,082	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	20 years	1,966	2038	154,903	1992
6.	Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	2019	239,631	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	22 years & 12 years	7,719	2051	326,677	1991
8.	Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	60 years	660,902	1995
9.	Lot 2602, Block 32 Kemena Land District Kemena Industrial Area, Bintulu	Vacant Land	N/A	8,139	2056	210,991	1991
10.	Lot 2395, Block 31 Kemena Land, Bintulu	Company House	23 years	553.3	2049	44,954	1990
11.	CL205359495 CL205359486 Kg. Durian Tunjong F.T. Labuan	An Office Building and Refilling Plant	13 years	808 1,045	2919	549,071	1997

LIST OF PROPERTIES

HELD BY THE GROUP AS AT 31 DECEMBER 2012 (cont'd)

	Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
12.	PL 106282938 Lot 3 & 4, Jalan Bakau Off Km 9 Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building, Office Building	N/A 13 years	7,620	2027	434,541	1986
13.	PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off km 31, Jalan Tuaran, Kota Kinabalu	10 units Single Storey Terrace House cum Workshop	15 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	30,631 164,732	1997 1996 1996 1996
14.	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	1,678,221 156,127 119,668 71,673 142,276	1996 1996 1996 1996 1998 1997 1999 2001
15.	Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor	An Acetylene Plant Refilling Plant & Office Building	64 years	6,070	2067	804,251	2007
16.	Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawan Perak Darul Ridzuan	Refilling Plant & Office Building	93 years	4,092	2095	457,873	2007
17.	Bukit Cerakah Mukim Bukit Raja Negeri Selangor	Land held for development (under development)	N/A	54,635	2099	5,170,583	2004
18.	CL 015331941 District & Locality of Kota Kinabalu Sabah	Land held for development (under development)	N/A	18,212	2912	4,470,988	2002
19.	Lot 283 Block 7 Senggi-Poak Land District - Sebrang Siniawan, Bau	Vacant Land	N/A	36,270	2026	266,489	2011

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

SIBU BRANCH

19, Lorong Then Kung Suk 5
Lot 564, Block 16
Upper Lanang Road
C.D.T. 36, 96008 Sibu
Tel : 084-212 313 / 084-212 453
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

MIRI BRANCH

Lot 759, Block 4
Piasau Industrial Estate
C.D.T. 102
98009 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

SANDAKAN BRANCH

Lot 3A, Ka Shing Industrial Centre
Mile 7, Labuk Road
90000 Sandakan, Sabah
Tel : 089-672 531/ 089-672 534
Fax : 089-672 537

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

PASIR GUDANG BRANCH

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

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

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

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

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

ALPHA BILLION SDN BHD

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

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

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. 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. MARKETING SDN BHD

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

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

NO. OF SHARES HELD

Proxy Form

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of **B.I.G. INDUSTRIES BERHAD** 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 Twenty-Third Annual General Meeting of the Company to be held at the Juara Hall, Carlton Holiday Hotel & Suites, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 27 June 2013 at 11.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below:

NO.	RESOLUTION	FOR	AGAINST
1	Approval of the payment of Directors' fees		
2	Re-election of Datuk Lee Chuen Wan as Director		
3	Re-election of Tan Sri Dato' Dr Lau Ban Tin as Director		
4	Re-election of Mr Thiang Kai Goh as Director		
5	Re-appointment of Tan Sri Dato' Dr Lau Ban Tin as Independent Non-Executive Director		
6	Re-appointment of Messrs. Ernst & Young as Auditors		
7	Authority to Directors to allot and issue shares		

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 _____ 2013.

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 is 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 appointment shall be invalid unless the proportion of his shareholding 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 Derмага, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia not less than 48 hours before the time appointed for holding the meeting.
5. In respect of the Record of Depositors ("ROD"), only member whose name appears in the Twenty-Third Annual General Meeting ROD as at 21 June 2013 shall be entitled to attend, speak and vote at the Twenty-Third Annual General Meeting.

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POSTAGE
STAMP

The Company Secretary
B.I.G. INDUSTRIES BERHAD (195285-D)
Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak

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B.I.G. INDUSTRIES BERHAD

(195285-D)
(Incorporated in Malaysia)

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

Tel: 082-486 321
Fax: 082-336 933

Web: www.bigind.com.my