



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



**Optimizing The Momentum
For Superior Performance**

Annual Report 2013



Cover Rationale

Fearlessly optimizing its momentum, B.I.G. Industries Berhad desires to seize new opportunities and investments, generate greater returns for its stakeholders whilst growing stronger in the industry to drive long-term sustainability and superior performances.



CONTENTS

Corporate Profile	2	Directors' Report	31 – 33
Notice of Twenty-Fourth Annual General Meeting	3 – 4	Statement by Directors	34
Statement Accompanying Notice of Twenty-Fourth Annual General Meeting	5	Statutory Declaration	34
Group Corporate Structure	6	Independent Auditors' Report	35 – 36
Corporate Information	7	Statements of Comprehensive Income	37
Profile of the Board of Directors	8 – 9	Statements of Financial Position	38 – 39
Statement on Corporate Governance	10 – 17	Statements of Changes in Equity	40
Other Information	18	Statements of Cash Flows	41 – 42
Statement on Risk Management and Internal Control	19 – 20	Notes to the Financial Statements	43 – 103
Audit Committee Report	21 – 25	Analysis of Shareholdings	104 – 105
Financial Highlight	26 – 27	List of Properties	106 – 107
Chairman's Statement	28 – 30	Group Corporate Directory	108
		Proxy Form	Enclosed



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

The construction of 62 units of condominium (Block B) in Sabah and Pristana Garden - 18 units of double-storey terrace house in Demak Laut, Kuching, Sarawak were completed in 2013.

Currently, the following property development projects are in progress:

- Pristana Industrial Park - 10 units 3-storey semi D warehouse office and 1 unit 3-storey detached warehouse office in Inanam, Kota Kinabalu, Sabah; and
- Pristana Garden - 15 units of low cost single-storey terrace house in Demak Laut, Kuching, Sarawak.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth Annual General Meeting of B.I.G. INDUSTRIES BERHAD will be held at the Setia Hall, Carlton Holiday Hotel & Suites, No. 1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 11.00 am 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 2013 and the Directors' and Auditors' Reports thereon. **(Note)**
2. To approve the payment of Directors' fees amounting to RM168,000 for the financial year ended 31 December 2013. **(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. Mr Lau Keat Hoo **(Resolution 2)**
 - ii. Datuk Sawaludin Bin Md Din **(Resolution 3)**
4. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 4)**

AS SPECIAL BUSINESS

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

5. Continuing in Office as Independent Non-Executive Director **(Resolution 5)**

"THAT Tan Sri Dato' Dr Lau Ban Tin who has served as Independent Non-Executive Director of the Company for more than 9 years to continue to serve as an Independent Non-Executive Director of the Company."
6. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 **(Resolution 6)**

"THAT pursuant to Section 132D of the Companies Act, 1965 ("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."
7. 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
2 June 2014

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

Notes:-

1. In respect of the Record of Depositors ("ROD"), only member whose name appears in the Twenty-Fourth Annual General Meeting ROD as at 19 June 2014 shall be entitled to attend, speak and vote at the Twenty-Fourth Annual General Meeting.

2. 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.

3. 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 as its Annual General Meeting. The matter will not put forward for voting.

4. 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 terms of more than 9 years. The Board has recommended to shareholders that Tan Sri Lau remains 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.

5. Resolution 6

The Resolution 6, 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-Third Annual General Meeting held on 27 June 2013 and which will lapse at the conclusion of the Twenty-Fourth 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.

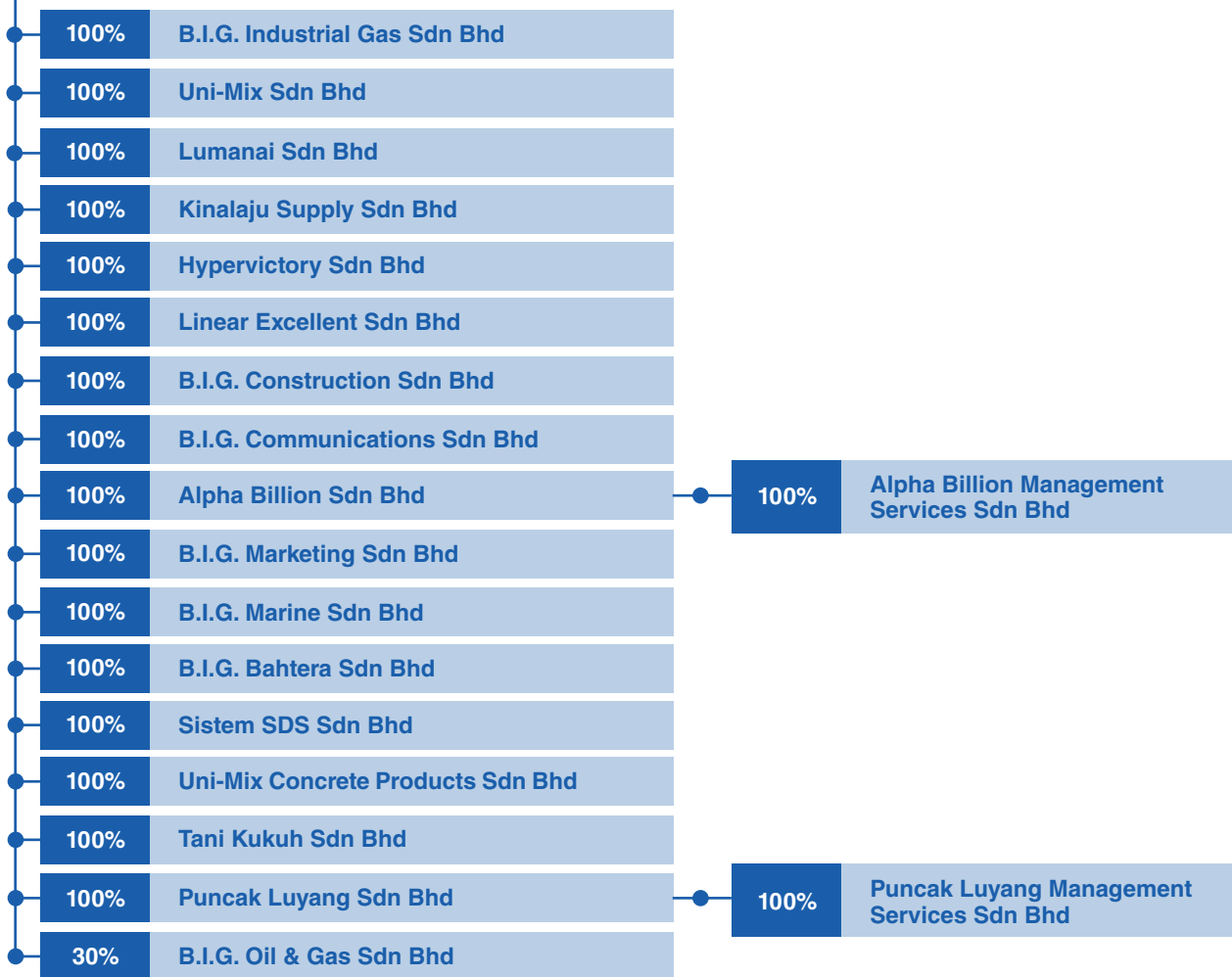
STATEMENT ACCOMPANYING NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

Details for the Directors who are standing for re-election namely, Mr Lau Keat Hoo and Datuk Sawaludin Bin Md Din at this Annual General Meeting are set out on page 8 of this Annual Report. The details of the Directors' interest in the securities of the Company are disclosed on page 105 of this Annual Report.

GROUP CORPORATE STRUCTURE



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



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
Tan Sri Dato' Dr. Lau Ban Tin

Members
Datuk Sawaludin Bin Md Din
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

Tan, Yap & Tang

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 64, 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 a member of the Audit Committee after redesignation from the Chairman of the Audit Committee on 29 January 2014. He is also 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 five (5) Board Meetings held during the financial year ended 31 December 2013.

LAU KEAT HOO

Executive Director

LAU KEAT HOO, aged 52, 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 redesignated 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 all the five (5) Board Meetings held during the financial year ended 31 December 2013.

TAN SRI DATO' DR. LAU BAN TIN

Independent Non-Executive Director

TAN SRI DATO' DR. LAU BAN TIN, aged 58, a Malaysian, was appointed to the Board of the Company on 18 November 1998. Tan Sri Dato' Dr. Lau was a member of the Audit Committee and on 29 January 2014 he was re-designated as the Chairman of the Audit Committee. Presently, he is a member of the 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, including 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 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 four (4) out of five (5) Board Meetings held during the financial year ended 31 December 2013.

DATUK LEE CHUEN WAN

Senior Independent Non-Executive Director

DATUK LEE CHUEN WAN, aged 63, 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 the 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 all the five (5) Board Meetings held during the financial year ended 31 December 2013.

THIANG KAI GOH

Non-Independent Non-Executive Director

THIANG KAI GOH, a Malaysian, aged 65, 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.

Mr Thiang has attended all five (5) Board Meetings held during the financial year ended 31 December 2013.

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 2013.

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 framework 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 Charter

The Board has established a Board Charter which sets out the duties, responsibilities, functions and powers of the Board by adopting the principles of good corporate governance in accordance with the applicable rules, regulations and laws in Malaysia. The Board Charter is available at our website at www.bigind.com.my.

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 caliber 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.

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 five (5) 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	5 / 5
Lau Keat Hoo	5 / 5
Tan Sri Dato' Dr. Lau Ban Tin	4 / 5
Datuk Lee Chuen Wan	5 / 5
Thiang Kai Goh	5 / 5

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.

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

Directors have access to the advice and services of the Company Secretary and may seek independent advice should the need arises. Any need for professional advice comes under the purview of the Board who will deliberate the matter on a consensual basis.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

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.

The objectives of setting up the Nomination Committee in accordance with the Malaysian Code on Corporate Governance and the Listing Requirements of Bursa Securities are mainly for Directors' selection, Directors' assessment, Board evaluation, training and development.

The Committee has available to it the services of external advisers at the Group's expense, as and when it deems necessary. Also, it is accessible to appropriate resources and information as required to discharge its functions.

The duties and responsibilities of the Nomination Committee are as follows:-

- To annually review the required mix of skills, experience, character and other qualities including core competencies which each Director and Non-Executive Director 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, the contribution, competencies, independence and time commitment of each and individual Director;
- To recommend to the Board candidates for all directorships whilst considering the skills, knowledge, expertise, experience, professionalism, time commitment, caliber, participation, competence and integrity of the candidates. For the consideration of position of Independent Non-Executive Directors and Non-Independent Non-Executive Director, it also evaluates their abilities to discharge responsibilities or functions as expected from them;
- To assess and recommend to the Board whether the Independent Directors who serve 9 or more years as Independent Directors before the forthcoming annual general meeting to be remained as Independent or re-designated as Non-Independent Directors;
- To recommend to the Board Directors standing for re-election / re-appointment by shareholders at general meetings, succession plan, training programme, boardroom diversity including gender diversity policies;
- To consider in making its recommendations, selection 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 / arrange induction and education programs for the new recruits and/or the Board.

BOARD COMMITTEES (cont'd)

• **Nomination Committee - Appointments to the Board (cont'd)**

Members of the Nomination Committee abstain from participating in matters concerning their re-election/re-appointment and assessment. The Committee sat two (2) times during the financial year ended 31 December 2013. All members attended both the meetings.

Activities for the financial year ended 31 December 2013 were as below:

- Discussion and recommendation to the Board the re-election of Directors retired pursuant to Articles 106 and 114 of the Articles of Association of the Company and also re-appointment of Tan Sri Dato' Dr Lau Ban Tin as Independent Non-Executive Director of the Company after serving for a tenure of exceeding 9 years.
- Review the mix of skill, independence and diversity of the existing board, assessment of the effectiveness of the Board, Board Committees and contribution of individual Directors.
- Assessment and notation of the seminars / programmes attended, participated, presented and/or delivered by the Board members.
- Discussion and deliberation on the formation of Risk Management Committee.

• **Remuneration Committee - Directors' Remuneration**

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

The Remuneration Committee determines the remuneration of each Director. The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. It is the Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Director plays no part in deciding his own remuneration and the respective Board members shall abstain from all 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 Lau Keat Hoo and its current members are Tan Sri Dato' Dr Lau Ban Tin and Datuk Sawaludin Bin Md Din.

The Committee met two (2) 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive Director				
Fees	12,000	12,000	12,000	12,000
Salary and other emoluments	133,760	126,778	133,760	-
	145,760	138,778	145,760	12,000
Non-Executive Director				
Fees	156,000	118,500	156,000	112,500
Salary and other emoluments	6,500	-	-	-
	308,260	257,278	301,760	124,500

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

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 Secretary, 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:-

DIRECTORS' TRAINING (cont'd)

Datuk Sawaludin Bin Md Din

- Sharpening the Audit Committee Governance Challenges and the Internal Audit Function Value Creation Culture
- Risk Management and Internal Control Workshops for Audit Committee

Datuk Lee Chuen Wan

- Fraud Detection and Prevention - A Necessity, Not A Choice

Thiang Kai Goh

- MIA Conference 2013
- Risk Management and Internal Control Workshops for Audit Committee

Lau Keat Hoo

- Designing Directors' Performance Assessment of Directors' Independence and Effectiveness

Also, during the year Tan Sri Dato' Dr Lau Ban Tin had presented / delivered to institutions and corporations the following:

- 15th Malaysia Strategic Outlook Conference on the "A Nation Transformed - Unleashing its Potential, Shaping the Future, Managing Challenge"
- Seminar Keselamatan Kesihatan Pekerjaan dan Alam Sekitar Peringkat Pengurusan Tertinggi TNB Kali Ke-4
- Seminar on the "Corporate Governance for Directors and Institutional Investors"
- MSU Business Leaders Lecture Series - Budget 2014 and the Malaysian Economy

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.

ANNUAL GENERAL MEETING

The AGM is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting 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.

STATEMENT ON CORPORATE GOVERNANCE (cont'd)

ANNUAL GENERAL MEETING (cont'd)

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.

RISK MANAGEMENT AND INTERNAL CONTROL

The information on the Group's risk management and 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.

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 2013, 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 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 2014.

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 RM7,500 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 2013.

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 of Directors ("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 acknowledges its responsibility for the Group's system of internal control as well as risk management that aims to safeguard shareholders' investments and the Group's assets. The Board recognises its responsibility to review the adequacy and integrity of system of risk management and internal control, 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 risk management and internal control against the requirements outlined in the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers ("Guidelines").

- 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.

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 risk management and internal control 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:

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

RISK MANAGEMENT FRAMEWORK (cont'd)

- 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.

Internal Auditor assists to 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 Financial Manager through the 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:-

- Assisting in the preparation of 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 2013 was RM150,171.

The Board is pleased to report that there were no material losses incurred during the financial year as a result of weaknesses in internal control. Management continues to take measures to strengthen the risk and control environment.

This statement is issued in accordance with a resolution of the Directors dated 23 April 2014.

COMPOSITION

MEMBERS OF THE AUDIT COMMITTEE

Chairman

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

Members

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

Datuk Sawaludin Bin Md Din (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;
- (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.

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.

AUDIT COMMITTEE REPORT (cont'd)

2. OBJECTIVES (cont'd)

- (ii) provide greater emphasis on the audit function by serving as the focal point for communication between non-committee Directors, the External Auditors, Internal Auditors and the management and providing a forum for discussion that is independent of the management. It is to be the Board's principal agent in assuring the independence of the Company's External Auditors, the integrity of the management and the adequacy of disclosure to shareholders.
- (iii) monitor compliance with the Group's policies and procedures in order to provide assurance on the effectiveness of the Group's internal control, policies and procedures.
- (iv) undertake such additional duties as may be appropriate and necessary to assist the Board.
- (v) serve as an independent and objective party in the review of the financial information presented by 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

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

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

4. DUTIES AND RESPONSIBILITIES (cont'd)

- (iii) To review the internal audit functions on the following:-
- adequacy of the scope, 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.

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).

AUDIT COMMITTEE REPORT (cont'd)

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 whoever/whichever relevant for noting and action, where necessary.

7. ACTIVITIES

The Committee met five (5) times during the financial year ended 31 December 2013 to review the Company's and the Group's 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 2013 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 2013 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 2013 before tabling at the Board Meeting for approval and 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 Report and Risk Management and Internal Control for inclusion in this Annual Report; and
- (viii) monitor other legal regulatory requirements and good governance.

8. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2013. The attendance record of each member is as follows:

Audit Committee Members	Number of meetings attended
Tan Sri Dato' Dr Lau Ban Tin (Chairman from 29.01.2014)	4 / 5
Datuk Sawaludin Bin Md Din (Chairman until 29.01.2014)	5 / 5
Datuk Lee Chuen Wan	5 / 5

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

Two (2) Audit Committee Meetings were held subsequent to the financial year ended 31 December 2013 to the date of Directors' Report. The attendance record of each member is as follows:-

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

This statement is issued in accordance with a resolution of the Directors dated 23 April 2014.

FINANCIAL HIGHLIGHT

26

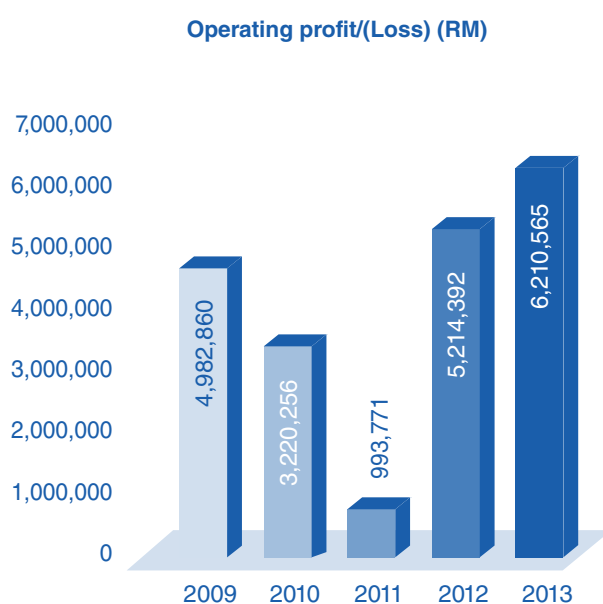
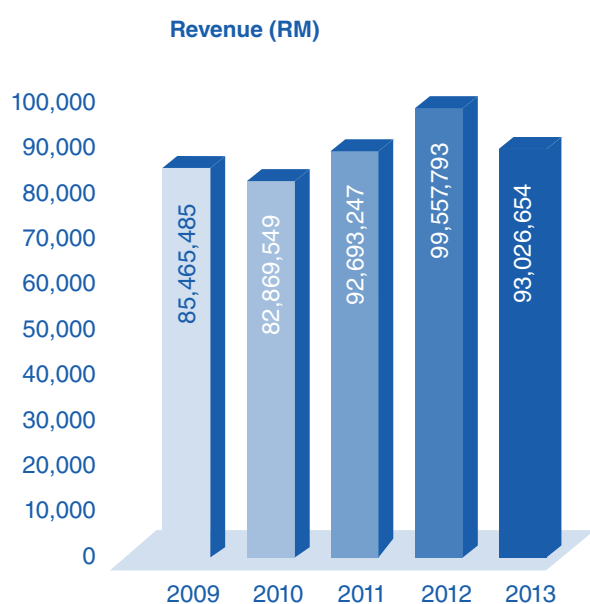
2013 | ANNUAL REPORT

FIVE YEAR GROUP FINANCIAL SUMMARY

	FY 31 Dec 2009 RM	FY 31 Dec 2010 RM	FY 31 Dec 2011 RM	FY 31 Dec 2012 RM	FY 31 Dec 2013 RM
OPERATING RESULT					
Revenue	85,465,485	82,869,549	92,693,247	99,557,793	93,026,654
Operating profit (loss)	4,982,860	3,220,256	993,771	5,214,392	6,210,565
Profit/(Loss) before taxation	(5,420,286)	(1,531,452)	(3,234,488)	1,644,697	3,681,507
Profit/(Loss) attributable to owners of the Company	(7,124,646)	(2,422,845)	(6,543,528)	(2,544,953)	3,871,595

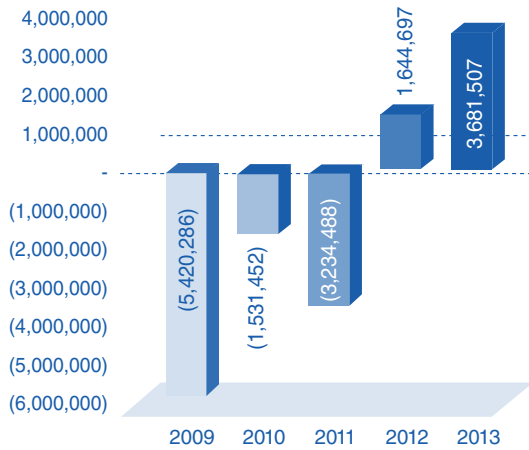
	FY 31 Dec 2009 RM	FY 31 Dec 2010 RM	FY 31 Dec 2011 RM	FY 31 Dec 2012 RM	FY 31 Dec 2013 RM
KEY STATEMENTS OF FINANCIAL POSITION DATA					
Total assets	146,878,665	142,549,727	133,814,397	125,979,942	112,125,134
Total Liabilities	91,628,174	89,722,081	87,530,279	82,240,777	64,514,374
Paid-up capital	48,092,200	48,092,200	48,092,200	48,092,200	48,092,200
Shareholders' equity	55,250,491	62,827,646	46,284,118	43,739,165	47,610,760

	FY 31 Dec 2009 RM	FY 31 Dec 2010 RM	FY 31 Dec 2011 RM	FY 31 Dec 2012 RM	FY 31 Dec 2013 RM
SHARE INFORMATION					
Per share (sen)					
Basic earnings/(loss)	(14.81)	(5.04)	(13.61)	(5.29)	8.05
Net assets	1.15	1.31	0.96	0.91	0.99

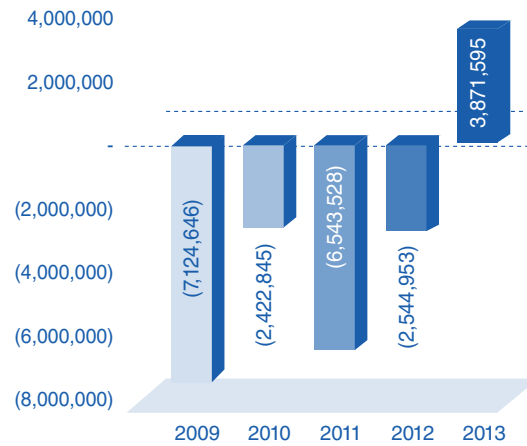


FINANCIAL HIGHLIGHT (cont'd)

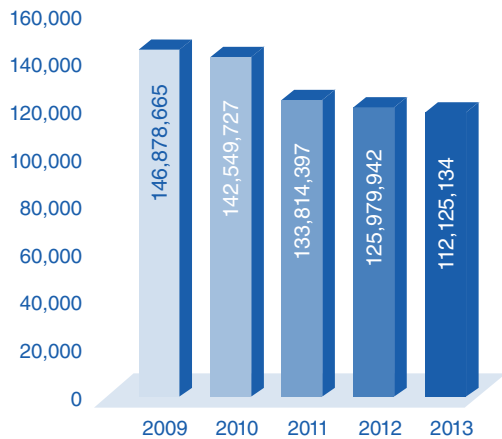
Profit/(Loss) before taxation (RM)



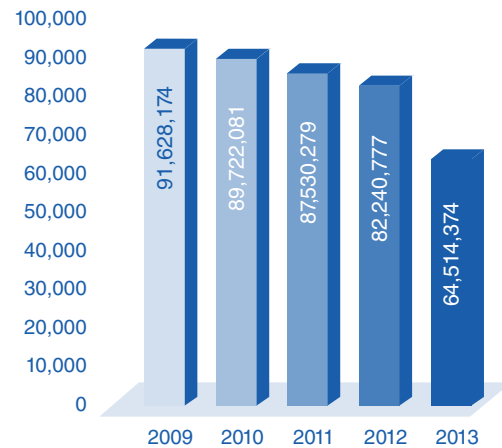
Profit/(Loss) attributable to owners of the Company (RM)



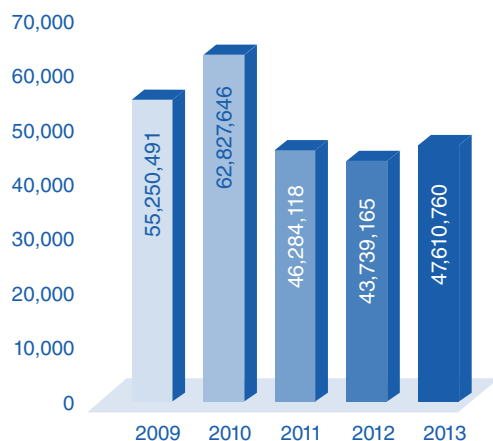
Total assets (RM)



Total liabilities (RM)



Shareholders equity (RM)



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 2013.

REVIEW OF RESULTS

During the year ended 31 December 2013, the Group recorded a turnover of RM93.03 million as against RM99.56 million recorded for the previous year, a decrease of RM6.53 million or 6.56%. The decrease in turnover is mainly due to lower sales in the industrial gas and property divisions. The Group recorded a profit before taxation for the current year at RM3.68 million over profit before taxation of RM1.64 million recorded for the previous year.

- **Industrial Gas Division**

The industrial gas division recorded a turnover of RM31.98 million as against RM36.24 million recorded for the previous year. This division recorded a profit before taxation of RM1.58 million for the current year as against a profit before taxation of RM1.22 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 RM51.34 million as against RM47.68 million recorded for the previous year. This division recorded a profit before taxation of RM2.14 million for the current year as against a profit before taxation of RM0.28 million recorded for the previous year.

- **Property Division**

Turnover for the property division was recorded at RM9.70 million as against RM15.64 million recorded for the previous year. Profit before taxation for this division was recorded at RM1.31 million for the current year as compared to profit before taxation of RM1.19 million recorded for the previous year.

OPERATING ENVIRONMENT

- **Industrial Gas Division**

As stated in Bank Negara Malaysia's recent release, Malaysian economy registered a 4.7% growth in 2013 compared with 5.6% in 2012. Against this backdrop of a relatively lackluster global economy, the industrial gas division recorded a lower sales during the year, mainly as a result of intense competition and price war. The demand for bulk liquid sales decreased substantially during the second half of 2013 due mainly to slow-down in demand.

Consequently, revenue decreased by RM4.26 million or 11.75% to RM31.98 million.

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

The division experienced lackluster sales during the first half of the year which gradually improved towards the second half of 2013. The final quarter of 2013 was especially encouraging in terms of profitability as demand increased.

- **Property Division**

On 15th November 2013 Bank Negara Malaysia rehearsed a circular which was effective immediately as follows:

- 1) The prohibition of financial institutions granting end-financing facilities to individuals or non-individuals for the purchase of property offered under Interest Capitalisation Scheme (ICS), including the Developers Interest Bearing Scheme (DIBS)
- 2) Banks must calculate the loan-to value (LTV) ratio based on the net price of a property instead of its gross price

While the outlook for 2013 was positive, its growth was unlikely to reach the unprecedented rates of 2011, which were as high as 20% to 30% or the slightly lower rates of 2012. The property market remained strong but the purchasing trend had become more selective.

There appeared to be a mismatch in valuations and selling prices coupled with unrealistic expectations from buyers. Estate agents were faced with the challenge of matching the expectations of buyers and sellers.

Sellers, riding on the excitement of 2011, expected similar increases in prices only to be disappointed by the lack of interest by purchasers. The availability of properties, especially in the residential sector, with prices closed to their market value was low. This environment suggested that many sellers had better holding power compared to a few years ago.

The property buying trend in the country was gravitating from luxury towards affordability in 2013. Property developers were responding to this shift by presenting lower absolute selling prices by decreasing the sizes of the units. They were also transitioning from selling high rise to landed products for which there was latent demand.

Other factors that increased the competitiveness of the property market in 2013 included the rise in the cost of building materials, as well as the stringent application of responsible financing guidelines upon borrowers, which took effect as of 1 January 2013. This saw a significant decrease in the number of property purchasers eligible for financial assistance.

In 2013, we had a good year with our ongoing Inanam Industrial Park units which we had fully sold and our just completed Puncak Luyang Condominium Block B which we have almost fully sold.

DIVIDEND

The Board of Directors does not recommend any dividend be declared for the financial year ended 31 December 2013.

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

FUTURE OUTLOOK

• Industrial Gas Division

The Board and Management are constantly mindful of the increasing cost of fuel and energy, especially in electricity tariffs which will substantially affect the cost of production. The ongoing programme of cost effectiveness is to inculcate into every aspect of our organization so as to remain competitive.

To remain competitive and maintain our market share, we have refined our strategic direction going forward, which is to move towards specialty products and solutions, while strengthening our basic cylinders sales and bulk sales. At the same time, we are committed to ensure we understand and anticipate our customers' business requirements, so as to offer solutions to meet their needs.

• Ready Mixed Cement and Concrete Piles Division ("RMC")

The RMC Division is expected to go through an intensifying competitive business environment in years ahead. To position our market leadership in the industry, the RMC division is underway to invigorate ready mixed concrete business unit with additional capital expenditures of RM4 million for mixer trucks and concrete pumps. This will boost the RMC Division's capacity to gear for higher sales volumes and better delivery services to our customers. With aggressive coverage of pre-cast market throughout Sabah, the 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

Overall, we believe that the 2014 outlook for the property market remains positive. There will always be genuine demand for properties and measures such as the higher Real Property Gains Tax (RPGT) will not affect homebuyers buying for their own occupation or for longterm investments. Such measures will hopefully reduce speculation in the property market which has inflated prices to levels no longer deemed affordable by majority of the population.

CHAIRMAN'S STATEMENT (cont'd)

Developers will also need to adapt to the changes in rules, such as GST (Goods and Services Tax) implementation, removal of the developer interest-bearing scheme (DIBS) and increase in the floor price for foreign buyers to RM1 million.

At the same time, developers continue to face industry-wide challenges, including shortage of skilled labour, higher labour costs and inconsistent supply and rising cost of building materials. These will continue to put pressure on margins.

Significant infrastructure works, such as the MRT, LRT extension, KLIA2, highways (SKIP/DASH, West Coast Expressway), will ease transit bottlenecks and present opportunities for new residential corridors and better connectivity.

For 2014 and the near future our Tani Kukuh project will be well positioned to tap on the proposed DASH highway which we intend to launch our proposed affordable commercial SOFO units later. Together with our proposed affordable landed residential development at Melalin, Sabah, we are well prepared to take up the challenge to continue to drive the property division forward.

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, financial institutions, business association for their continued support and assistance.

DATUK SAWALUDIN BIN MD DIN

Chairman

2 June 2014

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 2013.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiaries are set out in Note 17 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
Profit/(loss) net of tax	3,871,595	(251,866)
Attributable to:		
Owners of the Company	3,871,595	(251,866)

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

RESERVES AND PROVISIONS

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

DIVIDENDS

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2013.

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

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by 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 he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' REPORT (cont'd)

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

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 2014.

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 37 to 102 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 2013 and of their financial performance and cash flows for the year then ended.

The supplementary information set out in Note 39 to the financial statements have been prepared in accordance with the 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 2014.

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 37 to 103 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 2014

Lau Keat Hoo

Before me,

MD. Shah Hime B. Nazir (No. B112)
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 2013 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 information, as set out on pages 37 to 102.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors is also responsible for such internal control as the directors determine is 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 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 2013 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 17 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (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.

INDEPENDENT AUDITORS' REPORT

to the Members of B.I.G. Industries Berhad (cont'd)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 39 on page 103 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 NYET YUN

2708/04/16 (J)

Chartered Accountant

Kuching, Malaysia.

Date: 23 April 2014

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2013

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 RM
Revenue	4	93,026,654	99,557,793	2,148,000	1,920,000
Other income	5	2,061,519	2,854,032	1,755,937	1,743,286
Changes in inventories of finished goods		(990,062)	1,051,027	-	-
Inventories purchased and raw materials consumed		(41,289,225)	(49,662,640)	-	-
Carriage outwards		(686,231)	(524,727)	-	-
Employee benefits expense	9	(11,366,435)	(9,770,530)	(1,677,202)	(1,518,585)
Depreciation of property, plant and equipment	8	(5,196,207)	(6,126,391)	-	-
Amortisation of land use rights	8	(175,028)	(212,518)	-	-
Development costs		(10,588,579)	(12,760,355)	-	-
Provision for foreseeable loss, net of reversal	8	-	31,378	-	-
Administrative and other expenses		(18,585,841)	(19,222,677)	(770,203)	(619,097)
Operating profit		6,210,565	5,214,392	1,456,532	1,525,604
Finance costs	7	(2,529,058)	(3,569,695)	(1,705,396)	(2,390,445)
Impairment loss on investment in subsidiaries	8	-	-	(5,302)	(445,913)
Impairment loss on amount due from subsidiaries, net of reversal	8	-	-	-	214,213
Profit/(loss) before tax	8	3,681,507	1,644,697	(254,166)	(1,096,541)
Income tax expense	11	190,088	(4,189,650)	2,300	-
Profit/(loss) net of tax, representing total comprehensive income for the year		3,871,595	(2,544,953)	(251,866)	(1,096,541)
Total comprehensive income attributable to:					
Owners of the Company		3,871,595	(2,544,953)	(251,866)	(1,096,541)
Earnings/(loss) per share attributable to owners of the Company (sen per share):					
Basic	12	8.05	(5.29)		
Diluted	12	*	*		

* No diluted earnings 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 2013

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 (Restated) RM
ASSETS					
Non-current assets					
Property, plant and equipment	13	44,877,314	49,274,661	-	-
Land held for property development	14	5,176,265	5,170,583	-	-
Goodwill	15	840,968	840,968	-	-
Land use rights	16	7,172,694	7,558,263	-	-
Investments in subsidiaries	17	-	-	48,084,084	48,089,386
Investment in associate	18	-	-	-	-
Other investments	19	75,000	436,445	-	-
Deferred tax assets	29	204,466	912,600	-	-
		58,346,707	64,193,520	48,084,084	48,089,386
Current assets					
Property development costs	20	5,359,147	8,192,558	-	-
Inventories	21	9,436,726	13,034,613	-	-
Trade and other receivables	22	27,730,727	27,597,884	11,857,457	20,181,883
Other current assets	23	787,651	8,887,144	-	-
Tax recoverable		261,048	875,301	5,008	41,316
Cash and bank balances	24	9,700,532	2,389,291	24,722	2,315
Investment securities	25	502,596	809,631	3,146	431,801
		53,778,427	61,786,422	11,890,333	20,657,315
TOTAL ASSETS		112,125,134	125,979,942	59,974,417	68,746,701
EQUITY AND LIABILITIES					
Current liabilities					
Income tax payable		173,885	13,733	-	-
Loans and borrowings	26	19,295,717	25,869,318	8,000,000	9,875,251
Trade and other payables	27	20,880,176	22,792,336	3,343,191	1,988,358
Other current liabilities	28	3,978,146	3,195,558	-	-
		44,327,924	51,870,945	11,343,191	11,863,609
Net current assets		9,450,503	9,915,477	547,142	8,793,706

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2013 (cont'd)

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 (Restated) RM
Non-current liabilities					
Loans and borrowings	26	13,408,764	21,966,986	10,500,000	18,500,000
Deferred tax liabilities	29	6,777,686	8,402,846	-	-
		20,186,450	30,369,832	10,500,000	18,500,000
TOTAL LIABILITIES		64,514,374	82,240,777	21,843,191	30,363,609
Net assets		47,610,760	43,739,165	38,131,226	38,383,092
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		(631,553)	(4,503,148)	(10,111,087)	(9,859,221)
TOTAL EQUITY		47,610,760	43,739,165	38,131,226	38,383,092
TOTAL EQUITY AND LIABILITIES		112,125,134	125,979,942	59,974,417	68,746,701

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 2013

	← Attributable to Owners of the Company →			
	Share capital (Note 30)	Share premium	Accumulated losses	Total equity
	RM	RM	RM	RM
Group				
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	48,092,200	150,113	(4,503,148)	43,739,165
Total comprehensive income	-	-	3,871,595	3,871,595
Closing balance at 31 December 2013	48,092,200	150,113	(631,553)	47,610,760
Company				
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	48,092,200	150,113	(9,859,221)	38,383,092
Total comprehensive income	-	-	(251,866)	(251,866)
Closing balance at 31 December 2013	48,092,200	150,113	(10,111,087)	38,131,226

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 2013

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 (Restated) RM
Operating activities					
Profit/(loss) before tax		3,681,507	1,644,697	(254,166)	(1,096,541)
Adjustments for:					
Amortisation of land use rights	8	175,028	212,518	-	-
Bad debts written off	8	95,746	1,578,068	-	-
Bad debts recovered	5	(81,684)	-	-	-
Depreciation of property, plant and equipment	8	5,196,207	6,126,391	-	-
Gross dividend income	5	(9,119)	(14,298)	(147)	(615)
Net gain on disposal of property, plant and equipment	5	(94,088)	(644,312)	-	-
Net gain on disposal of land use rights	5	(889,459)	(171,716)	-	-
Impairment loss on amount due from subsidiaries, net of reversal	8	-	-	-	(214,213)
Inventories written off	8	5,862	126,383	-	-
Impairment loss on investment in subsidiaries	8	-	-	5,302	445,913
Impairment loss on other investment	8	361,445	-	-	-
Impairment loss on property, plant and equipment	8	1,173,474	-	-	-
Impairment loss on trade receivables	8	413,544	1,472,273	-	-
Impairment loss on other receivables	8	352,448	-	-	-
Interest expense	7	2,529,058	3,569,695	1,705,396	2,390,445
Interest income	6	(54,011)	(16,017)	(1,755,790)	(1,742,671)
Property, plant and equipment written off	8	31,972	50,705	-	-
Provision for foreseeable losses, net of reversal	8	-	(31,378)	-	-
Reversal of allowance for impairment of trade and other receivables	5	(473,053)	(1,393,574)	-	-
Operating cash flows before changes in working capital		12,414,877	12,509,435	(299,405)	(217,682)
Changes in working capital:					
Property development costs		2,833,411	7,046,677	-	-
Inventories		3,592,025	(4,638,428)	-	-
Receivables		7,659,649	(2,648,907)	50,083	(29,001)
Payables		(1,129,572)	3,997,891	90,277	294,899
Subsidiaries		-	-	9,532,899	6,620,456
Cash flows from operations		25,370,390	16,266,668	9,373,854	6,668,672

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2013 (cont'd)

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 (Restated) RM
Operating activities (cont'd)					
Interest received		54,011	16,017	1,755,790	1,742,671
Income taxes paid, net of refund		47,467	(982,529)	44,609	(41)
Net cash flows from operating activities		25,471,868	15,300,156	11,174,253	8,411,302
Investing activities					
Acquisition of property, plant and equipment	13	(767,710)	(2,736,606)	-	-
Subsequent expenditure incurred on land use rights	16	-	(10,538)	-	-
Proceeds from disposal of property, plant and equipment		144,092	956,597	-	-
Proceeds from disposal of investment properties		-	2,000,000	-	-
Proceeds from disposal of land use rights		1,100,000	378,000	-	-
Subsequent expenditure incurred on land held for development	14	(5,682)	(22,500)	-	-
Dividend received		9,119	14,298	147	615
Acquisition and reinvestment of investment securities		(17,658,685)	(15,174,597)	(7,590,338)	(8,425,865)
Proceeds from disposal of investment securities		17,965,720	14,562,530	8,018,992	8,000,380
Net cash flows from/(used) in investing activities		786,854	(32,816)	428,801	(424,870)
Financing activities					
Proceeds from loans and borrowings, net of repayment		(10,780,417)	(8,834,986)	(8,500,000)	(6,000,000)
Repayment of lease financing		(2,217,196)	(3,821,095)	-	-
(Placement)/withdrawal of short term deposits pledged and restricted cash	24	(5,163,823)	2,272,776	-	-
Interest paid		(2,529,058)	(3,569,695)	(1,705,396)	(2,390,445)
Net cash flows used in financing activities		(20,690,494)	(13,953,000)	(10,205,396)	(8,390,445)
Net increase/(decrease) in cash and cash equivalents		5,568,228	1,314,340	1,397,658	(404,013)
Cash and cash equivalents at 1 January		(2,330,412)	(3,644,752)	(1,372,936)	(968,923)
Cash and cash equivalents at 31 December	24	3,237,816	(2,330,412)	24,722	(1,372,936)

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 2013

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 Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is 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 17 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 requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except 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 2013, 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 2013:

- Amendments to FRS 101, Presentation of Items of Other Comprehensive Income
- Amendments to FRS 1, Government Loans
- Amendments to FRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- FRS 10, Consolidated Financial Statements
- FRS 11, Joint Arrangements
- FRS 12, Disclosure of Interests in Other Entities
- Amendments to FRS 10, FRS 11 and FRS 12, Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
- FRS 13, Fair Value Measurement
- FRS 119, Employee Benefits (IAS 19 as amended by IASB in June 2011)
- FRS 127, Separate Financial Statements (IAS 27 as amended by IASB in May 2011)
- FRS 128, Investments in Associates and Joint Ventures (IAS 28 as amended by IASB in May 2011)
- Amendments to FRS 1, FRS 101, FRS 116, FRS 132 and FRS 134, Annual Improvements 2009-2011 Cycle
- Amendment to IC Interpretation 2, Annual Improvements 2009-2011 Cycle
- IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for those discussed below:

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.2 Changes in accounting policies (cont'd)

- **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 investment 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 that owns less than 50 per cent of the voting shares in an investee has control over the investee. FRS 10 requires the investor to take into account all relevant facts and circumstances, particularly the size of the investor's holding of voting rights relative to the size and dispersion of holdings of the other vote holders.

- **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 13: Fair Value Measurement**

FRS 13 established 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. FRS 13 defines fair value as an exit price. As a result of the guidance in FRS 13, the Group and the Company re-assessed their policies for measuring fair values, in particular, their valuation inputs such as non-performance risk for fair value measurement of liabilities. FRS 13 also requires additional disclosures.

Application of FRS 13 has not materially impacted the fair value measurement of the Group and the Company. Additional disclosures where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

- **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.

2.3 Amendments/standards issued but not yet effective

The amendments/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 amendments/standards, if applicable, when they become effective.

2. Summary of Significant Accounting Policies (cont'd)

2.3 Amendments/standards issued but not yet effective (cont'd)

FRS effective for annual periods beginning on or after 1 January 2014

- Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities
- Amendments to FRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to FRS 136, Recoverable Amount Disclosures for Non-Financial Assets
- Amendments to FRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

FRS effective for annual periods beginning on or after 1 July 2014

- Amendments to FRS 2, FRS 3, FRS 8, FRS 116, FRS 124 and FRS 138, Annual Improvements 2010-2012 Cycle
- Amendments to FRS 3, FRS 13 and FRS 140, Annual Improvements 2011-2013 Cycle
- Amendments to FRS 119, Defined Benefit Plans: Employee Contributions

FRS effective date to be announced

- FRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- FRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- FRS 9, Financial Instruments: Hedge Accounting and amendments to FRS 7 and FRS 139

The directors expect that the adoption of the above amendments/standards and interpretations will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on adoption of applicable amendments/standards are described below:

Annual periods beginning on or after 1 January 2014

• Amendments to FRS 10, FRS 12 and FRS 127, Investment Entities

These amendments are effective for annual periods beginning on or after 1 January 2014 provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under FRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. It is expected that this amendment would not be relevant to the Group, since none of the entities in the Group would qualify to be an investment entity under FRS 10.

• Amendments to FRS 132, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities

These amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlements mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied for annual periods beginning on or after 1 January 2014. The amendments affect disclosures only and have no impact on the Group's and the Company's financial position or performance.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.3 Amendments/standards issued but not yet effective (cont'd)

Annual periods beginning on or after 1 January 2014 (cont'd)

- **Amendments to FRS 136, Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to FRS 136 clarify that recoverable amount (determined based on fair value less costs of disposal) is required to be disclosed only when an impairment loss is recognised or reversed. In addition, there are new disclosure requirements about fair value measurement when impairment or reversal of impairment is recognised.

The amendments to FRS 136 are to be applied retrospectively for annual periods beginning on or after 1 January 2014.

The amendments affect disclosures only and have no impact on the Group's and the Company's financial position or performance.

- **IC Interpretation 21, Levies**

The Interpretation clarifies that an entity should recognise a liability to pay a levy when it is within the scope of FRS 137 Provisions, Contingent Liabilities and Contingent Assets. It also explains that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. For example, if the activity that triggers the payment of the levy is the generation of revenue in the current period and the calculation of that levy is based on the revenue that was generated in the previous period, the obligating event for that levy is the generation of revenue in the current period. The generation of revenue in the previous period is necessary, but not sufficient, to create a present obligation.

The Interpretation also clarifies that the liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If an obligation to pay a levy is triggered when a minimum threshold is reached, the liability to pay a levy is recognised when that minimum activity threshold is reached.

The Interpretation is to be applied retrospectively for annual periods beginning on or after 1 January 2014.

The Group and the Company are currently assessing the impact that this standard will have on the financial position and performance of the Group and the Company.

FRS effective date to be announced

- **FRS 9, Financial Instruments: Classification and Measurement**

FRS 9 reflects the first phase of work on the replacement of FRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in FRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to FRS 9: Mandatory Effective Date of FRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of FRS 9 will have an effect on the classification and measurements of the Group's and the Company's financial assets, but will not have an impact on classification and measurements of the Group's and the Company's financial liabilities. The Group and the Company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

2. Summary of Significant Accounting Policies (cont'd)

2.3 Amendments/standards issued but not yet effective (cont'd)

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').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional three years. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2015.

The Group falls within the scope definition of Transitioning Entities and accordingly, will be preparing its financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2015. 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 profits.

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;
- (ii) Evaluation of any training requirements; and
- (iii) Preparation of a conversion plan.

(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
- (ii) Identify potential financial effects as at the date of transition, arising from the adoption of the MFRS Framework;
- (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 2013 could be different if prepared under the MFRS Framework.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.3 Amendments/standards issued but not yet effective (cont'd)

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

(b) Implementation and review phase (cont'd)

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 2015.

2.4 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 for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2. Summary of Significant Accounting Policies (cont'd)

2.4 Basis of consolidation (cont'd)

Business combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of FRS 139, it is measured in accordance with the appropriate FRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8.

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

- (i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

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 profit or loss.

2.6 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.6 Associates (cont'd)

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 18.

2.7 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

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.8 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, property, plant and equipment 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.

2.9 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.10 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.

2.11 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.

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.

2.12 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.

2. Summary of Significant Accounting Policies (cont'd)

2.12 Financial assets (cont'd)

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

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.

(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's and the Company's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.12 Financial assets (cont'd)

(d) Available-for-sale financial assets (cont'd)

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.

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.

2. Summary of Significant Accounting Policies (cont'd)

2.13 Impairment of financial assets (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

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.

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, spare parts and consumables: purchase costs on a first-in first-out basis.
- Finished goods: 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.
- Properties held for sale: costs associated with acquisition of land, direct costs and appropriate proportion of common costs.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

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 Fair value measurement

The Group and the Company measure financial instruments at fair value at each reporting date.

On initial recognition, the fair value of a financial instrument is the transaction price, i.e the fair value of the consideration given or received. Subsequent to initial recognition, the fair values of financial instruments measured at fair value are measured in accordance with the valuation methodologies as set out in Note 33.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Investment in unquoted equity instruments whose fair value cannot be reliably measured are measured at cost, and assessed for impairment at the each reporting date. The carrying values of current financial instruments approximate their fair value due to the short-term maturity of these instruments and the disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair values. The fair values of non-current financial instruments are disclosed separately unless there are significant differences at the end of the reporting date.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

2.22 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. Summary of Significant Accounting Policies (cont'd)

2.23 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.

(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 Group makes contributions to the Employees' 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.

2.24 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.

(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 2.25(h).

2.25 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.25 Revenue (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.26 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

2. Summary of Significant Accounting Policies (cont'd)

2.26 Income taxes (cont'd)

(b) Deferred tax (cont'd)

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.

2.27 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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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.

2.29 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.

3. Significant accounting judgements and estimates

The preparation of the Group's and the Company'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:

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

Key sources of estimation uncertainty (cont'd)

(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 20.

(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 is 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 sensitivity analysis to changes in the assumptions are given in Note 15.

(iii) Impairment of loans and receivables

The Group and the Company 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 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.

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 and the Company's loans and receivable at the reporting date is disclosed in Note 22.

(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 7% (2012: 12%) variance in the Group's profit/(loss) for the year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

Key sources of estimation uncertainty (cont'd)

(v) Impairment of gas cylinders

Gas cylinders included in property, plant and equipment are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the recoverable amount of the cash-generating units to which gas cylinders are associated with. Management estimates the impairment of gas cylinders to be RM1,173,474 (2012: Nil) as disclosed in Note 11. Changes in the expected level of usage and technological developments could impact the recoverable amount of these gas cylinders, therefore, future impairment of gas cylinders could be revised.

(vi) Impairment of investments in subsidiaries and interests in associates

The Group assesses whether there is any indication that investments in subsidiaries and interests in associates may be impaired at each reporting date.

If indicators are present, these assets are subject to impairment review. The impairment review comprises a comparison of the carrying amount of the investment and the investment's estimated recoverable amount.

Judgements made by management in the process of applying the Group's accounting policies in respect of investments in subsidiaries and interests in associates are as follows:

- (i) The Group determines whether its investments are impaired following certain indications of impairment such as, amongst others, prolonged shortfall between market value and carrying amount, significant changes with adverse effects on the investment and deteriorating financial performance of the investment due to observed changes and fundamentals.
- (ii) Depending on their nature and the industries in which the investments relate to, judgements are made by management to select suitable methods of valuation such as, amongst others, discounted cash flow, realisable net asset value and sector average price-earning ratio methods.

Once a suitable method of valuation is selected, management makes certain assumptions concerning the future to estimate the recoverable amount of the investment. These assumptions and other key sources of estimation uncertainty at the reporting date, may have a significant risk of causing a material adjustment to the carrying amounts of the investments within the next financial year. Depending on the specific individual investment, assumptions made by management may include, amongst others, assumptions on expected future cash flows, revenue growth, discount rate used for purposes of discounting future cash flows which incorporates the relevant risks, and expected future outcome of certain past events.

Management believes that no reasonably expected possible change in the key assumptions described above would cause the carrying amounts of the investments to materially exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

4. Revenue

	Group		Company	
	2013	2012 (Restated)	2013	2012
	RM	RM	RM	RM
Sale of goods and rendering of services and maintenance	74,708,250	80,677,406	-	-
Sale of development properties	16,100,189	16,720,923	-	-
Transportation and handling fees	2,022,526	1,980,174	-	-
Hiring of plant and machinery	195,689	179,290	-	-
Management fee income from subsidiaries	-	-	2,148,000	1,920,000
Total revenue	93,026,654	99,557,793	2,148,000	1,920,000

5. Other income

	Group		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	RM	RM	RM	RM
Bad debts recovered	81,684	-	-	-
Gross dividend income	9,119	14,298	147	615
Net gain on disposal of property, plant and equipment	94,088	644,312	-	-
Net gain on disposal of land use rights	889,459	171,716	-	-
Net realised gain on foreign exchange	89,521	9,183	-	-
Interest income (Note 6)	54,011	16,017	1,755,790	1,742,671
Rental income	-	65,000	-	-
Reversal of allowance for impairment of trade receivables (Note 22)	473,053	1,393,574	-	-
Management fee from associate	108,000	72,000	-	-
Miscellaneous income	262,584	467,932	-	-
Total other income	2,061,519	2,854,032	1,755,937	1,743,286

6. Interest income

	Group		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	RM	RM	RM	RM
Interest income from loans and receivables:				
- Due from subsidiaries	-	-	1,753,628	1,741,546
- Due from associate	2,162	1,125	2,162	1,125
- Cash and bank balances	51,849	14,892	-	-
Total interest income (Note 5)	54,011	16,017	1,755,790	1,742,671

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

7. Finance costs

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Interest expense on:				
- Term loans, bill payables, revolving credits and bank overdrafts	2,279,083	3,195,137	1,688,340	2,390,445
- Obligations under finance leases	249,975	374,558	-	-
- Amount due to subsidiaries	-	-	17,056	-
Total interest expense	2,529,058	3,569,695	1,705,396	2,390,445

8. Profit/(loss) before tax

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Amortisation of land use rights (Note 16)	175,028	212,518	-	-
Auditors' remuneration Statutory audits:				
- current year	195,800	169,700	40,900	25,000
- underprovision in previous years	10,560	-	5,000	-
Bad debts written off	95,746	1,578,068	-	-
Depreciation of property, plant and equipment (Note 13)	5,196,207	6,126,391	-	-
Employee benefits expense (Note 9)	11,366,435	9,770,530	1,677,202	1,518,585
Impairment loss on amount due from subsidiaries, net of reversal (Note 22)	-	-	-	(214,213)
Impairment loss on investment in subsidiaries	-	-	5,302	445,913
Impairment loss on property, plant and equipment (Note 13)	1,173,474	-	-	-
Impairment loss on other investments (Note 19)	361,445	-	-	-
Impairment loss on trade receivables (Note 22)	413,544	1,472,273	-	-
Inventories written off	5,862	126,383	-	-
Impairment loss on other receivables (Note 22)	352,448	-	-	-
Non-executive directors' remuneration (Note 10)	162,500	118,500	156,000	112,500
Property, plant and equipment written off	31,972	50,705	-	-
Provision for foreseeable losses, net of reversal (Note 20)	-	(31,378)	-	-
Rental of equipment, machinery and premises	733,358	815,234	800	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

9. Employee benefits expense

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Wages and salaries	9,995,260	8,519,390	1,454,842	1,404,413
Social security contributions	122,673	116,064	11,007	7,358
Contributions to defined contribution plan	1,074,000	928,554	174,890	105,591
Other benefits	174,502	206,522	36,463	1,223
	11,366,435	9,770,530	1,677,202	1,518,585

Included in employee benefits expense of the Group and of the Company are an executive director's remuneration amounting to RM141,360 (2012: RM138,778) and RM141,360 (2012: 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	
	2013 RM	2012 RM	2013 RM	2012 RM
Executive (Note 9):				
Salaries and other emoluments	102,000	102,000	102,000	-
Bonus	13,500	11,194	13,500	-
Defined contribution plan	13,860	13,584	13,860	-
Fees	12,000	12,000	12,000	12,000
	141,360	138,778	141,360	12,000
Non-Executive (Note 8):				
Other emoluments	6,500	-	-	-
Fees	156,000	118,500	156,000	112,500
	162,500	118,500	156,000	112,500
Total directors' remuneration	303,860	257,278	297,360	124,500
Estimated money value of benefits-in-kind	4,400	-	4,400	-
Total directors' remuneration (including benefits-in-kind)	308,260	257,278	301,760	124,500

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

10. Directors' remuneration (cont'd)

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

	Number of Directors	
	2013 RM	2012 RM
Executive director:		
RM50,001 - RM150,000	1	1
Non-executive directors:		
RM1,000 - RM50,000	4	4

11. INCOME TAX EXPENSE

The major components of income tax expense for the years ended 31 December 2013 and 2012 are:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Statement of comprehensive income:				
Current income tax:				
Malaysian income tax	1,112,852	1,160,502	-	-
(Over)/underprovision in respect of previous years	(385,914)	64,902	(2,300)	-
	726,938	1,225,404	(2,300)	-
Deferred income tax (Note 29):				
Relating to origination and reversal of temporary differences	(138,745)	65,159	-	-
Underprovision in respect of previous year	(490,089)	2,899,087	-	-
Effect of change in tax rate	(288,192)	-	-	-
	(917,026)	2,964,246	-	-
Income tax expense recognised in profit or loss	(190,088)	4,189,650	(2,300)	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

11. Income tax expense (cont'd)

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 2013 and 2012 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Profit/(loss) before tax	3,681,507	1,644,697	(254,166)	(1,096,541)
Taxation at Malaysian statutory rate of 25% (2012: 25%)	920,377	411,174	(63,542)	(274,135)
Effect of reduction in tax rate	(288,192)	-	-	-
Non-deductible expenses	706,637	903,085	21,793	274,135
Income not subject to tax	(244,481)	(84,247)	-	-
Utilisation of previously unrecognised unutilised tax losses and unabsorbed capital allowances	(472,033)	(4,351)	-	-
Deferred tax assets not recognised	63,607	-	41,749	-
(Over)/under provision of deferred income tax in respect of previous year	(490,089)	2,899,087	-	-
(Over)/under provision of income tax in respect of previous years	(385,914)	64,902	(2,300)	-
Income tax expense recognised in profit or loss	(190,088)	4,189,650	(2,300)	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 25% (2012: 25%) of the estimated assessable profit for the year.

The Malaysian corporate statutory tax rate will be reduced to 24% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2013 has reflected these changes.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

12. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

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

	Group	
	2013 RM	2012 RM
Earnings/(loss) net of tax attributable to owners of the parent used in the computation of basic earnings/(loss) per share (RM)	3,871,595	(2,544,953)
Weighted average number of ordinary shares in issue for basic earnings/loss per share	48,092,200	48,092,200
Basic earnings/(loss) per share (sen)	8.05	(5.29)

(b) Diluted earnings per share

Diluted earnings/(loss) per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the Company (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.

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

13. Property, plant and equipment

	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
Group						
Cost:						
At 1 January 2013	187,534	9,081,244	70,989,699	22,085,595	-	102,344,072
Additions	-	35,000	917,803	1,055,717	45,790	2,054,310
Disposals	-	-	(48,100)	(75,320)	-	(123,420)
Written off	-	-	(43,331)	(14,911)	-	(58,242)
At 31 December 2013	187,534	9,116,244	71,816,071	23,051,081	45,790	104,216,720
Accumulated depreciation and impairment:						
At 1 January 2013	-	4,569,975	32,267,184	16,232,252	-	53,069,411
Charge for the year (Note 8)	-	250,783	3,455,180	1,490,244	-	5,196,207
Disposals	-	-	(3,208)	(70,208)	-	(73,416)
Written off	-	-	(12,807)	(13,463)	-	(26,270)
Impairment loss recognised in profit or loss (Note 8)	-	-	1,173,474	-	-	1,173,474
At 31 December 2013	-	4,820,758	36,879,823	17,638,825	-	59,339,406
Net carrying amount	187,534	4,295,486	34,936,248	5,412,256	45,790	44,877,314
Group						
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

Assets held under finance leases

During the financial year, the Group acquired plant and equipment with an aggregate cost of RM2,054,310 (2012: RM4,035,615) of which RM1,286,600 (2012: RM1,299,009) were acquired by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM767,710 (2012: RM2,736,606).

The carrying amount of plant and equipment of the Group held under finance leases at the reporting date were RM6,559,972 (2012: RM15,371,540) as follows:

	2013 RM	2012 RM
Motor vehicles	1,645,016	1,214,933
Cylinders	3,833,753	11,703,526
Storage tanks	1,026,753	2,261,982
Software	-	130,049
Equipment	54,450	61,050
	6,559,972	15,371,540

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

Impairment of assets

During the financial year, the Group carried out a review of the recoverable amount of its cylinders. An impairment loss of RM1,173,474 was recognised in the current financial year (2012: Nil), representing the write-down of cylinders to the recoverable amount recognised in "administrative and other expenses" line item of the statement of comprehensive income.

14. Land held for property development

	Group Leasehold land	
	2013 RM	2012 RM
Cost:		
At 1 January	5,170,583	5,148,083
Additions from subsequent expenditure	5,682	22,500
At 31 December	5,176,265	5,170,583

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") amounting to RM33.5 million.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

15. Goodwill

	Group	
	2013 RM	2012 RM
At 1 January and 31 December	840,968	840,968

Goodwill arising from business combinations has been allocated to cash-generating unit ("CGU") for impairment testing.

The carrying amount of goodwill allocated to the Group's CGU is as follows:

	Group	
	2013 RM	2012 RM
Property development	840,968	840,968

The recoverable amount of the CGU has been determined based on value in use calculations using the cash flow projection from financial budgets approved by management. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flows are 8.6% (2012: 7.10%) and 1% (2012: 3%) respectively.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(a) Discount rates

The discount rates used are pre-tax and reflect specific risks relating to the segment.

(b) Budgeted growth rate

The basis used to determine the value assigned to the budgeted growth rate is the estimated sales to be achieved in the year immediately after the reporting period.

The Group believes that any reasonable possible change in the above key assumptions applied is unlikely to materially cause the recoverable amount to be lower than its carrying amount.

16. Land use rights

	Group	
	2013 RM	2012 RM
Cost:		
At 1 January	10,382,868	11,719,016
Additions	-	10,538
Disposals	(280,690)	(257,004)
Transferred to property development cost (Note 20)	-	(1,089,682)
At 31 December	10,102,178	10,382,868

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

16. Land use rights (cont'd)

	Group	
	2013 RM	2012 RM
Accumulated amortisation:		
At 1 January	2,824,605	3,317,948
Amortisation for the year (Note 8)	175,028	212,518
Disposals	(70,149)	(50,720)
Transferred to property development cost (Note 20)	-	(655,141)
At 31 December	2,929,484	2,824,605
Net carrying amount	7,172,694	7,558,263
Amount to be amortised:		
- Not later than one year	174,579	184,716
- Later than one year but not later than five years	698,316	738,862
- Later than five years	6,299,799	6,634,685

- (a) The net carrying amount of land use rights pledged as security for borrowings (Note 26) is RM2,350,824 (2012: RM2,628,286).
- (b) Certain long leasehold land of the Group with a net carrying amount of RM1,917,853 (2012: RM2,188,500) are held in trust by third parties.
- (c) Certain subsidiaries have land use rights over a total of 12 plots (2012: 12 plots) of native land. These land use rights are not transferable and have a remaining tenure between 18 years to 90 years (2012: 19 years to 91 years).
- (d) On 26 June 2012, a subsidiary, B.I.G. Industrial Gas Sdn. Bhd. ("BIGG") entered into a conditional Sale and Purchase Agreement with Pan Wijaya Property Sdn. Bhd. ("PWPSB"), subject to the consent from the Jabatan Tanah dan Survei, for the disposal of a piece of vacant leasehold land held with a carrying amount of RM645,711 (2012: RM660,902) for a cash consideration of RM3.1 million.

Jabatan Tanah dan Survei, Bahagian Bintulu, via its letter dated 12 March 2013 rejected the application for consent to transfer ownership of the said land title. Accordingly, the conditional Sale and Purchase Agreement dated 26 June 2012 on the proposed disposal was treated as cancelled, null and void. On 5 February 2013, PWPSB created a caveat forbidding the registration of any dealing with the estate or the interest of the land. In view of the cancellation of proposed disposal and refusal of PWPSB to remove the caveat, BIGG had on 26 July 2013 commenced legal proceedings against PWPSB for the removal of the caveat.

The Board is of the opinion that the legal proceedings against PWPSB will not have any material impact on the financial statements and the chances of striking out PWPSB's claim and removing the caveat is strong.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

17. Investments in subsidiaries

	Company	
	2013 RM	2012 RM
Unquoted shares in Malaysia, at cost	48,737,307	48,737,307
Less: Accumulated impairment losses	(653,223)	(647,921)
	48,084,084	48,089,386

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	
		2013	2012
Held by the Company:			
B.I.G. Industrial Gas Sdn. Bhd.	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd.	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd.	Quarry operations	100%	100%
Lumanai Sdn. Bhd.	Provision of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd.	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd.	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd.	Property developer and construction	100%	100%
B.I.G. Marketing Sdn. Bhd.	Ship owner and vessel chartering	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 instalment 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%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

17. Investments in subsidiaries (cont'd)

Name of subsidiary	Principal activities	Proportion of ownership interest	
		2013	2012
Held through subsidiaries:			
Subsidiary of Alpha Billion Sdn. Bhd.			
Alpha Billion Management Services Sdn. Bhd.	Has not commenced operations	100%	100%
Subsidiary of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd. #	Has not commenced operations	100%	100%

* Audited by firms other than Ernst & Young

Application to be struck off in progress

18. Investment in associate

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 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)
	-	-	-	-

The details of the associate are as follows:

Name of associate	Principal activity	Proportion of ownership interest	
		2013	2012
B.I.G. Oil and Gas Sdn. Bhd.	Sale of industrial gases	30%	30%

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

	2013 RM	2012 RM
Assets and liabilities:		
Total assets	160	435
Total liabilities	35,796	31,602
Results:		
Other income	-	90,893
(Loss)/profit for the year	(4,469)	69,770

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

19. Other investments

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Non-current:				
Available-for-sale financial assets				
Equity instruments (unquoted), at cost	2,227,657	2,227,657	-	-
Less: Accumulated impairment losses	(2,227,657)	(1,866,212)	-	-
	-	361,445	-	-
Golf and country club memberships, at cost	75,000	75,000	-	-
	75,000	436,445	-	-

20. Property development costs

	Leasehold land RM	Developent cost RM	Total RM
Group			
At 31 December 2013			
Cumulative property development costs:			
At 1 January 2013	6,548,991	73,147,316	79,696,307
Costs incurred during the year	-	8,013,818	8,013,818
At 31 December 2013	6,548,991	81,161,134	87,710,125
Group			
At 31 December 2013			
Cumulative costs recognised in profit or loss			
At 1 January 2013	4,614,450	66,889,299	71,503,749
Recognised during the year	132,841	10,714,388	10,847,229
Reclassification	21,510	(21,510)	-
At 31 December 2013	4,768,801	77,582,177	82,350,978
Property development costs at 31 December 2013	1,780,190	3,578,957	5,359,147
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 16)	434,541	-	434,541
Costs incurred during the year	-	11,658,313	11,658,313
At 31 December 2012 (restated)	6,548,991	73,147,316	79,696,307

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

20. Property development costs (cont'd)

	Leasehold land RM	Development cost RM	Total RM
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 (restated)	1,934,541	6,258,017	8,192,558

Included in property development costs as at the reporting date were:

	2013 RM	2012 RM
Accrued foreseeable loss brought forward	-	31,378
Accrued foreseeable loss carried forward	-	-
Amount of foreseeable loss recognised in profit or loss (Note 8)	-	(31,378)

21. Inventories

	2013 RM	Group 2012 RM
At cost:		
Finished goods	4,318,186	5,539,712
Raw materials	2,345,087	1,852,520
Spare parts and consumables	1,341,732	1,759,650
	8,005,005	9,151,882
At net realisable value:		
Properties held for sale	1,431,721	3,882,731
	9,436,726	13,034,613

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM53,109,716 (2012: RM48,611,613).

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

22. Trade and other receivables

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables				
Third parties	26,090,789	26,144,862	-	-
Less: Allowance for impairment:				
Third parties	(1,073,247)	(1,386,109)	-	-
Trade receivables, net	25,017,542	24,758,753	-	-
Other receivables				
Amount due from subsidiaries	-	-	20,408,049	28,688,226
Amount due from associate	33,082	27,248	32,958	27,124
Amount due from related companies	-	12,677	-	-
Other receivables	2,236,795	1,779,135	8,539	8,539
Deferred expenditure	-	50,083	-	50,083
Refundable deposits	795,756	969,988	-	-
	3,065,633	2,839,131	20,449,546	28,773,972
Less: Allowance for impairment:				
Third parties	(352,448)	-	(8,539)	(8,539)
Subsidiaries	-	-	(8,583,550)	(8,583,550)
	(352,448)	-	(8,592,089)	(8,592,089)
Other receivables, net	2,713,185	2,839,131	11,857,457	20,181,883
Total trade and other receivables	27,730,727	27,597,884	11,857,457	20,181,883
Add: Cash and bank balances (Note 24)	9,700,532	2,389,291	24,722	2,315
Total loans and receivables	37,431,259	29,987,175	11,882,179	20,184,198

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 14 days to 180 day (2012: 14 day to 180 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Other credit terms are assessed and approved on a case-by-case basis.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

22. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Ageing analysis of trade receivables

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

	Group	
	2013 RM	2012 RM
Neither past due nor impaired	11,552,410	11,627,956
1 to 30 days past due not impaired	2,942,401	6,464,236
31 to 60 days past due not impaired	1,995,188	2,208,258
61 to 90 days past due not impaired	830,047	1,495,266
91 to 120 days past due not impaired	1,989,971	863,627
More than 121 days past due not impaired	5,707,525	2,099,410
	13,465,132	13,130,797
Impaired	1,073,247	1,386,109
	26,090,789	26,144,862

As at 31 December 2013 and 31 December 2012, 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 RM13,465,132 (2012: RM13,130,797) 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:

	Group		Group		Total	
	Collectively impaired 2013 RM	2012 RM	Individually impaired 2013 RM	2012 RM	2013 RM	2012 RM
Trade receivables	89,903	-	983,344	1,386,109	1,073,247	1,386,109
Less: Allowance for impairment	(89,903)	-	(983,344)	(1,386,109)	(1,073,247)	(1,386,109)
	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

22. Trade and other receivables (cont'd)

(a) Trade receivables (cont'd)

Trade receivables that are impaired (cont'd)

	2013 RM	2012 RM
Movement in allowance accounts:		
At 1 January	1,386,109	2,282,412
Charge for the year (Note 8)	413,544	1,472,273
Reversal of impairment losses (Note 5)	(473,053)	(1,393,574)
Written off	(253,353)	(975,002)
At 31 December	1,073,247	1,386,109

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) Other receivables

(i) 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		Company	
	Individually impaired	Individually impaired	Individually impaired	Individually impaired
	2013 RM	2012 RM	2013 RM	2012 RM
Other receivables	352,448	-	8,592,089	8,592,089
Less: Allowance for impairment	(352,448)	-	(8,592,089)	(8,592,089)
	-	-	-	-
Movement in allowance accounts:				
At 1 January	-	2,096,678	8,592,089	8,806,302
Charge for the year (Note 8):				
Third parties	352,448	-	-	-
Subsidiaries	-	-	-	900,600
Written off	-	(2,096,678)	-	-
Reversal (Note 8)	-	-	-	(1,114,813)
At 31 December	352,448	-	8,592,089	8,592,089

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

22. Trade and other receivables (cont'd)

(b) Other receivables (cont'd)

(i) 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.

(ii) Amount due from subsidiaries

The amount due from subsidiaries is unsecured, generally non-interest bearing, except that certain amounts bear interest rate at 7.1% (2012: 6.27%) per annum and is repayable on demand.

(iii) Amount due from associate

The amount due from associate is unsecured, non-interest bearing and is repayable upon demand.

Further details on related party transactions are disclosed in Note 31.

23. Other current assets

	Group		Company	
	2013	2012 (Restated)	2013	2012 (Restated)
	RM	RM	RM	RM
Prepaid operating expenses	459,906	1,352,407	-	-
Accrued billings in respect of property development costs	327,745	7,534,737	-	-
	787,651	8,887,144	-	-

24. Cash and bank balances

Cash in hand and at banks	3,804,313	1,656,895	24,722	2,315
Short term deposits with licensed banks (pledged)	3,955,197	718,563	-	-
Cash held pursuant to Housing Development Act	1,941,022	13,833	-	-
Cash and bank balances	9,700,532	2,389,291	24,722	2,315

- (i) Cash at banks earn 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 (2012: one day and eighteen months) depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average interest rate during the financial year is 3.1% (2012: 3.6%).

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

- (ii) Included in banks and cash on hand of the Group is an amount of RM1,941,022 (2012: RM13,883) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and is restricted from use in other operations.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

24. Cash and bank balances (cont'd)

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

	Group		Company	
	2013	2012	2013	2012
	RM	(Restated) RM	RM	(Restated) RM
Cash in hand and at banks	3,804,313	1,656,895	24,722	2,315
Less: Bank overdrafts (Note 26)	(566,497)	(3,987,307)	-	(1,375,251)
Cash and cash equivalents	3,237,816	(2,330,412)	24,722	(1,372,936)

25. Investment securities

	Carrying amount/market value of quoted investments			
	Group		Company	
	2013	2012	2013	2012
	RM	RM	RM	RM
Fair value through profit or loss				
Unit trust investments (quoted in Malaysia)				
Money Market Fund	502,596	809,631	3,146	431,801

26. Loans and borrowings

	Maturity	Group		Company	
		2013	2012	2013	2012
		RM	RM	RM	RM
Current					
Secured:					
Obligations under finance					
leases (Note 33 (b))	2014	1,389,872	2,122,817	-	-
Bank overdrafts	On demand	566,497	2,462,815	-	-
Bill payables	2014	4,851,178	5,570,338	-	-
Revolving credits	2014	4,100,000	5,000,000	-	-
Term loans	2014	388,170	688,856	-	-
		11,295,717	15,844,826	-	-
Unsecured:					
Bank overdrafts	On demand	-	1,524,492	-	1,375,251
Revolving credits	2014	-	2,500,000	-	2,500,000
Term loans	2014	8,000,000	6,000,000	8,000,000	6,000,000
		8,000,000	10,024,492	8,000,000	9,875,251
Total current		19,295,717	25,869,318	8,000,000	9,875,251

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

26. Loans and borrowings (cont'd)

	Maturity	Group		Company	
		2013 RM	2012 RM	2013 RM	2012 RM
Non-current					
Secured:					
Obligations under finance leases (Note 33 (b))	2015-2019	2,213,820	2,411,471	-	-
Term loans	2015-2020	694,944	1,055,515	-	-
		2,908,764	3,466,986	-	-
Unsecured:					
Term loans	2015	10,500,000	18,500,000	10,500,000	18,500,000
Total non-current		13,408,764	21,966,986	10,500,000	18,500,000
Total loans and borrowings		32,704,481	47,836,304	18,500,000	28,375,251
Total secured:					
Obligations under finance leases (Note 33 (b))		3,603,692	4,534,288	-	-
Bank overdrafts		566,497	2,462,815	-	-
Bill payables		4,851,178	5,570,338	-	-
Revolving credits		4,100,000	5,000,000	-	-
Term loans		1,083,114	1,744,371	-	-
		14,204,481	19,311,812	-	-
Total unsecured:					
Bank overdrafts		-	1,524,492	-	1,375,251
Revolving credits		-	2,500,000	-	2,500,000
Term loans		18,500,000	24,500,000	18,500,000	24,500,000
		18,500,000	28,524,492	18,500,000	28,375,251
Total loans and borrowings		32,704,481	47,836,304	18,500,000	28,375,251
Total borrowings:					
Obligations under finance leases (Note 33 (b))		3,603,692	4,534,288	-	-
Bank overdrafts (Note 24)		566,497	3,987,307	-	1,375,251
Bill payables		4,851,178	5,570,338	-	-
Revolving credits		4,100,000	7,500,000	-	2,500,000
Term loans		19,583,114	26,244,371	18,500,000	24,500,000
Total loans and borrowings		32,704,481	47,836,304	18,500,000	28,375,251
Presented as:					
Amount due within 12 months		19,295,717	25,869,318	8,000,000	9,875,251
Amount due after 12 months		13,408,764	21,966,986	10,500,000	18,500,000
		32,704,481	47,836,304	18,500,000	28,375,251

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

26. Loans and borrowings (cont'd)

The remaining maturities of the loans and borrowings as at 31 December 2013 are as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
On demand or within one year	19,295,717	25,869,318	8,000,000	9,875,251
More than 1 year and less than 2 years	11,417,456	9,708,344	10,500,000	8,000,000
More than 2 years and less than 5 years	1,661,351	11,660,197	-	10,500,000
More than 5 years	329,957	598,445	-	-
Total loans and borrowings	32,704,481	47,836,304	18,500,000	28,375,251

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 13). The discount rates implicit in the leases range from 3.5% to 7.34% (2012: 4.1% to 6.2%) per annum. These obligations are denominated in RM.

Bank overdrafts

Bank overdrafts are denominated in RM, bear interest at Base Lending Rate ("BLR") + 1.5% (2012: Base Lending Rate ("BLR") + 1.5%) per annum. The weighted average effective interest rates for the Group was 8.1% (2012: 6.6%). The bank overdrafts of the Group are secured by corporate guarantee from the holding company.

Bill payables and revolving credits

The bill payables and revolving credits are denominated in RM. These borrowings are secured by a charge over the land use rights (Note 16). Revolving credits bear interest ranging between Bank Cost of Funds ("COF") + 1.5% (2012: (COF + 1.5%) per annum and COF + 2.5% (2012: COF + 2.5%) per annum. The weighted average effective interest rates during the financial year for borrowings were as follows:

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Bill payables	1.5%	1.07%	-	-
Revolving credits	8.61%	8.5%	-	8.5%

Term loans

I. Term loan of the Company

The Company has an unsecured term loan amounting to RM18,500,000 (2012: RM24,500,000). In 2012, 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% (2012: BLR +0.5%) and to be repaid by 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

26. Loans and borrowings (cont'd)

Term loans (cont'd)

II. Term loans of subsidiaries

RM bank loan at BLR + 0.5% per annum

This loan is secured by certain land use rights (Note 16) of the Company and is repayable by 30 April 2014. The net carrying amount of this loan at the reporting date is RM53,334 (2012: RM213,334).

RM bank loan at BLR + 1.0% per annum

This loan is secured by certain land use rights (Note 16) of the Company and is repayable by 1 December 2020. The net carrying amount of this loan at the reporting date is RM779,997 (2012: RM862,787).

RM bank loan at BLR + 1.25% per annum

There are two loans which are secured by certain land use rights (Note 16) 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 Nil (2012: RM63,507).

RM bank loan at BLR + 1.75% per annum

This loan is secured by certain land use rights (Note 16) of the Company and is repayable by 4 August 2014. The net carrying amount of this loan at the reporting date is RM249,783 (2012: RM599,412).

RM bridging bank loan at BLR + 3.50% per annum

The net carrying amount of this loan at the reporting date is Nil (2012: RM5,331).

This bridging loan is secured by:

- (a) Corporate guarantee by the Company;
- (b) A specific debenture created on the fixed and floating assets of a subsidiary;
- (c) Legal charges created over a subsidiary's land use rights (Note 16);
- (d) 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.

The weighted average interest rates for term loans are as follows:

	Group		Company	
	2013	2012	2013	2012
Term loans	7.14%	7.15%	7.1%	8.5%

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

27. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	RM	(Restated) RM	RM	RM
Current				
Trade payables				
Third parties	8,701,658	13,458,816	-	-
Third parties - retention sums	660,920	375,000	-	-
Trade payables, net	9,362,578	13,833,816	-	-
Other payables				
Amounts due to subsidiaries	-	-	2,897,451	1,668,459
Amounts due to associate	44,642	44,642	-	-
Amount due to related companies	-	11,473	-	-
Other payables	4,818,849	3,463,525	45,097	19,558
Deposit payables	2,966,457	3,261,152	-	-
Accrued operating expenses	3,687,650	2,177,728	400,643	300,341
Other payables, net	11,517,598	8,958,520	3,343,191	1,988,358
Total trade and other payables	20,880,176	22,792,336	3,343,191	1,988,358
Add: Loans and borrowings (Note 26)	32,704,481	47,836,304	18,500,000	28,375,251
Total financial liabilities carried at amortised cost	53,584,657	70,628,640	21,843,191	30,363,609

(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 (2012: 30 days to 90 days). Other payables are normally settled on an average term of two to six months (2012: 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.

Further details on related party transactions are disclosed in Note 31.

28. Other current liabilities

	Group	
	2013	2012
	RM	RM
Progress billings in respect of property development costs	3,978,146	3,195,558

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

29. Deferred tax

	Group	
	2013 RM	2012 RM
At 1 January	7,490,246	4,526,000
Recognised in statement of comprehensive income (Note 11)	(917,026)	2,964,246
At 31 December	6,573,220	7,490,246

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	2013 RM	2012 RM
Deferred tax assets	(204,466)	(912,600)
Deferred tax liabilities	6,777,686	8,402,846
	6,573,220	7,490,246

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets:

	Provision RM	Unutilised tax loses RM	Total RM
At 1 January 2013	(909,000)	(3,600)	(912,600)
Recognised in profit or loss	706,534	1,600	708,134
At 31 December 2013	(202,466)	(2,000)	(204,466)
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)

Deferred tax liabilities:

	Property, plant and equipment RM	Others RM	Total RM
At 1 January 2013	8,387,917	14,929	8,402,846
Recognised in profit or loss	(1,612,231)	(12,929)	(1,625,160)
At 31 December 2013	6,775,686	2,000	6,777,686
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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

29. Deferred tax (cont'd)

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Unutilised tax losses	11,451,999	12,151,175	880,344	713,347
Unabsorbed capital allowances	10,922	945,446	-	-
	11,462,921	13,096,621	880,344	713,347

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

30. Share capital

	Number of ordinary shares of RM1 each		Amount	
	2013	2012	2013 RM	2012 RM
Authorised				
At 1 January and 31 December	100,000,000	100,000,000	100,000,000	100,000,000
Issued and fully paid				
At 1 January and 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 regard to the Company's residual assets.

31. 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	
	2013 RM	2012 RM
Transactions with subsidiaries		
(i) Income		
Management fee income received from:		
- B.I.G. Industrial Gas Sdn. Bhd.	228,000	-
- Kinalaju Supply Sdn. Bhd.	120,000	120,000
- Uni-Mix Sdn. Bhd.	780,000	780,000

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

31. Related party disclosures (cont'd)

(a) Sale and purchase of goods and services (cont'd)

	Company	
	2013 RM	2012 RM
Transactions with subsidiaries		
(i) Income		
Management fee income received from:		
- Uni-Mix Concrete Products Sdn. Bhd.	720,000	720,000
- Puncak Luyang Sdn. Bhd.	300,000	300,000
Interest income received from:		
- Alpha Billion Sdn. Bhd.	476,789	503,729
- B.I.G. Communication Sdn. Bhd.	467,593	339,855
- B.I.G. Constructions Sdn. Bhd.	84,000	139,511
- B.I.G. Industrial Gas Sdn. Bhd.	318,135	386,425
- Hypervictory Sdn. Bhd.	303,480	256,732
- Kinalaju Sdn. Bhd.	-	5,350
- Linear Excellent Sdn. Bhd.	444	188
- Puncak Luyang Sdn. Bhd.	18,848	74,371
- Sistem SDS Sdn. Bhd.	79,719	55,045
- Tani Kukuh Sdn. Bhd.	4,570	3,290
- Uni-Mix Sdn. Bhd.	50	9,834
(ii) Expenditure		
Interest expense paid to:		
- Lumanai Sdn. Bhd.	(16,664)	(19,035)
- Uni-Mix Concrete Products Sdn. Bhd.	-	(13,749)
- Uni-Mix Sdn. Bhd.	(392)	-

Information regarding outstanding balances arising from transactions with subsidiaries as at 31 December 2013 is disclosed in Note 22 and Note 27.

(b) Compensation of key management personnel

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

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Short term employee benefits	1,779,615	618,130	938,005	124,500
Defined contribution plan	189,304	63,094	88,265	-
	1,968,919	681,224	1,026,270	124,500
Included in the total key management personnel are:				
Directors' remuneration (Note 10)	303,860	257,278	297,360	124,500

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

32. Other commitments

(a) Operating lease commitments - as lessee

In addition to the land use rights disclosed in Note 16, 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 2013 amounted to RM908,386 (2012: RM1,027,752).

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	
	2013 RM	2012 RM
Not later than one year	299,931	326,131
Later than one year but not later than five years	714,130	462,960
	1,014,061	789,091

(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	
	2013 RM	2012 RM
Future minimum lease payments:		
Not later than 1 year	1,560,838	2,335,542
Later than 1 year and not later than 2 years	932,730	1,285,138
Later than 2 years and not later than 5 years	1,445,134	1,222,326
Later than 5 years	49,613	110,774
Total future minimum lease payments	3,988,315	4,953,780
Less: Future finance charges	(384,623)	(419,492)
Present value of minimum lease payments	3,603,692	4,534,288

	Group	
	2013 RM	2012 RM
Analysis of present value of finance lease liabilities:		
Not later than 1 year	1,389,872	2,122,817
Later than 1 year and not later than 2 years	825,708	1,363,252
Later than 2 years and not later than 5 years	1,340,583	923,653
Later than 5 years	47,529	124,566
Present value of minimum lease payments	3,603,692	4,534,288
Less: Amount due within 12 months (Note 26)	(1,389,872)	(2,122,817)
Amount due after 12 months (Note 26)	2,213,820	2,411,471

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

33. Fair value of financial instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's and the Company's financial instruments, by class, other than those with carrying amounts which are reasonable approximations of fair values:

Note	2013		2012	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial assets				
Group				
Investment securities				
- unit trust instruments (quoted in Malaysia)				
25	502,596	502,596	809,631	809,631
Money Market Funds				
Company				
Investment securities				
- unit trust instruments (quoted in Malaysia)				
25	3,146	3,146	431,801	431,801
Money Market Funds				
Financial liabilities				
Group				
Loans and borrowings (non-current)				
Obligations under finance lease				
26	2,213,820	2,152,788	2,411,471	2,618,238

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	22
Cash and bank balances	24
Loans and borrowings (current and non-current, except obligations under finance leases)	26
Trade and other payables	27

Cash and bank deposits, other receivables, other payables

The carrying amounts of these balances approximate their fair values due to their short term nature.

Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

(a) Determination of fair value (cont'd)

Loans and borrowings

The fair values of fixed rate loans with remaining maturity of less than one year and variable rate loans are estimated to approximate their carrying amounts. For fixed rate loans with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans of similar credit risks and maturity.

(b) Fair value hierarchy

The Group and the Company classify 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).

The following tables provide an analysis of financial assets and liabilities at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Group				
Assets for which fair value is disclosed:				
Investment securities (Note 25)				
31 December 2013	502,596	-	-	502,596
31 December 2012	809,631	-	-	809,631
Company				
Assets for which fair value is disclosed:				
Investment securities (Note 25)				
31 December 2013	3,146	-	-	3,146
31 December 2012	431,801	-	-	431,801
Group				
Liabilities for which fair value is disclosed:				
Interest-bearing loans and borrowings				
- obligations under finance lease				
31 December 2013	-	2,152,788	-	2,152,788
31 December 2012	-	2,618,238	-	2,618,238

There have been no transfers between Level 1 and Level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

34. 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's 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.

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 RM12,364,548 (2012: RM15,836,158) relating to corporate guarantees provided by the Company to banks of subsidiaries' bank loans.
- A nominal amount of RM2,008,811 (2012: RM2,500,000) relating to corporate guarantees provided by a subsidiary to banks of third party's bank loan.

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	
	2013 RM	2012 RM	2013 RM	2012 RM
By industry sectors:				
Industrial gas	9,118,384	11,824,626	-	-
Ready mix concrete/reinforced concrete piles	10,644,747	11,133,901	-	-
Property development	5,254,411	1,800,226	-	-
Trade receivables, net	25,017,542	24,758,753	-	-

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

(a) Credit risk (cont'd)

As at 31 December 2013 and 31 December 2012, 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 22.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 22.

(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 different banks. At the reporting date, approximately 59% (2012: 54%) 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	One to five year	Over five years	Total
Group				
At 31 December 2013				
Financial liabilities:				
Loans and borrowings	19,486,640	13,290,380	332,042	33,109,062
Trade and other payables excluding financial guarantees*	20,880,176	-	-	20,880,176
Total undiscounted financial liabilities	40,366,816	13,290,380	332,042	53,989,238
At 31 December 2012				
Financial liabilities:				
Loans and borrowings	26,506,818	21,368,541	593,114	48,468,473
Trade and other payables excluding financial guarantees*	22,792,336	-	-	22,792,336
Total undiscounted financial liabilities	49,299,154	21,368,541	593,114	71,260,809

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

(b) Liquidity risk (cont'd)

	On demand or within one year	One to five year	Over five years	Total
Company				
At 31 December 2013				
Financial liabilities:				
Loans and borrowings	9,171,500	11,068,000	-	20,239,500
Trade and other payables excluding financial guarantees*	3,343,191	-	-	3,343,191
Total undiscounted financial liabilities	12,514,691	11,068,000	-	23,582,691
At 31 December 2012				
Financial liabilities:				
Loans and borrowings	11,508,251	20,239,500	-	31,747,751
Trade and other payables excluding financial guarantees*	1,988,358	-	-	1,988,358
Total undiscounted financial liabilities	13,496,609	20,239,500	-	33,736,109

* At the reporting date, the counterparty 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.

(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 (2012: 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 26% (2012: 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 RM11,246 (2012: 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

(d) Foreign currency risk (cont'd)

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 3.84% (2012: 3.3%) 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 BRD) amount to RM358,412 (2012: RM287,158) for the Group. During the financial year, the Group has not entered into any hedging transactions.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in Brunei Dollars exchange rates against the functional currency of the Group, with all other variables held constant.

	2013 RM
Profit net of tax	
BRD/RM - strengthened 10%	+95,876
- weakened 10%	-95,876
	2012 RM
Profit net of tax	
BRD/RM - strengthened 10%	+93,248
- weakened 10%	-93,248

35. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain strong credit ratings and healthy capital ratios in order to support their businesses and maximise shareholders' value.

The Group and the Company manages their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company 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 2013 and 31 December 2012.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

35. Capital management (cont'd)

The Group and the Company are not subject to any externally imposed capital requirements.

	Note	Group		Company	
		2013 RM	2012 (Restated) RM	2013 RM	2012 (Restated) RM
Loans and borrowings	26	32,704,481	47,836,304	18,500,000	28,375,251
Trade and other payables	27	20,880,176	22,792,336	3,343,191	1,988,358
Less: Cash and bank balances	24	(9,700,532)	(2,389,291)	(24,722)	(2,315)
Net debt		43,884,125	68,239,349	21,818,469	30,361,294
Equity attributable to owners of the Company		47,610,760	43,739,165	38,131,226	38,383,092
Capital and net debt		91,494,885	111,978,514	59,949,695	68,744,386
Gearing ratio		48%	61%	36%	44%

36. 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.

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

36. 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	2013 RM	2012 RM
Bad debts recovered	5	(81,684)	-
Bad debts written off	8	95,746	1,578,068
Impairment loss on trade receivables	8	413,544	1,472,273
Impairment loss on other receivables	8	352,448	-
Net gain on disposal of property, plant and equipment	5	(94,088)	(644,312)
Net gain on disposal of land use rights	5	(889,459)	(171,716)
Impairment loss on property, plant and equipment	8	1,173,474	-
Property, plant and equipment written off	8	31,972	50,705
Reversal of impairment loss on trade receivables	5	(473,053)	(1,393,574)
Inventories written off	8	5,862	126,383
Impairment loss on investment	8	361,445	-
		896,207	1,017,827

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

	2013 RM	2012 RM
Finance costs (Note 7)	(2,529,058)	(3,569,695)
Inter-segment costs	(1,865,300)	(1,560,966)
	(4,394,358)	(5,130,661)

- D Additions to non-current assets consist of:

	2013 RM	2012 RM
Property, plant and equipment (Note 13)	2,054,310	4,035,615
Land use rights (Note 16)	-	10,538
Land held for property development (Note 14)	5,682	22,500
	2,059,992	4,068,653

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

36. Segment information (cont'd)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd)

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

	2013 RM	2012 RM
Inter-segment assets	(78,119,311)	(82,377,068)

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

	2013 RM	2012 RM
Inter-segment liabilities	(39,482,680)	(43,735,134)

37. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation, as follows:

	As previously stated RM	Reclassification RM	As restated RM
Statement of Comprehensive Income			
Group			
2012			
Revenue	98,082,131	1,475,662	99,557,793
Other income	4,329,694	(1,475,662)	2,854,032
Change in inventories of finished goods	1,077,036	(26,009)	1,051,027
Inventories purchased and raw materials consumed	(49,688,649)	26,009	(49,662,640)
Statements of Financial Position			
Group			
2012			
Investment securities	-	809,631	809,631
Cash and bank balances	3,198,922	(809,631)	2,389,291
Deferred tax assets	-	912,600	912,600
Deferred tax liabilities	(7,490,246)	(912,600)	(8,402,846)
Property development costs	7,906,303	286,255	8,192,558
Trade and other payables	(22,506,081)	(286,255)	(22,792,336)
Company			
2012			
Investment securities	-	431,801	431,801
Cash and bank balances	434,116	(431,801)	2,315

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

37. Comparative figures (cont'd)

Certain comparative figures have been reclassified to conform with the current year's presentation, as follows: (cont'd)

	As previously stated RM	Reclassification RM	As restated RM
Statements of Cash Flows			
Group			
2012			
Gross dividend income	-	(14,298)	(14,298)
Net cash flows used in operating activities	15,314,454	(14,298)	(15,300,156)
Dividend received	-	14,298	14,298
Net proceeds from investment securities	-	(612,067)	(612,067)
Net cash flows (used in)/from investing activities	564,953	(597,769)	(32,816)
Net increase in cash and cash equivalents	1,926,407	(612,067)	1,314,340
Cash and cash equivalents at			
1 January	(3,447,188)	(197,564)	(3,644,752)
31 December	(1,520,781)	(809,631)	(2,330,412)
Company			
2012			
Gross dividend income	-	(615)	(615)
Net cash flows used in operating activities	8,411,917	(615)	8,411,302
Dividend received	-	615	615
Net proceeds from investment securities	-	(425,485)	(425,485)
Net cash flows (used in)/from investing activities	-	(424,870)	(424,870)
Net increase in cash and cash equivalents	21,472	(425,485)	(404,013)
Cash and cash equivalents at			
1 January	(962,607)	(6,316)	(968,923)
31 December	(941,135)	(431,801)	(1,372,936)

38. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 23 April 2014.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 December 2013 (cont'd)

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

The breakdown of the retained profits/(accumulated losses) of the Group and of the Company as at 31 December 2013 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 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.

	Group		Company	
	2013 RM	2012 RM	2013 RM	2012 RM
Total retained profits/(accumulated losses) of the Company and its subsidiaries:				
- Realised	10,105,160	7,155,893	(10,111,087)	(9,859,221)
- Unrealised	(6,573,220)	(7,490,246)	-	-
	3,531,940	(334,353)	(10,111,087)	(9,859,221)
Less: Consolidation adjustments, net	(4,163,493)	(4,168,795)	-	-
Accumulated losses as per financial statements	(631,553)	(4,503,148)	(10,111,087)	(9,859,221)

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2014

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	138	5.18	2,243	0.01
100 to 1,000	476	17.85	388,724	0.81
1,001 to 10,000	1,532	57.46	7,259,377	15.09
10,001 to 100,000	472	17.70	13,173,498	27.39
100,001 to 2,404,609 (*)	46	1.73	18,979,326	39.46
2,404,610 and above (**)	2	0.08	8,289,032	17.24
Total	2,666	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 2014

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.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Hoon Nin</i>	1,726,300	3.59
4.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ch'ng Wee Lan</i>	1,551,300	3.23
5.	Koulandamary A/K Sinnappan	1,449,800	3.01
6.	Lee Sheng Fung	1,363,000	2.83
7.	Ng Kim Choo	1,172,700	2.44
8.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ng Kim Choo</i>	1,114,000	2.32
9.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Lee Sheng Fung</i>	1,019,300	2.12
10.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Mohd Norizy Bin Mokhtar</i>	920,226	1.91
11.	Ch'ng Wee Lan	795,600	1.65
12.	Affin Nominees (Asing) Sdn Bhd <i>Pledged Securities Account For David John Mars</i>	501,000	1.04
13.	Hoon Nin	500,000	1.04
14.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ang Poh Eng</i>	468,800	0.97
15.	Liang Kun Chi @ Liong Kun Chi	411,500	0.86
16.	Ishak Bin Abdul Razak	400,000	0.83

ANALYSIS OF SHAREHOLDINGS

As at 30 April 2014 (cont'd)

THIRTY (30) LARGEST SHAREHOLDERS

AS PER THE RECORD OF DEPOSITORS AS AT 30 APRIL 2014 (cont'd)

No.	Name Of Shareholders	No. of Shares	%
17.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Fauziahanim Binti Hj Jaffar</i>	364,800	0.76
18.	Lu Yeep Hing	364,000	0.75
19.	Maybank Nominees (Tempatan) Sdn Bhd <i>Lim Zhong Yong</i>	300,000	0.62
20.	Ng See Fook	300,000	0.62
21.	Chin Chooi Kham	243,000	0.51
22.	Ng Yu Thian	233,700	0.49
23.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Leon Chin Yee (E-KPG)</i>	200,000	0.42
24.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ling Choo Kong (E-KLC)</i>	200,000	0.42
25.	Ng Pooi Kae	188,000	0.39
26.	Tan Teoh Eng	187,000	0.39
27.	Ng Chee Hoe	181,000	0.38
28.	Ang Eng Chuan	177,500	0.37
29.	CIMSEC Nominees (Asing) Sdn Bhd <i>Exempt AN For CIMB Securities (Singapore) Pte Ltd (Retail Clients)</i>	168,400	0.35
30.	Eng Ah Hong	167,000	0.35

LIST OF SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 APRIL 2014

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 2013

Item	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	29 years & 20 years	3,310	2044	103,007	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	27 years & 17 years	2,448	2052	108,955	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	18 years & 15 years	12,141	2053	925,926	1994
4.	Lot 35, Block 13 Senggi Poak Land District, Paku, Bau.	Vacant Land	N/A	24,270	2039	35,106	1997
5.	Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate Lorong Then Kung Suk 5, Sibü.	An Office Building and Refilling Plants	21 years	1,966	2038	148,817	1992
6.	Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibü.	Vacant Land	N/A	23,580	2019	205,093	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	23 years & 13 years	7,719	2051	318,300	1991
8.	Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu.	Vacant Land	N/A	12,243	60 years	645,710	1995
9.	Lot 2395, Block 31 Kemena Land, Bintulu.	Company House	24 years	553.3	2049	43,800	1990
10.	CL205359495 CL205359486 Kg. Durian Tunjong F.T. Labuan.	An Office Building and Refilling Plant	14 years	808 1,045	2919	548,465	1997

LIST OF PROPERTIES

held by the Group as at 31 December 2013 (cont'd)

Item	Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition
11.	PL 106282938 Lot 3 & 4, Bakau Off Km 9 Jalan Tuaran Kota Kinabalu.	Land held for development (under development)	N/A	7,620	2027	2,179,246	1986
12.	PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off km 31, Jalan Tuaran, Kota Kinabalu.	10 units Single Storey Terrace House cum Workshop	16 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	30,180 162,309	1997 1996 1996 1996
13.	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	1,657,817 154,290 118,241 70,839 140,531	1996 1996 1996 1996 1998 1997 1999 2001
14.	Lot PLO 72(B/S) Jalan Keluli 2 81700 Pasir Gudang Johor.	An Acetylene Plant Refilling Plant & Office Building	64 years	6,070	2067	786,327	2007
15.	Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawan Perak Darul Ridzuan.	Refilling Plant & Office Building	93 years	4,092	2095	452,356	2007
16.	Bukit Cerakah Mukim Bukit Raja Negeri Selangor.	Land held for development (under development)	N/A	54,635	2099	5,176,264	2004
17.	CL 015331941 District & Locality of Kota Kinabalu, Sabah.	Land held for development (under development)	N/A	18,212	2912	1,564,028	2002
18.	Lot 283 Block 7 Senggi-Poak Land District - Sebrang Siniawan, Bau.	Vacant Land	N/A	36,270	2026	247,340	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.

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

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

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

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

ALPHA BILLION SDN BHD

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

This page has been intentionally leave blank

This page has been intentionally leave blank



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

Proxy Form

NO. OF SHARES HELD

I/We _____
(FULL NAME IN BLOCK LETTERS)

of _____
(FULL ADDRESS)

being a member of **B.I.G. INDUSTRIES BERHAD** 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-Fourth Annual General Meeting of the Company to be held at the Setia Hall, Carlton Holiday Hotel & Suites, No.1, Persiaran Akuatik, Seksyen 13, 40100 Shah Alam, Selangor Darul Ehsan on Thursday, 26 June 2014 at 11.00 am 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 Mr Lau Keat Hoo		
3	Re-election of Datuk Sawaludin Bin Md Din		
4	Re-appointment of Messrs. Ernst & Young as Auditors		
5	Approval for Tan Sri Dato' Dr Lau Ban Tin to continue in office as Independent Non-Executive Director		
6	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 _____ 2014.

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 Dermaga, 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-Fourth Annual General Meeting ROD as at 19 June 2014 shall be entitled to attend, speak and vote at the Twenty-Fourth Annual General Meeting.

Please fold along this line (1)

POSTAGE
STAMP

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

Please fold along this line (2)



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

www.bigind.com.my