



# B.I.G. INDUSTRIES BERHAD

(195285-D)  
(Incorporated in Malaysia)

**PROPERTY**

*Annual Report 2016*



**GAS**

**CONCRETE**



**CONCRETE**



**PROPERTY**



**GAS**

*Value Driven  
Quality Proven*

*Value Driven  
Quality Proven*



**PROPERTY****CONCRETE****GAS**

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**GAS****CONCRETE****PROPERTY**

## CORPORATE PROFILE

### HISTORY AND BUSINESS

B.I.G. Industries Berhad ("BIG") was incorporated in Malaysia in 1990. It was listed on the KLSE Second Board in 1995 and thereafter transferred to the Main Market of Bursa Malaysia Securities Berhad in 2009.

The principal activities of the BIG Group are:

- i) Manufacturing, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products in Peninsular Malaysia, Sabah and Sarawak;
- ii) Manufacturing, distribution and marketing of ready-mix concrete products and related services in Sabah; and
- iii) Property Development in Peninsular Malaysia, Sabah and Sarawak.

### GAS DIVISION

We manufacture, distribute and market industrial gases in Peninsular Malaysia, Sabah and Sarawak under the brand name of BIG. We also undertake project works and services and trade in related products such as welding / cutting equipment and consumables.

Growing in tandem with the nation's drive towards industrialisation, BIG has manufacturing plants strategically located in Kuching, Bintulu, Miri and Pasir Gudang and refilling facilities in Sibu, Labuan, Sandakan and Lumut.

With the strong network of branches, manufacturing plants, refilling equipment, ISO tanks and cylinders across Sarawak, we enjoy a unique position as one of the largest independent industrial gases manufacturer in Sarawak.

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

1. Oil, Gas, Petrochemical
2. Shipbuilding and Metal Industry
3. Electronics
4. Food and Beverages
5. Fire Fighting System
6. Medical

#### Our Achievements

- Certified Food Grade Carbon Dioxide Gas Supplier
- MS ISO 9001:2008 Certified Company
- Awarded ECO Green Manufacturing Certificate (2002)

### CONCRETE DIVISION

Operating under the brand of UMIK since 1984, we are the pioneer and leading ready-mixed concrete ("RMC") operator in Sabah. In 2005, we started on pre-cast concrete products to complement our RMC as well as expand our product base.

We are and have been involved in high grade RMC supply for projects such as the Sutera Harbour (Marine Structure), Babagon Dam, Menggabong and Likas Bridge and most of the high rise buildings in Kota Kinabalu and recognised as a high grade quality supplier of RMC by JKR Sabah.

#### Our Achievements

- ISO 9001:2008 Certified Company
- SIRIM Product Certified Manufacturer

### PROPERTY DEVELOPMENT

We are an established developer and through the years have accumulated a vast experience in diverse property developments.

Our philosophy and strategy is to deliver a competitive and innovative value for money product to our customers. We believe in maximizing our customer returns through our philosophy and improving people's lives by providing on time and good quality homes.

#### Our Completed Projects

##### **Sabah**

##### Puncak Luyang @ Kota Kinabalu

- 10 units of semi detached houses
- 62 units of condominiums (Phase 1 Block A)
- 64 units of condominiums (Phase 2 Block B)

##### Pristana Industrial Park @ Kota Kinabalu

- 10 units of semi-detached warehouses
- 1 unit of detached warehouse

##### **Sarawak**

##### Pristana Garden @ Kuching

- 128 units of apartments
- 88 units of double storey terrace houses
- 15 units of single storey low cost terrace houses



## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Sixth 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 Tuesday, 29 November 2016 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 period ended 30 June 2016 and the Directors' and Auditors' Reports thereon. **(Note)**
2. To approve the payment of Directors' fees amounting to RM230,000 for the financial period ended 30 June 2016. **Ordinary Resolution 1**
3. To re-elect Tan Sri Dato' Sri Dr Lau Ban Tin who retires by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offers himself for re-election. **Ordinary Resolution 2**
4. To re-elect Ms Choong Wye Lin who retires pursuant to Article 114 of the Company's Articles of Association and being eligible offers herself for re-election. **Ordinary Resolution 3**
5. To re-appoint Messrs Baker Tilly Monteiro Heng as the Company's Auditors and to authorise the Directors to fix their remuneration. **Ordinary Resolution 4**

#### AS SPECIAL BUSINESS

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

##### 6. Continuing in Office as Independent Non-Executive Director

"THAT Tan Sri Dato' Sri 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."

**Ordinary Resolution 5**

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

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

**Ordinary Resolution 6**



## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

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

“THAT the proposed amendments to the Articles of Association of the Company as set out in the Appendix A of the Notice of Annual General Meeting be and are hereby approved AND THAT the Directors of the Company be and are hereby authorised to do all things and acts necessary to effect the proposed amendments to the Articles of Association of the Company.”

**Special Resolution**

9. 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  
26 October 2016

#### Notes:

1. In respect of the Record of Depositors (“ROD”), only member whose name appears on the General Meeting ROD as at 22 November 2016 shall be entitled to attend or appoint proxy to attend and/or vote at the Twenty-Sixth 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 1

This agenda item 1 is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965 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. Ordinary Resolution 5

The Nomination Committee has assessed the independence of Tan Sri Dato' Sri Dr Lau Ban Tin (“Tan Sri Lau”) who is an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years. The Board has recommended to 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.



## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

### Notes:

#### 5. Ordinary Resolution 6

The Ordinary 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-Fifth Annual General Meeting held on 25 June 2015 and which will lapse at the conclusion of the Twenty-Sixth 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.

#### 6. Special Resolution

The Special Resolution, if passed, will allow the Company to amend its Articles of Association to streamline the Company's Articles of Association to be aligned with the amendments to the Main Market Listing Requirements of Bursa Securities.

## Appendix A

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

Existing Article	Amended Articles
<p><u>Article 82(A)</u></p> <p>(New provision to be added)</p>	<p><u>Amended Article 82(A)</u></p> <p><b>Without prejudice to any other power which the Chairman may have under the provisions of these Articles or at common law and subject to the Act and the Listing Requirements, the Chairman may take such action as he thinks fit to promote the orderly conduct of the business of all general meetings as specified in the notice of such meetings and the Chairman's decision on matters of procedure or arising incidentally from the business of such meetings shall be final, and shall be his determination as to whether any matter is of such a nature.</b></p>



## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

### Appendix A (cont'd)

Existing Article	Amended Articles
<p><u>Article 85</u></p> <p>(1) <u>At any general meeting a resolution put to the vote of the meeting shall be decided in the first instance by a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:</u></p> <p>(a) by the Chairman;</p> <p>(b) by at least three (3) members present in person or by proxy;</p> <p>(c) by any member or members present in person or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or</p> <p>(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p>	<p><u>Amended Article 85</u></p> <p><b>(1) Subject to the Listing Requirements, any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting shall be voted by poll. Subject to the Act, a poll may be demanded:</b></p> <p>(a) by the Chairman;</p> <p>(b) by at least three (3) members present in person or by proxy;</p> <p>(c) by any member or members present in person or by proxy and representing not less than one-tenth (1/10) of the total voting rights of all members having the right to vote at the meeting; or</p> <p>(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth (1/10) of the total sum paid up on all the shares conferring that right.</p>
<p><u>Article 86A</u></p> <p>(New provision to be added)</p>	<p><u>Amended Article 86A</u></p> <p><b>A poll shall be taken in such manner as the Chairman of the meeting directs and pursuant to the Listing Requirements at least one (1) scrutineer must be appointed to validate the votes cast at the general meeting. The appointed scrutineer must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.</b></p> <p>The poll may be conducted manually using voting slips or electronically using various forms of electronic devices. Such votes shall be counted by the poll administrator, and verified by the scrutineer, as may be appointed by the Chairman of the meeting for the purpose of determining the outcome of the resolution(s) to be decided on poll.</p>



## NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING (CONT'D)

### Appendix A (cont'd)

Existing Article	Amended Articles
<p><u>Article 162</u></p> <p>The Directors shall from time to time in accordance with Section 169 of the Act cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and report as are referred to in the section, in printed form or in CD-ROM form or in such other form of electronic media. <u>The interval between the close of a financial year of the Company and the issue of the annual audited accounts, the directors' and auditors' report shall not exceed four (4) months.</u> A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, every holder of debenture of, and trustees for every debenture holder of, the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these presents. The requisite copies of each such documents shall at the same time be forwarded to each stock exchange, upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office of the Company. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a member requires a printed form of such documents, the Company shall send such documents to the member within four (4) market days from the date of receipt of the member's request.</p>	<p><u>Amended Article 162</u></p> <p>The Directors shall from time to time in accordance with Section 169 of the Act <b>and the Listing Requirements</b> cause to be prepared and laid before the Company in general meeting such profit and loss accounts, balance sheets, group accounts (if any) and report as are referred to in the section, in printed form or in CD-ROM form or in such other form of electronic media. A copy of each such documents shall not less than twenty-one (21) days before the date of the meeting be sent to every member of, every holder of debenture of, and trustees for every debenture holder of, the Company and to every other person who is entitled to receive notices from the Company under the provision of the Act or of these presents. The requisite copies of each such document shall at the same time be forwarded to each stock exchange, upon which the Company is listed. Provided that this Article shall not require a copy of these documents to be sent to any person of whose address the Company is not aware but any member to whom a copy of these documents has not been sent shall be entitled to receive a copy free of charge on application at the office of the Company. In the event that these documents are sent in CD-ROM form or in such other form of electronic media and a member requires a printed form of such documents, the Company shall send such documents to the member within four (4) market days from the date of receipt of the member's request.</p>

## STATEMENT ACCOMPANYING NOTICE OF TWENTY-SIXTH ANNUAL GENERAL MEETING

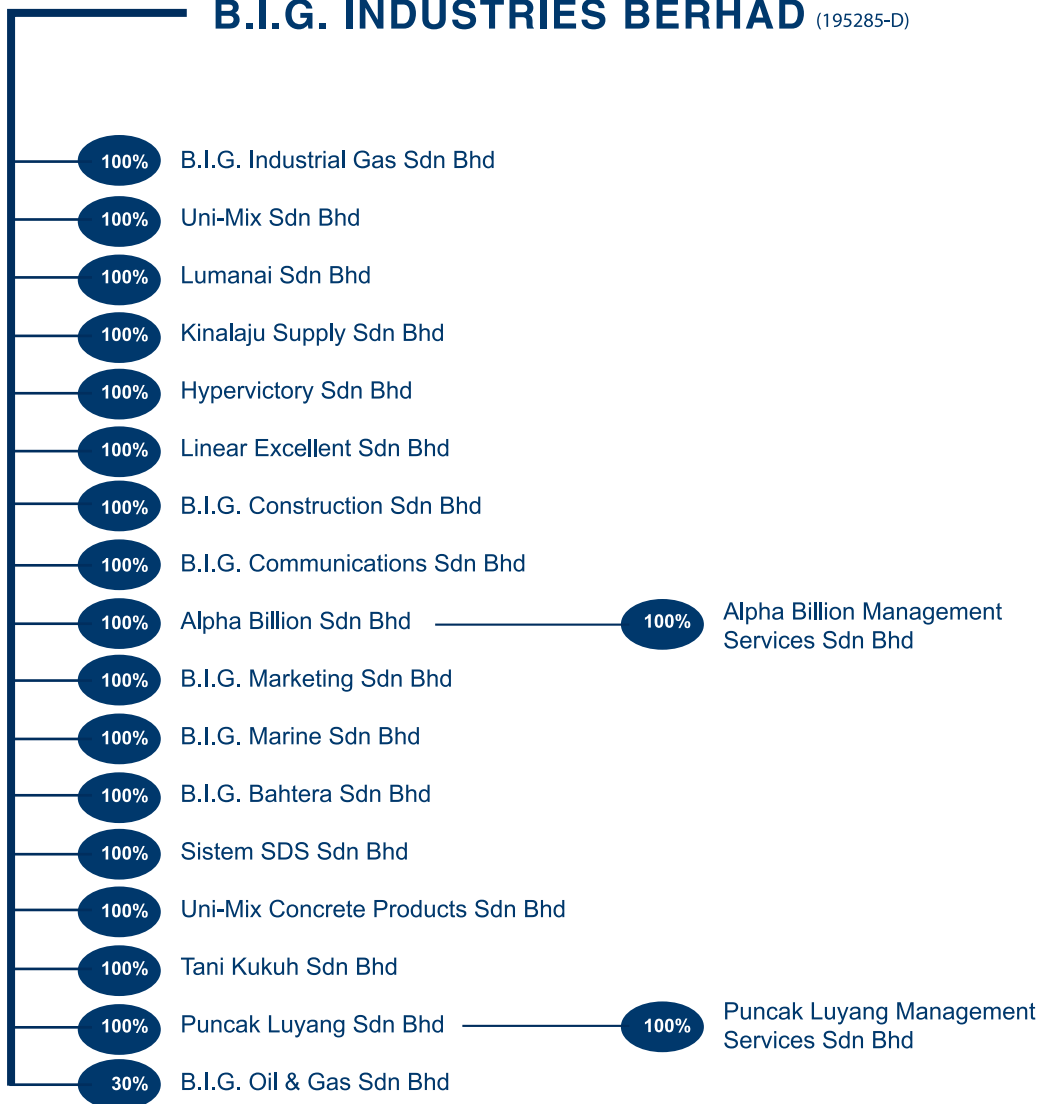
Details for the Directors who are standing for re-election namely, Tan Sri Dato' Sri Dr Lau Ban Tin and Ms Choong Wye Lin at this Annual General Meeting are set out on page 10 of this Annual Report. The details of the Directors' interest in the securities of the Company are disclosed on page 112 of this Annual Report.



GROUP CORPORATE STRUCTURE



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



## CORPORATE INFORMATION

**BOARD OF DIRECTORS****Tan Sri Dato' Sri Dr Lau Ban Tin***(Independent Non-Executive Chairman)***Choong Wye Lin***(Executive Director)***Datuk Lee Chuen Wan***(Senior Independent Non-Executive Director)***Thiang Kai Goh***(Non-Independent Non-Executive Director)***AUDIT COMMITTEE****Chairman**

Datuk Lee Chuen Wan

**Members**

Tan Sri Dato' Sri Dr Lau Ban Tin

Thiang Kai Goh

**NOMINATION COMMITTEE****Chairman**

Datuk Lee Chuen Wan

**Members**

Tan Sri Dato' Sri Dr Lau Ban Tin

Thiang Kai Goh

**REMUNERATION COMMITTEE****Chairman**

Datuk Lee Chuen Wan

**Members**

Tan Sri Dato' Sri Dr Lau Ban Tin

Choong Wye Lin

**COMPANY SECRETARY**

Wong Yoke Lin

**REGISTERED & PRINCIPAL OFFICE**

Lot 2225, Section 66, Jalan Dermaga

Pending Industrial Estate

93450 Kuching, Sarawak

Tel : 082-486 321

Fax : 082-336 933

www.bigind.com.my

**CORPORATE OFFICE**

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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 &amp; Issuing House Services

Sdn Bhd

Unit 32-01, Level 32, Tower A

Vertical Business Suite, Avenue 3

Bangsar South, No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Tel : 03-2783 9299

Fax : 03-2783 9222

**AUDITORS**

Baker Tilly Monteiro Heng (AF0117)

Baker Tilly MH Tower

Level 10, Tower 1, Avenue 5

Bangsar South City

59200 Kuala Lumpur

Tel : 03-2297 1000

Fax : 03-2282 9980

**PRINCIPAL BANKERS**

AmBank (M) Berhad

Malayan Banking Berhad

**PRINCIPAL SOLICITORS**

Tan, Yap &amp; Tang

**STOCK EXCHANGE LISTING**

Bursa Malaysia Securities Berhad

Main Market

Stock Name : BIG

Stock Code : 7005



## PROFILE OF THE BOARD OF DIRECTORS

### TAN SRI DATO' SRI DR LAU BAN TIN

*Independent Non-Executive Director*

TAN SRI DATO' SRI DR LAU BAN TIN, aged 60, a male Malaysian, was appointed to the Board of the Company on 18 November 1998. Tan Sri Dato' Sri 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. On 1 March 2016, he was appointed as the Chairman of the Company and re-designated from the Chairman to a member of the Audit Committee. Presently, he is also 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, CPA Australia, 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 Lau also obtained a post-graduate certificate in commercial law from the Derby University, United Kingdom.

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, a member of Young President Gold Organisation and an adviser for the 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 has attended all the seven (7) Board Meetings held during the financial period ended 30 June 2016.

Save as disclose, the Director does not have:

- (i) any family relationship with any Directors 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 five (5) years.

### CHOONG WYE LIN

*Executive Director*

CHOONG WYE LIN, aged 48, a female Malaysian, was appointed to the Board of the Company as the Executive Director on 17 August 2015. She was appointed as a member of the Remuneration Committee on 1 March 2016.

Ms Choong is a Chartered Accountant and a member of the Chartered Association of Certified Accountants. She has 20 over years of finance related experiences gained from a public accounting firm and various commercial organisations.

Previous positions were in Ernst & Young, Arab-Malaysian Corporation Berhad, Country Heights Holding Berhad, B.I.G. Industries Berhad (October 2006 to December 2007), George Kent (Malaysia) Berhad, Pinehill Pacific Berhad, Java Berhad and Quantum Medical Solutions Sdn Bhd.

Ms Choong has attended four (4) out of four (4) Board Meetings held during the financial period ended 30 June 2016 since her appointment.

Save as disclose, the Director does not have:

- (i) any family relationship with any Directors 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 five (5) years.



## PROFILE OF THE BOARD OF DIRECTORS (CONT'D)

### **DATUK LEE CHUEN WAN** *Senior Independent Non-Executive Director*

DATUK LEE CHUEN WAN, aged 65, a male Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 10 December 2010. He is also the Chairman of Nomination Committee since 25 April 2012. On 1 March 2016, he was re-designated from a member to the Chairman of the Audit Committee of the Company.

Presently, he is a Director of Rotary International District 3310 Berhad, a public 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 MG's Legal Chambers 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 seven (7) Board Meetings held during the financial period ended 30 June 2016.

Save as disclose, the Director does not have:

- (i) any family relationship with any Directors 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 five (5) years.

### **THIANG KAI GOH** *Non-Independent Non-Executive Director*

THIANG KAI GOH, aged 67, a male Malaysian, was appointed to the Board of the Company as a Non-Independent Non-Executive Director on 16 November 2012. On 1 March 2016, he was appointed a member of the Audit Committee and Nomination Committee.

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 advisory. Presently, he is the Managing Partner of Thiang & Co.

Mr Thiang has attended six (6) out of seven (7) Board Meetings held during the financial period ended 30 June 2016.

Save as disclose, the Director does not have:

- (i) any family relationship with any Directors 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 five (5) 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 (“Board”) 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 and recommendations of Corporate Governance contained in the Malaysian 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 period ended 30 June 2016.

### 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](http://www.bigind.com.my).

#### Board Compositions and Balance

The Board comprises four (4) members of whom two (2) 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 two over four (2/4) of the entire Board structure and the biographical details of the members of the Board on page 10 to page 11 demonstrate the diverse range of knowledge, experience and ability to make independent judgement. The Chairman undertakes the running of the Board, senior management and general managers are responsible for running the Group’s business and resources.

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



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD OF DIRECTORS (cont'd)

#### Board Compositions and Balance (cont'd)

The Board fulfils 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 Tan Sri Dato' Sri Dr Lau Ban Tin who is the Chairman and the executive management of the Group is led by Ms Choong Wye Lin as the 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 advisory, 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 audited financial statements, annual budget and business plans.

There were seven (7) Board meetings held during the financial period. 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 period are as follows:

Directors	Number of Board Meetings Attended
Tan Sri Dato' Sri Dr Lau Ban Tin	7 / 7
Datuk Lee Chuen Wan	7 / 7
Thiang Kai Goh	6 / 7
Choong Wye Lin ( <i>Appointed on 17 August 2015</i> )	4 / 4
Datuk Sawaludin Bin Md Din ( <i>Resigned on 1 March 2016</i> )	5 / 6
Lau Keat Hoo ( <i>Resigned on 17 August 2015</i> )	3 / 3



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD OF DIRECTORS (cont'd)

#### Board Meetings and Supply of Information (cont'd)

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, 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 and/or to arrive at an informed decision.

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 senior management and 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.

### 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**

The Audit Committee is currently made up of three (3) members comprising of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director 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. The Risk Management Committee assists the Committee in the discharge of its duties, particularly in the area of 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. Further information of the Audit Committee could be found on pages 26 to 28.

- **Nomination Committee**

The Nomination Committee comprises exclusively of Non-Executive Directors. Presently, it is chaired by Datuk Lee Chuen Wan and its members are Tan Sri Dato' Sri Dr Lau Ban Tin and Mr Thiang Kai Goh.

Members of the Nomination Committee abstained from participating in matters concerning their re-election, re-designation and assessment. The Committee sat six (6) times during the financial period ended 30 June 2016. The attendance of each committee members is as below:

Nomination Committee	Number of Meetings Attended
Datuk Lee Chuen Wan ( <i>Chairman</i> )	6 / 6
Tan Sri Dato' Sri Dr Lau Ban Tin	6 / 6
Thiang Kai Goh ( <i>Appointed on 1 March 2016</i> )	1 / 2
Datuk Sawaludin Bin Md Din ( <i>Resigned on 1 March 2016</i> )	5 / 6



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD COMMITTEES (cont'd)

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

Activities for the financial period ended 30 June 2016 were as below:

- (i) 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 assessment of Tan Sri Dato' Sri Dr Lau Ban Tin to continue in office as Independent Non-Executive Director of the Company after serving for a tenure of exceeding 9 years.
- (ii) 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.
- (iii) Assessment and notation of the sessions, seminars, programmes and workshops attended, participated, presented and/or delivered by the Board members.
- (iv) Discussion, recommendation and deliberation on the appointment and resignation of the Risk Management Committee Chairman and members.
- (v) Discussion, recommendation and deliberation on the appointment, resignation and redesignation of Chairman, Executive Director, members of the Board, Audit Committee, Nomination Committee and Remuneration Committee.
- (vi) Review and discussion of the terms of reference on the duties and responsibilities of Nomination Committee.

- **Remuneration Committee**

- (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 her own remuneration and the respective Board members shall abstain from all discussions pertaining to their remuneration. The Remuneration 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 Datuk Lee Chuen Wan and its current members are Tan Sri Dato' Sri Dr Lau Ban Tin and Ms Choong Wye Lin. Ms Choong Wye Lin was appointed to replace Datuk Sawaludin Bin Md Din who resigned on 1 March 2016.

The Committee met three (3) times during the financial period under review. All members attended all the meetings during their tenure of office.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD COMMITTEES (cont'd)

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

#### (b) Procedures

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

The Remuneration Committee reviews and recommends the remuneration package for the Executive 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.

#### (c) Disclosure of Remuneration

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

	Group		Company	
	* 2016 RM	2014 RM	* 2016 RM	2014 RM
<b>Executive Director</b>				
Fees	8,000	12,000	8,000	12,000
Salary and other emoluments	399,787	151,120	7,325	4,000
	407,787	163,120	15,325	16,000
<b>Non-Executive Directors</b>				
Fees	222,000	156,000	222,000	156,000
Other emoluments	9,500	-	-	-
	639,287	319,120	237,325	172,000

\* The financial year end has changed from 31 December 2015 to 30 June 2016 (18 months) and the comparative figures are for 12 months.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### BOARD COMMITTEES (cont'd)

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

- (c) **Disclosure of Remuneration (cont'd)**

The remuneration paid to Executive Director and Non-Executive Directors of the Company for the financial period ended 30 June 2016 (18 months) 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
50,001 - 100,000	-	4
100,001 - 150,000	1	-
250,001 - 300,000	1	-
<b>Total</b>	<b>2</b>	<b>4</b>

### 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 financial period the External Auditors, Internal Audit Services Provider (appointed in the last quarter of the financial period, provided update once in May 2016) and Company Secretary 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, Internal Audit Services Provider 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, series, workshop, conference and seminars to further broaden their skills, knowledge, and perspectives to keep them abreast with new and relevant developments. During the financial period, the Directors have attended various programmes as follows to enhance and share their knowledge and expertise:

#### **Datuk Sawaludin Bin Md Din**

- Board Chairman Series Part 2: Leadership Excellence from the Chair.

#### **Datuk Lee Chuen Wan**

- Risk Management and Internal Control Workshop: An Integrated Assurance on Risk Management and Internal Control – Is Our Line of Defence Adequate and Effective?

#### **Thiang Kai Goh**

- Half-Day Seminar on Quality Control.
- MIA International Accountants Conference 2015.
- Seminar Percukaian Kebangsaan 2015.
- 2016 Budget Seminar.

He also partly spoke in a firm for the Seminar on Taxation 2015, Budget 2016, Updates on GST & Differences between PERS and MPERS.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### DIRECTORS' TRAINING (cont'd)

#### Tan Sri Dato' Sri Dr Lau Ban Tin

- Audit Committee Conference 2015 - Rising to New Challenge.
- Bursa Malaysia's Breakfast Series: Future Auditor Reporting – The Game Changer for Boardroom.
- The New Auditor's Report – Sharing UK Experience.

He gave speeches to corporations and ministry on the following subjects:

- Malaysian Latest Economic Issues: The Story and Solution.
- Malaysian Economy: What's next?
- Restoring Market Confidence: What Need to be Done at the 20th Malaysian Capital Market Summit Coping with Headwinds, Restoring Market Confidence.

#### Choong Wye Lin

- Leading Positive Performance Seminar.
- Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting - The Game Changer for Boardroom.

### ELECTION/RE-ELECTION OF DIRECTORS

In accordance with the Company's Articles of Association ("Articles"), a Director who is appointed during the period 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 retirement by rotation 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, the Company's website, 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 AGM and Annual Reports in the CD-ROM forms are despatched to shareholders at least twenty-one (21) days before the date of the AGM. At the AGM, the Chairman of the meeting would present the requested financial results and business activities for the year under review.

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

For election/re-election of Directors, the Board ensures that full information is 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.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### ACCOUNTABILITY AND AUDIT – FINANCIAL REPORTING

The Group's financial statements are prepared in accordance with the requirements of the Financial Reporting Standards and the Companies Act, 1965 in Malaysia, 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 22 to 25 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 is set out in the Audit Committee Report on pages 26 to 28 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 period under review.

In preparing the audited financial statements of the Group and the Company for the financial period 30 June 2016, 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 Financial Reporting 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.



## STATEMENT ON CORPORATE GOVERNANCE (CONT'D)

### SUSTAINABILITY

The Group is committed in its business strategies and businesses promote sustainability by adopting and applying environmental responsible practices, sound social policies and governance structures to minimize risks and volatility and to enhance the long-term development impact of corporate activities. It takes into consideration of the social, economic and environmental aspects of the businesses, people and earth.

### 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 contains 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.

The Group has an Occupational and Safety and Health ("OSH") Committee in accordance to the Malaysia Occupational Safety and Health (Safety and Health Committee) Regulation 1996. It has the OSH management system too. The new employees have to undergo induction briefing, induction programmes and existing employees are required to go for refresher induction programmes every 3 years for the Gas Division.

#### 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 balanced and healthy lifestyle.

#### 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. The Concrete Division had contributed to the parking of local school compounds and car parks.

The statement is issued in accordance with a resolution of the Directors dated 11 October 2016.



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

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

**Audit and Non-Audit Fees**

During the financial period the audit fees paid and payable to the External Auditors for the Company and Group were RM33,000 and RM208,000 respectively. The non-audit fees paid and payable to the External Auditors for the Company and Group for the financial period were the same for both at RM10,000.

**Material Contracts**

There were no material contracts entered by the Company or its subsidiaries involving the interests of the Directors and major shareholders either still subsisting at the end of the financial period ended 30 June 2016 or entered into since the end of the previous financial year.

**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 partly in-house and out sourced, and report directly to the Audit Committee of the Company.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTRODUCTION

The Malaysian Code on Corporate Governance 2012 and the Companies (Amendment) Act 2007 require the Directors of listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirement by Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("the Board") is pleased to present the Group's Statement on Risk Management and Internal Control with respect to the state, nature and scope of the internal control of B.I.G. Industries Berhad ("the Group") for the current financial period ended 30 June 2016.

### BOARD'S RESPONSIBILITY

The Board is responsible for the Group's system of internal control and risk management with the aim to safeguard shareholders' investments and Group's assets. The Board recognises its responsibility to review the establishment of an appropriate control environment and to assess the adequacy and integrity of the Risk Management and Internal Control system and framework. However, such a system is designed to manage the Group's risks within an acceptable risk profile, rather than to eliminate the risk of failure to achieve the policies and business objectives of the Group. Therefore, it shall be noted that such system can only provide reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

The Board has undertaken the appropriate initiatives to strengthen the transparency, accountability and efficiency of the operations. The Board acknowledges the importance of sound system of internal controls and effective risk management practices in the organisation. It has therefore given due attention towards improving the effectiveness of internal control, risk management and governance process of the organisation.

The management assists the Board in the implementation of the Board's policies and procedures on risk, control and in the design, operations and monitoring of suitable internal controls to mitigate and control these risks.

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

### RISK MANAGEMENT FRAMEWORK

The Board recognises the importance of identifying and managing principal risks of the Group's daily operations and that the identification and management of such risks will affect the achievement of the Group's corporate objectives.

As part of the integral process of risk management, the Group's risk management framework is structured in which the existence of significant risks of the Group has been identified and quantified. Priorities are given for areas of high risks.

The management has been given a clear line of accountability and delegated authorities have been established as part of the internal control efforts through the standard operating practices. The management is responsible for identifying, managing and reporting on significant risks on an ongoing basis and any significant risk matters shall be brought to the attention of the Executive Director, and if necessary, are also raised for discussion at Board meetings.

The Group's Risk Register contains 3 main divisions, namely Concrete, Gas and Property. The divisional unit managers of the operations identify and assess the possibility of occurrence and impact of risk as well as mitigate and manage material risks. The Risk Management Committee comprising Executive Director, Independent Directors, Operation Directors, Group Finance Manager and Operational Managers who review the risk rating and profile of each division.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### RISK MANAGEMENT FRAMEWORK (cont'd)

In financial period ended 2016, the risk categories of the Group include:

- Strategic risk: affecting the overall direction of the business;
- Operational risk: impacting the delivery of the Group's products and services;
- Financial risk: associating with financial processes and reporting;
- Compliance risk: covering the Group's and Operation's Policy & Procedures as well as Authority's requirement; and
- Credit risk: relating to potential default of payments by customers.

The summary status of key risks and mitigation actions are also presented in the Audit Committee Meetings. During the financial period 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 FUNCTION

The Board acknowledges the importance of the internal audit function. The Internal Audit Function was undertaken by In-House Internal Audit Functions independently. Subsequent to the financial period the Group has engaged an independent professional firm, IA Essential Sdn. Bhd. ("IAE") to provide internal audit services to assist the Board in providing the assurance it requires on the effectiveness as well as the adequacy and integrity of the Group's systems of internal control in managing the Group's risks. The costs incurred by the internal audit function in respect of the financial period ended 30 June 2016 were RM 107,475.

The Internal Audit Function presented its annual audit plan to the Board for comments, deliberation and approval. Thereafter, the audit assignments were conducted in accordance with the plan. On quarterly basis, the Internal Audit Report ("Audit Report") is presented to the Audit Committee highlighting the adequacy and effectiveness of system of internal controls. Operating Management is required to respond to the Internal Auditor's recommendations. Subsequently, the audit report and the Operating Management's responses are circulated to the Audit Committee for review and to Executive Directors and the relevant Head of Departments for action.

The audit assignments included:

- Standard Operating Procedure Review in each division
- Review and examination of selected operations/ departments in compliance with the Group's policies, procedures and guidelines;
- Review the system of internal controls with risk management to ensure it remains effective, efficient, monitored and enhanced as and when the need arises;
- Recommend and identify opportunities for improvements to the existing systems of controls and operations of business process; and
- Prepare and present an audit report to the audit committee.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### INTERNAL AUDIT FUNCTION (cont'd)

In addition, the Finance and Purchasing Team also conduct its own management review on the compliance and implementation of controls at branches.

Contents of the audit report included:

- the audit objectives,
- findings and observations in respect of non-compliances and major control weaknesses
- the comments, clarifications and corrective action plan of the head of the operations/department audited
- the auditor's recommendations and conclusion.

### THE INTERNAL CONTROL PROCESSES

The following are the key processes that have been established as part of the Group's internal control effort:

- a) Internal control effort were done through standard operating practices and guidelines involving operational planning, capital expenditure, safeguarding of assets against unauthorised use or disposition, financial and accounting records, reporting system and monitoring of Group's businesses and performances.
- b) The Executive Director through daily involvement in the business operations and attendance at operational and management level meetings, monitor the Group's policies and procedures.
- c) The Audit Committee reviews the internal control issues identified by the Internal Auditors and External Auditors and evaluate the adequacy and effectiveness of the risk management and internal control systems. They also review the Internal Audit functions with particular emphasis on the scope of audits and quality of internal audits.
- d) The Corporate Office at the holding company coordinates and monitors the monthly performance results of the independent operational units, based on actual against budgeted financial performances, key business indicators and highlights of the related happenings.
- e) The financial performance and liquidity position of the Group is monitored through monthly reporting.

The internal control system will continue to be reviewed, added on or updated in line with the changes in the operating environment.

### CONCLUSION

For the financial period under review and up to the date of approval of this Statement for inclusion in the annual report, based on inquiry, information and assurance provided by the Executive Director and Group Finance Manager, the Board is of the opinion that the internal control system was generally satisfactory and adequate for their purpose.

There will be continual focus on measures to protect and enhance shareholders' value and business sustainability.



**STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL  
(CONT'D)****REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide (“RPG”) 5 (Revised 2015) issued by the Malaysian Institute of Accountants, which does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group. Based on procedures performed and evidence obtained, the External Auditors have reported to the Board that nothing had come to their attention that caused them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in the review of the adequacy and integrity of internal control of the Group.

The statement is issued in accordance with a resolution of the Directors dated 11 October 2016.



## AUDIT COMMITTEE REPORT

### COMPOSITION

#### MEMBERS OF THE AUDIT COMMITTEE

##### *Chairman*

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

##### *Members*

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

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

### TERMS OF REFERENCE

#### 1. COMPOSITION OF AUDIT COMMITTEE

The Committee shall be appointed by the Board of Directors from among its members which fulfills the following requirements:

- (a) the Audit Committee shall consist of no fewer than three (3) members;
- (b) all Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors; and
- (c) at least one (1) member of the Audit Committee:-
  - (i) must be a member of the Malaysian Institute of Accountants; or
  - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:
    - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
    - (bb) he must be a member of one of the Associations of Accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
  - (iii) fulfills such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad.
- (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 Nomination Committee annually. However, the appointment terminates when a member ceases to be a Director.

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



**AUDIT COMMITTEE REPORT  
(CONT'D)****2. 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, representatives of the External Auditors and relevant management staff 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).

**3. SECRETARY TO AUDIT COMMITTEE AND MINUTES**

The Company Secretary shall be the Secretary of the Audit 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 relevant persons for noting and action, where necessary.

**4. ACTIVITIES**

The Audit Committee met seven (7) times during the financial period ended 30 June 2016 to review the Company's and its Group's quarterly results and financial statements prior to the approval of the Board.

The summary of works of the Audit Committee in the discharge of its duties and responsibilities during the financial period ended 30 June 2016 included the following:

- (i) reviewed and discussed the internal audit findings reports, internal audit plan, appointment of internal audit services provider, change of financial year end, terms of reference of the Audit Committee, framework on risk management and risk registers;
- (ii) reviewed the External Auditors' scope of work, audit plan, fees structure and appointment;
- (iii) reviewed and discussed 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 audited financial statements of the Company before they were tabled to the Board for adoption and approval;
- (v) reviewed all the unaudited quarterly results before tabling at the Board meeting for approval and release to Bursa Malaysia Securities Berhad and Securities Commission Malaysia;
- (vi) reviewed and discussed on any related party transactions that may arise to ensure compliance with the relevant regulatory requirements;
- (vii) reviewed and recommended to the Board of Directors for approval the Statement on Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report; and
- (viii) monitor other legal regulatory requirements and good governance.



## AUDIT COMMITTEE REPORT (CONT'D)

### 5. NUMBER OF MEETINGS AND DETAILS OF ATTENDANCE

Seven (7) Audit Committee meetings were held during the financial period ended 30 June 2016.

The attendance record of each member is as follows:

Audit Committee	Number of Meetings Attended
Datuk Lee Chuen Wan <i>(Redesignated from member to Chairman on 1 March 2016)</i>	7 / 7
Datuk Sawaludin Bin Md Din <i>(Resigned on 1 March 2016)</i>	5 / 6
Tan Sri Dato' Sri Dr Lau Ban Tin <i>(Redesignated from Chairman to member on 1 March 2016)</i>	7 / 7
Thiang Kai Goh <i>(Appointed on 1 March 2016)</i>	1 / 1

Two (2) Audit Committee meetings were held subsequent to the financial period ended 30 June 2016.

The attendance record of each member is as below:

Audit Committee	Number of Meetings Attended
Datuk Lee Chuen Wan <i>(Chairman)</i>	2 / 2
Tan Sri Dato' Sri Dr Lau Ban Tin	2 / 2
Thiang Kai Goh	2 / 2

### 6. INTERNAL AUDIT FUNCTION

During the financial period, the internal audit function of the Group is assumed in the last quarter 2016 by IA Essential Sdn Bhd, an external company which provides internal audit services, and earlier quarters by the Internal Audit Department and internal staff from the corporate office of the Group (collectively referred to as the "Internal Auditors") to assist the Audit Committee in discharging its duties and responsibilities. The Internal Auditors are independent of the activities or operations of the operating units.

The principal role of the Internal Auditors is to undertake regular and systematic reviews of the systems of internal controls to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Auditors 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 responses 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 Auditors also monitors the implementation and disposition of all significant findings and management actions.

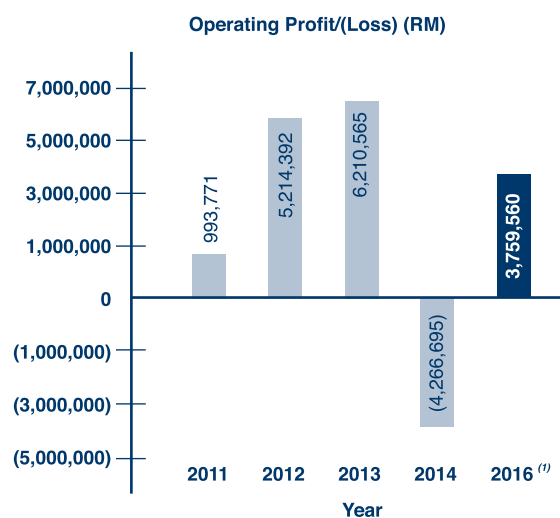
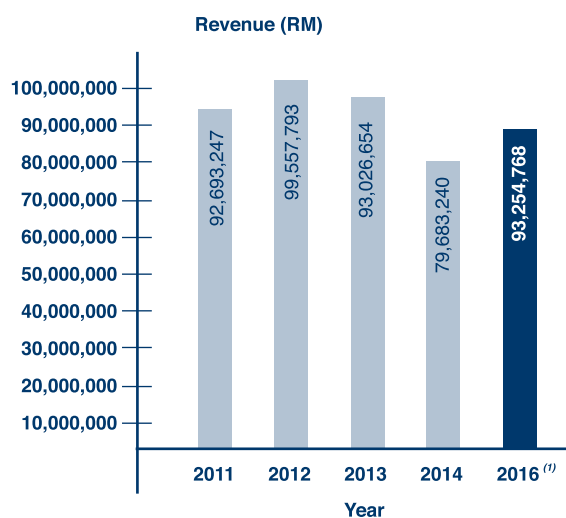
The statement is issued in accordance with a resolution of the Directors dated 11 October 2016.



## FINANCIAL HIGHLIGHT

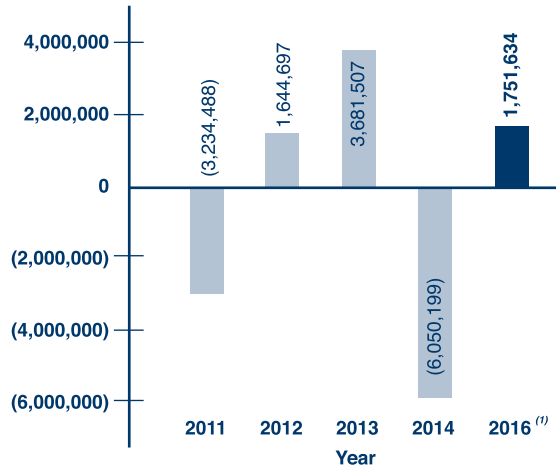
	FY 31 Dec 2011	FY 31 Dec 2012	FY 31 Dec 2013	FY 31 Dec 2014	FP 30 Jun 2016 <sup>(1)</sup>
<b>OPERATING RESULT</b>					
Revenue	92,693,247	99,557,793	93,026,654	79,683,240	93,254,768
Operating profit (loss)	993,771	5,214,392	6,210,565	(4,266,695)	3,759,560
Profit/(Loss) before taxation	(3,234,488)	1,644,697	3,681,507	(6,050,199)	1,751,634
Profit/(Loss) attributable to owners of the Company	(6,543,528)	(2,544,953)	3,871,595	(6,332,187)	1,035,548
<b>KEY STATEMENTS OF FINANCIAL POSITION DATA</b>					
Total Assets	133,814,397	125,979,942	111,920,668	97,205,029	81,651,027
Total Liabilities	87,530,279	82,240,777	64,309,908	55,926,456	39,336,906
Paid-up capital	48,092,200	48,092,200	48,092,200	48,092,200	48,092,200
Shareholders' equity	46,284,118	43,739,165	47,610,760	41,278,573	42,314,121
<b>SHARE INFORMATION</b>					
Per share (sen)					
Basic earnings/(loss)	(13.61)	(5.29)	8.05	(13.17)	2.15
Net assets	0.96	0.91	0.99	0.86	0.88

<sup>(1)</sup> The results consist of eighteen months financial period ("FP") ended 30 June 2016 due to the change of financial year ("FY") end from 31 December to 30 June.

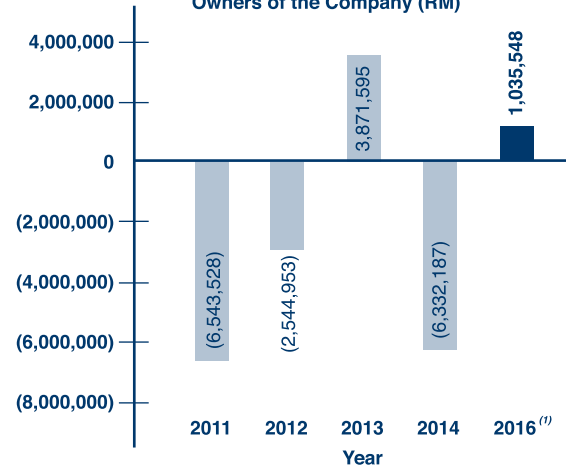


## FINANCIAL HIGHLIGHT (CONT'D)

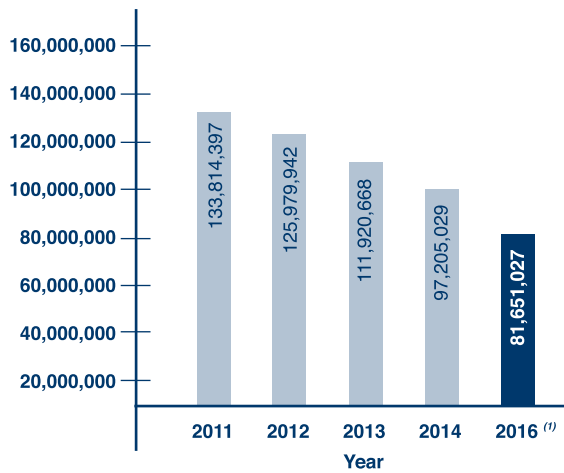
Profit/(Loss) before Taxation (RM)



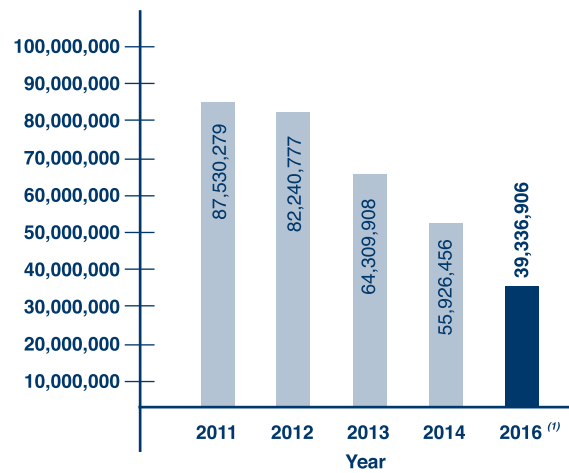
Profit/(Loss) attributable to Owners of the Company (RM)



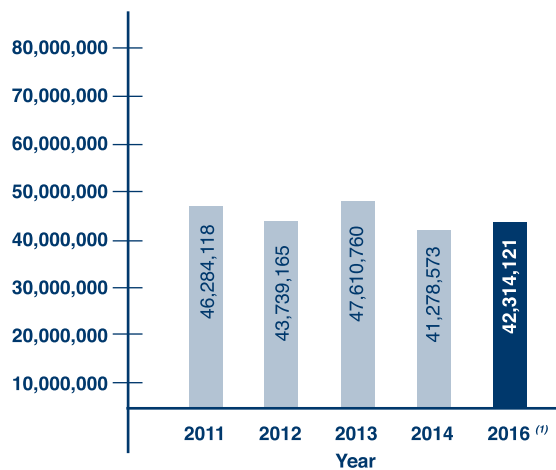
Total Assets (RM)



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 period ended 30 June 2016.*

**CHANGE IN FINANCIAL YEAR END**

On 25 June 2015, we announced the change in our financial year end from 31 December to 30 June, consequentially this year's Annual Report and Audited Financial Statements of the Group and the Company covers eighteen (18) months from 1 January 2015 to 30 June 2016.

**FINANCIAL PERFORMANCE**

The Group closed the financial period ended 30 June 2016 ("PE 2016") with a revenue of RM93.27 million compared to RM79.68 million for year ended 31 December 2014 ("YE 2014") and profit of RM1.04 million for PE 2016 compared to a loss of RM6.33 million for YE 2014.

As at 30 June 2016, the net assets per ordinary share of the Group stood at RM0.88 with basic earnings per ordinary share of 2.15 sen for PE 2016.

**REVIEW OF OPERATIONS FOR PERIOD ENDED 30 JUNE 2016**

PE 2016 remained challenging. The Group focused on new products and conducted stringent reviews of our raw materials, direct, operational and overhead costs. The Group continued to enhance its work processes and controls to improve efficiency and lower cost in order to remain competitive.

**1. Property Development**

	PE 2016	FY 2014
Revenue	RM9.16 million	RM11.33 million
Profit Before Taxation	RM5.98 million	RM1.10 million

In Sabah, we completed Pristana Industrial Park - Inanam in Kota Kinabalu comprising of 10 units of Semi-Detached Warehouse and 1 unit of Detached Warehouse and obtained the Occupation Certificate ("OC") on 13 January 2016.



In Sarawak, we completed the final phase of Pristana Garden in Kuching comprising of 15 units of low cost single storey terrace houses and obtained the Occupation Permit ("OP") on 22 June 2016.



## CHAIRMAN'S STATEMENT (CONT'D)

### REVIEW OF RESULTS (cont'd)

#### 2. Industrial Gas

	PE 2016	FY 2014
Revenue	RM44.10 million	RM29.83 million
Profit Before Taxation	RM0.94 million	RM0.98 million

On 19 May 2015, our application for alienation of 29.1 acres of land at Samalaju Industrial Park, Bintulu was approved by the State Government of Sarawak. Samalaju Industrial Park is the biggest single industrial park in Malaysia and is one of the five growth nodes in the Sarawak Corridor of Renewable Energy (SCORE) development plan to accelerate the industrialisation process in Sarawak. With the said approval, we would be able to develop new and serve our existing customers within the vicinity of the industrial park.



On the business front, we experienced a marked decline in the contribution from our traditional customers in the oil, gas, and petrochemical sector. Our notable contracts won this year were for supply and delivery of liquid nitrogen to Malaysia LNG Sdn Bhd for a three (3) years duration with an option to extend for a period up to two (2) years and provision of industrial gas to Press Metal Bintulu Sdn Bhd.



#### 3. Concrete

	PE 2016	FY 2014
Revenue	RM40.00 million	RM32.93 million
Loss Before Taxation	RM4.76 million	RM6.32 million

##### Ready Mixed Concrete, ("RMC")

We completed supply contract for the Sabah State administration building and proceeded to up new batching plant sites in Kota Marudu and Pulutan, Kota Kinabalu.

Our notable contracts won this year were for supply and delivery of RMC for the Mixed Commercial Cum Bus Terminal Kota Kinabalu, Teluk Likas Flyover Bridge, PPR Housing Projects in Kg. Gayang, Tuaran and Kg. Kampar, Kota Marudu and a private housing project in Telipok.



**REVIEW OF RESULTS (cont'd)****3. Concrete (cont'd)***Precast Concrete Products ("PCP")*

With the introduction of our 300mm piles, we now have a full range of precast concrete piles sizes starting from 150mm. With the piles and existing Box Culvert and L- Shape moulds, we are a one-stop PCP supplier in Sabah.

**PROSPECTS**

Malaysia's Real GDP growth moderated in 1Q2016, registering 4.2% compared to 5.7% in 2015 and for 2017, real GDP growth is expected to edge up moderately, registering growth of between 4.5 - 5.5%. On the domestic front, domestic demand is expected to continue to be the engine of growth for the Malaysian economy for this year and business expectations is that price outlook is expected to stabilise.

Moving forward, the Board is of the view that the outlook for FY2017 will remain challenging as key issues such as securing sales orders/new market at better pricing and collections remains the primary concern.

**ACKNOWLEDGEMENT**

On behalf of the Board of Directors, I wish to express our sincere gratitude and appreciation to all our valued shareholders, customers, business partners, bankers and government authorities for their invaluable support and confidence towards the Group.

We are indebted to the management and staff of the Group for their hard work, dedication, loyalty and contribution towards the Group.

I am also grateful for the unwavering support and contributions made by my fellow Board of Directors during the financial period.

**TAN SRI DATO' SRI DR LAU BAN TIN JP**  
Chairman



## DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial period ended 30 June 2016.

### CHANGE OF FINANCIAL YEAR END

On 25 June 2015, the Company announced that the Group and the Company changed their financial year end from 31 December to 30 June with effect from the current financial period ended 30 June 2016. Accordingly, the financial statements for the current financial period covered a period of 18 months from 1 January 2015 to 30 June 2016.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes to the nature of these principal activities during the financial period.

### RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial period	1,035,548	(1,069,430)
Attributable to: Owners of the Company	1,035,548	(1,069,430)

### DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year.

The directors do not recommend any dividends in respect of the financial period ended 30 June 2016.

### RESERVES AND PROVISIONS

There were no material transfer to or from reserves or provisions during the financial period other than those disclosed in the financial statements.

### BAD AND DOUBTFUL DEBTS

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 to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts, or the amount of the allowance for doubtful debts, in the financial statements of the Group and of the Company inadequate to any substantial extent.

### CURRENT ASSETS

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 to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



**VALUATION METHODS**

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**CONTINGENT AND OTHER LIABILITIES**

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial period which secures the liabilities of any other person; or
- (ii) any contingent liabilities in respect of the Group and of the Company that has arisen since the end of the financial period.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

**CHANGE OF CIRCUMSTANCES**

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company that would render any amount stated in the financial statements misleading.

**ITEMS OF AN UNUSUAL NATURE**

In the opinion of the directors, other than as disclosed in Note 25 to the financial statements, the results of the operations of the Group and of the Company for the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial period in which this report is made.

**ISSUE OF SHARES AND DEBENTURES**

The Company has not issued any shares or debentures during the financial period.

**DIRECTORS**

The directors in office since the date of the last report and the date of this report are:

Tan Sri Dato' Sri Dr. Lau Ban Tin  
Datuk Lee Chuen Wan  
Thiang Kai Goh  
Choong Wye Lin  
Lau Keat Hoo  
Datuk Sawaludin Bin Md Din

*(appointed on 17 August 2015)*  
*(resigned on 17 August 2015)*  
*(resigned on 1 March 2016)*



## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company 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 as disclosed in Note 25 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 the director has a substantial financial interest.

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

### DIRECTORS' INTERESTS

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

### AUDITORS

The auditors, Messrs. Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

**TAN SRI DATO' SRI DR. LAU BAN TIN**  
Director

**CHOONG WYE LIN**  
Director

Kuala Lumpur

Date: 11 October 2016



## STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	30.6.2016 RM	Group 31.12.2014 RM	Company 30.6.2016 RM	31.12.2014 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5	43,045,563	50,242,597	901	-
Land held for property development	6	5,930,058	5,181,565	-	-
Other investments	7	10,000	75,000	-	-
Investments in subsidiaries	8	-	-	47,431,315	48,081,244
Investment in associates	9	-	-	-	-
Goodwill on consolidation	10	-	-	-	-
<b>Total non-current assets</b>		<b>48,985,621</b>	<b>55,499,162</b>	<b>47,432,216</b>	<b>48,081,244</b>
<b>Current assets</b>					
Property development costs	11	-	1,672,521	-	-
Inventories	12	7,086,850	6,682,913	-	-
Trade and other receivables	13	19,923,839	27,153,630	3,566,659	6,129,318
Prepayments		368,267	354,425	-	-
Tax recoverable		734,159	549,658	11,478	10,278
Investment securities	14	10,132	110,377	3,292	3,233
Cash and bank balances	15	4,542,159	5,182,343	8,444	8,844
<b>Total current assets</b>		<b>32,665,406</b>	<b>41,705,867</b>	<b>3,589,873</b>	<b>6,151,673</b>
<b>TOTAL ASSETS</b>		<b>81,651,027</b>	<b>97,205,029</b>	<b>51,022,089</b>	<b>54,232,917</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	16	48,092,200	48,092,200	48,092,200	48,092,200
Share premium	17	150,113	150,113	150,113	150,113
Accumulated losses		(5,928,192)	(6,963,740)	(12,342,880)	(11,273,450)
<b>TOTAL EQUITY</b>		<b>42,314,121</b>	<b>41,278,573</b>	<b>35,899,433</b>	<b>36,968,863</b>
<b>Non-current liabilities</b>					
Loans and borrowings	18	3,482,511	4,638,401	828,622	-
Deferred tax liabilities	19	5,804,847	6,074,789	-	-
<b>Total non-current liabilities</b>		<b>9,287,358</b>	<b>10,713,190</b>	<b>828,622</b>	<b>-</b>
<b>Current liabilities</b>					
Trade and other payables	20	17,751,426	24,100,684	10,933,988	4,446,025
Tax payable		12,860	153,861	-	-
Loans and borrowings	18	12,285,262	20,958,721	3,360,046	12,818,029
<b>Total current liabilities</b>		<b>30,049,548</b>	<b>45,213,266</b>	<b>14,294,034</b>	<b>17,264,054</b>
<b>TOTAL LIABILITIES</b>		<b>39,336,906</b>	<b>55,926,456</b>	<b>15,122,656</b>	<b>17,264,054</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>81,651,027</b>	<b>97,205,029</b>	<b>51,022,089</b>	<b>54,232,917</b>

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



## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Group		Company	
		1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Revenue	21	93,254,768	79,683,240	2,712,000	2,328,000
Other income	22	2,471,985	1,280,864	519,550	1,276,444
Changes in inventories of finished goods and property development		(322,582)	(2,143,672)	-	-
Inventories purchased and raw materials consumed		(41,285,587)	(32,372,302)	-	-
Carriage outwards		(615,507)	(665,652)	-	-
Employees benefits expense	23	(17,492,036)	(12,509,689)	(1,378,002)	(1,571,814)
Depreciation of property, plant and equipment		(8,354,331)	(5,536,127)	(1,029)	-
Development costs		(2,336,807)	(8,705,857)	-	-
Administrative and other expenses		(21,560,343)	(23,297,500)	(1,274,150)	(1,130,259)
Total expenses		(91,967,193)	(85,230,799)	(2,653,181)	(2,702,073)
<b>OPERATING PROFIT/(LOSS)</b>		3,759,560	(4,266,695)	578,369	902,371
Finance costs	24	(2,007,926)	(1,783,504)	(997,870)	(1,125,665)
Impairment loss on investment in subsidiaries		-	-	(649,929)	(2,840)
Impairment loss on amount owing by subsidiaries, net of reversal		-	-	-	(936,229)
<b>PROFIT/(LOSS) BEFORE TAXATION</b>	25	1,751,634	(6,050,199)	(1,069,430)	(1,162,363)
Income tax expense	26	(716,086)	(281,988)	-	-
<b>PROFIT/(LOSS) FOR THE FINANCIAL PERIOD/YEAR, REPRESENTING TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE FINANCIAL PERIOD/YEAR</b>		1,035,548	(6,332,187)	(1,069,430)	(1,162,363)
Profit/(loss), representing total comprehensive income/(loss) attributable to:					
- Owners of the Company		1,035,548	(6,332,187)	(1,069,430)	(1,162,363)
Earnings/(Loss) per share attributable to owners of the Company (sen per share):					
Basic	27	2.15	(13.17)		
Diluted	27	2.15	(13.17)		

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

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	←— <i>Attributable to owners of the Company</i> —→			Total equity RM
	Share capital RM	Share premium RM	Accumulated losses RM	
<b>Group</b>				
<b>At 1 January 2014</b>	48,092,200	150,113	(631,553)	47,610,760
Loss net of tax, representing total comprehensive loss for the financial year	-	-	(6,332,187)	(6,332,187)
<b>At 31 December 2014</b>	48,092,200	150,113	(6,963,740)	41,278,573
Profit net of tax, representing total comprehensive income for the financial period	-	-	1,035,548	1,035,548
<b>At 30 June 2016</b>	48,092,200	150,113	(5,928,192)	42,314,121
<b>Company</b>				
<b>At 1 January 2014</b>	48,092,200	150,113	(10,111,087)	38,131,226
Loss net of tax, representing total comprehensive loss for the financial year	-	-	(1,162,363)	(1,162,363)
<b>At 31 December 2014</b>	48,092,200	150,113	(11,273,450)	36,968,863
Loss net of tax, representing total comprehensive loss for the financial period	-	-	(1,069,430)	(1,069,430)
<b>At 30 June 2016</b>	48,092,200	150,113	(12,342,880)	35,899,433



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

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Profit/(Loss) before taxation	1,751,634	(6,050,199)	(1,069,430)	(1,162,363)
Adjustments for:				
Allowance for impairment loss:				
- investment in subsidiaries	-	-	649,929	2,840
- amount due from subsidiaries	-	-	-	936,228
- property, plant and equipment	21,652	-	-	-
- other investments	65,000	-	-	-
- goodwill	-	840,968	-	-
- other receivables, net of reversal	(222,110)	222,110	-	-
- trade receivables, net of reversal	106,099	796,290	-	-
Bad debts written off	236,067	261,191	-	-
Deposits written off	9,026	-	-	-
Depreciation for property, plant and equipment	8,354,331	5,536,127	1,029	-
Gross dividend income	(2,538)	(602)	(677)	(427)
Interest expenses	2,007,926	1,783,504	997,870	1,125,665
Interest income	(193,537)	(60,707)	(518,217)	(1,276,017)
Inventories written off	8,577	-	-	-
Property, plant and equipment written off	127,776	1,226,634	-	-
Gain on disposal of property, plant and equipment	(570,220)	(368,487)	-	-
Operating cash flows before working capital changes	11,699,683	4,186,829	60,504	(374,074)
Changes In Working Capital:				
Property development costs	1,672,521	3,686,626	-	-
Inventories	(412,514)	2,753,813	-	-
Receivables	7,088,833	(269,268)	-	-
Payables	(6,349,258)	(757,638)	(191,440)	(71,223)
Subsidiaries	-	-	9,244,024	5,965,968
	13,699,265	9,600,362	9,113,088	5,520,671
Interest paid	(219,339)	-	-	-
Interest received	193,537	60,707	518,217	1,276,017
Tax paid, net of refund	(1,311,522)	(1,089,053)	(1,200)	(5,270)
Net Operating Cash Flows	12,361,941	8,572,016	9,630,105	6,791,418

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

**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Note	Group		Company	
		1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Dividend received		2,538	602	677	427
Purchase of property, plant and equipment (Note A)		(1,320,574)	(1,319,584)	(1,930)	-
Proceeds from disposal of property, plant and equipment		1,082,516	598,005	-	-
Expenditure incurred on land held for development		(145,286)	(5,300)	-	-
Net advance to associate		(1,962)	-	(1,962)	-
Net change in investment securities		100,245	392,219	(59)	(87)
<b>Net Investing Cash Flows</b>		<b>(282,523)</b>	<b>(334,058)</b>	<b>(3,274)</b>	<b>340</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Interest paid		(1,788,587)	(1,783,504)	(997,870)	(1,125,665)
Net repayment of short term borrowings		(628,840)	-	-	-
Net withdrawal of short terms deposits pledged and restricted cash		1,415,988	2,700,365	-	-
Net repayment of:					
- term loans		(7,644,375)	(11,105,967)	(7,509,520)	(8,162,500)
- finance lease liabilities		(2,920,083)	(1,862,661)	-	-
<b>Net Financing Cash Flows</b>		<b>(11,565,897)</b>	<b>(12,051,767)</b>	<b>(8,507,390)</b>	<b>(9,288,165)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		<b>513,521</b>	<b>(3,813,809)</b>	<b>1,119,441</b>	<b>(2,496,407)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD/YEAR</b>		<b>(575,993)</b>	<b>3,237,816</b>	<b>(2,471,685)</b>	<b>24,722</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD/YEAR</b>	15	<b>(62,472)</b>	<b>(575,993)</b>	<b>(1,352,244)</b>	<b>(2,471,685)</b>



**STATEMENTS OF CASH FLOWS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:</b>				
Cash and bank balances	3,530,108	5,182,343	8,444	8,844
Deposits placed with licensed banks	1,012,051	-	-	-
Bank overdrafts - secured	(2,824,767)	(2,562,482)	(1,360,688)	(2,480,529)
	1,717,392	2,619,861	(1,352,244)	(2,471,685)
Less: Deposits held as security value	(249,864)	(1,601,543)	-	-
Less: Housing Development Accounts held as security value (Note 15)	(1,530,000)	(1,594,311)	-	-
	(62,472)	(575,993)	(1,352,244)	(2,471,685)

**A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT**

**Group and Company**

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Purchase of property, plant and equipment	2,422,238	5,184,868	1,930	-
Financed by way of finance lease arrangements	(1,101,664)	(3,865,284)	-	-
Cash payments on purchase of property, plant and equipment	1,320,574	1,319,584	1,930	-



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

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 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 of the Company and its principal place of business are located at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching, Sarawak, Malaysia.

The principal activities of the Company are investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 11 October 2016.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

#### 2.2 Basis of Measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3 to the financial statements.

#### 2.3 Use of Estimates and Judgement

The preparation of financial statements in conformity with FRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reported period. It also requires directors to exercise their judgement in the process of applying the Group’s and the Company’s accounting policies. Although these estimates and judgement are based on the directors’ best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4 to the financial statements.

#### 2.4 Functional and Presentation Currency

The individual financial statements of each entity in the Group are measured using the currency at the primary economic environment in which they operate (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Adoption of Amendments/Improvements to FRSs

The Group and the Company have adopted the following amendments/improvements to FRSs that are mandatory for the current financial period:

#### Amendments/improvements to FRSs

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 2	Share-based Payment
FRS 3	Business Combinations
FRS 8	Operating Segments
FRS 13	Fair Value Measurement
FRS 116	Property, Plant and Equipment
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures
FRS 138	Intangible Assets
FRS 140	Investment Property

The adoption of the above amendments/improvements to FRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies, except for those as discussed below:

#### ***Amendments to FRS 1 First-time Adoption of Financial Reporting Standards***

Amendments to FRS 1 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that a first-time adopter is permitted but not required to apply a new or revised Standard that is not yet mandatory but is available for early application.

#### ***Amendments to FRS 2 Share-based Payment***

Amendments to FRS 2 clarify the definition of 'vesting conditions' by separately defining 'performance condition' and 'service condition' to ensure consistent classification of conditions attached to a share-based payment.

#### ***Amendments to FRS 3 Business Combinations***

Amendments to FRS 3 clarify that when contingent consideration meets the definition of financial instrument, its classification as a liability or equity is determined by reference to FRS 132. They also clarify that contingent consideration that is classified as an asset or a liability shall be subsequently measured at fair value at each reporting date and changes in fair value shall be recognised in profit or loss.

In addition, Amendments to FRS 3 clarify that FRS 3 excludes from its scope the accounting for the formation of all types of joint arrangements (as defined in FRS 11) in the financial statements of the joint arrangement itself.

#### ***Amendments to FRS 8 Operating Segments***

Amendments to FRS 8 require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments. This includes a brief description of the operating segments that have been aggregated and the economic indicators that have been assessed in determining that the aggregated operating segments share similar economic characteristics.

The amendments also clarify that an entity shall provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly to the chief operating decision maker.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**2. BASIS OF PREPARATION (CONT'D)****2.5 Adoption of Amendments/Improvements to FRSs (cont'd)*****Amendments to FRS 13 Fair Value Measurement***

Amendments to FRS 13 relate to the IASB's Basis for Conclusions which is not an integral part of the Standard. The Basis for Conclusions clarifies that when IASB issued IFRS 13, it did not remove the practical ability to measure short-term receivables and payables with no stated interest rate at invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments also clarify that the scope of the portfolio exception of FRS 13 includes all contracts accounted for within the scope of FRS 139 or FRS 9, regardless of whether they meet the definition of financial assets or financial liabilities as defined in FRS 132.

***Amendments to FRS 116 Property, Plant and Equipment***

Amendments to FRS 116 clarify the accounting treatment for the accumulated depreciation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated depreciation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.

***Amendments to FRS 119 Employee Benefits***

Amendments to FRS 119 provide a practical expedient in accounting for contributions from employees or third parties to defined benefit plans.

If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the related service is rendered, instead of attributing the contributions to the periods of service.

However, if the amount of the contributions is dependent on the number of years of service, an entity is required to attribute those contributions to periods of service using the same attribution method required by FRS 119 for the gross benefit (i.e. either based on the plan's contribution formula or on a straight-line basis). The effects of applying the amendments to MFRS on the Group's and the Company's financial statements are disclosed in accordance with MFRS 108.28(f).

***Amendments to FRS 124 Related Party Disclosures***

Amendments to FRS 124 clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.

***Amendments to FRS 138 Intangible Assets***

Amendments to FRS 138 clarify the accounting treatment for the accumulated amortisation when an asset is revalued. They clarify that:

- the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset; and
- the accumulated amortisation is calculated as the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.5 Adoption of Amendments/Improvements to FRSs (cont'd)

#### *Amendments to FRS 140 Investment Property*

Amendments to FRS 140 clarify that the determination of whether an acquisition of investment property meets the definition of both a business combination as defined in FRS 3 and investment property as defined in FRS 140 requires the separate application of both Standards independently of each other.

### 2.6 New FRSs and Amendments/improvements to FRSs that have been Issued, but yet to be Effective

The Group and the Company have not adopted the following new FRSs and amendments/improvements to FRSs that have been issued, but yet to be effective:

	<b>Effective for financial periods beginning on or after</b>
<u>New FRSs</u>	
FRS 9      Financial Instruments	1 January 2018
FRS 14     Regulatory Deferral Accounts	1 January 2016
<u>Amendments/Improvements to FRSs</u>	
FRS 2      Share-based Payment	1 January 2018
FRS 5      Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
FRS 7      Financial Instruments: Disclosures	1 January 2016
FRS 10     Consolidated Financial Statements	Deferred/ 1 January 2016
FRS 11     Joint Arrangements	1 January 2016
FRS 12     Disclosure of Interests in Other Entities	1 January 2016
FRS 101    Presentation of Financial Statements	1 January 2016
FRS 107    Statement of Cash Flows	1 January 2017
FRS 112    Income Taxes	1 January 2017
FRS 116    Property, Plant and Equipment	1 January 2016
FRS 119    Employee Benefits	1 January 2016
FRS 127    Separate Financial Statements	1 January 2016
FRS 128    Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
FRS 134    Interim Financial Reporting	1 January 2016
FRS 138    Intangible Assets	1 January 2016

A brief discussion on the above significant new FRSs and amendments/improvements to FRSs are summarised below. Due to the complexity of these new FRSs and the amendments/improvements to FRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

#### **FRS 9 Financial Instruments**

##### *Key Requirements of FRS 9:*

- FRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 New FRSs and Amendments/improvements to FRSs that have been Issued, but yet to be Effective (cont'd)

#### ***FRS 9 Financial Instruments (cont'd)***

##### *Key Requirements of FRS 9: (cont'd)*

- In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.
- FRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- FRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

#### ***Amendments to FRS 7 Financial Instruments: Disclosures***

Amendments to FRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of FRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to FRS 7) to condensed interim financial statements.

#### ***Amendments to FRS 101 Presentation of Financial Statements***

Amendments to FRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

#### ***Amendments to FRS 116 Property, Plant and Equipment***

Amendments to FRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

#### ***Amendments to FRS 119 Employee Benefits***

Amendments to FRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.6 New FRSs and Amendments/improvements to FRSs that have been Issued, but yet to be Effective (cont'd)

#### ***Amendments to FRS 127 Separate Financial Statements***

Amendments to FRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

#### ***Amendments to FRS 138 Intangible Assets***

Amendments to FRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

#### ***Amendments to FRS 10 Consolidated Financial Statements and FRS 128 Investments in Associates and Joint Ventures***

These amendments address an acknowledged inconsistency between the requirements in FRS 10 and those in FRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in FRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

#### ***Amendments to FRS 10 Consolidated Financial Statements, FRS 12 Disclosures of Interests in Other Entities and FRS 128 Investments in Associates and Joint Ventures***

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.7 MASB Approved Accounting Standards, MFRSs

In conjunction with the planned convergence of FRSs with International Financial Reporting Standards as issued by the International Accounting Standards Board on 1 January 2012, the MASB had on 19 November 2011 issued a new MASB approved accounting standards, MFRSs (“MFRS Framework”) for application in the annual periods beginning on or after 1 January 2012.

The MFRS framework is mandatory for adoption by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Int 15 Agreements for the Construction of Real Estate (“Transitioning Entities”). The Transitioning Entities are given an option to defer the adoption of MFRS framework and shall apply the MFRS framework for annual periods beginning on or after 1 January 2018. Transitioning Entities also include those entities that consolidate or equity account or proportionately consolidate another entity that has chosen to continue to apply the FRS framework for annual periods beginning on or after 1 January 2012.

Accordingly, the Group and the Company which are Transitioning Entities have chosen to defer the adoption of the MFRS framework. As such, the Group and the Company will prepare their first MFRSs financial statements using the MFRS framework for financial year ended 30 June 2019. The main effects arising from the transition to the MFRS framework are discussed below.

The effect is based on the Group’s and the Company’s best estimates at the reporting date. The financial effects may change or additional effects may be identified, prior to the completion of the Group’s and the Company’s first MFRSs based financial statements.

#### ***Application of MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (“MFRS 1”)***

MFRS 1 requires comparative information to be restated as if the requirements of MFRSs have always been applied, except when MFRS 1 allows certain elective exemptions from such full retrospective application or prohibits retrospective application of some aspects of MFRSs.

The Group and the Company are currently assessing the impact of adoption of MFRS 1, including identification of the differences in existing accounting policies as compared to the new MFRSs and the use of optional exemptions as provided for in MFRS 1. As at the date of authorisation of issue of the financial statements, accounting policy decisions or elections have not been finalised. Thus, the impact of adoption of MFRS 1 cannot be determined and estimated reliably until the process is completed.

#### ***MFRS 15 Revenue from Contracts with Customers***

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:-

- (i) identify the contracts with a customer;
- (ii) identify the performance obligation in the contract;
- (iii) determine the transaction price;
- (iv) allocate the transaction price to the performance obligations in the contract; and
- (v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Group is currently assessing the impact of the adoption of this standard.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

## 2. BASIS OF PREPARATION (CONT'D)

### 2.7 MASB Approved Accounting Standards, MFRSs (cont'd)

#### *MFRS 141 Agriculture*

MFRS 141 requires a biological asset shall be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell, except where the fair value cannot be measured reliably. MFRS 141 also requires agricultural produce harvested from an entity's biological assets shall be measured at its fair value less costs to sell at the point of harvest. Gains or losses arising on initial recognition of a biological asset and the agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in the profit or loss for the period in which it arises.

The Group does not expect any impact on the financial statements arising from the adoption of this standard.

#### *Amendments to MFRS 116 Property, Plant and Equipment and Amendments to MFRS 141 Agriculture*

With the amendments, bearer plants would come under the scope of MFRS 116 and would be accounted for in the same way as property, plant and equipment. A bearer plant is defined as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Nevertheless, the produce growing on the bearer plant would remain within the scope of MFRS 141. This is because the growth of the produce directly increases the expected revenue from the sale of the produce. Moreover, fair value measurement of the growing produce provides useful information to users of financial statements about future cash flows that an entity will actually realise as the produce will ultimately be detached from the bearer plants and sold separately. The Group does not expect any impact on the financial statements arising from the adoption of this amendments.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

### 3.1 Basis of Consolidation

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

#### (a) *Subsidiaries and Business Combination*

Subsidiaries are entities over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of Consolidation (cont'd)

##### (a) *Subsidiaries and Business Combination (cont'd)*

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Upon the loss of control of subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

##### (b) *Non-controlling Interests*

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Basis of Consolidation (cont'd)

##### (c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### (d) Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### 3.2 Separate Financial Statements

In the Company's statement of financial position, investments in subsidiaries and associates are measured at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.9(b) to the financial statements.

#### 3.3 Financial Instruments

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

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Financial Instruments (cont'd)

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

#### (a) *Subsequent Measurement*

The Group and the Company categorise the financial instruments as follows:

##### (i) *Financial Assets*

###### Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

###### 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 less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.

###### Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a) to the financial statements. Gains and losses are recognised in profit or loss through the amortisation process.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Financial Instruments (cont'd)

##### (a) *Subsequent Measurement (cont'd)*

The Group and the Company categorise the financial instruments as follows: (cont'd)

##### (i) *Financial Assets (cont'd)*

###### Available-for-sale financial assets

Available-for-sale financial assets comprise investment in equity and debt securities that are designated as available-for-sale or are not classified in any of the three preceding categories.

Subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair values hedges which 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.

###### Unquoted equity instruments carried at cost

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(a) to the financial statements.

##### (ii) *Financial Liabilities*

###### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

###### Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.3 Financial Instruments (cont'd)

##### *(b) 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 in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, 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.

##### *(c) Derecognition*

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

##### *(d) Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

#### 3.4 Property, Plant and Equipment

##### *(a) Recognition and Measurement*

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition of measurement of impairment losses is in accordance with Note 3.9(b) to the financial statements.

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Property, Plant and Equipment (cont'd)

##### (b) *Subsequent Cost*

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

##### (c) *Depreciation*

Freehold land has unlimited useful life and therefore is not depreciated. Asset under construction or capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Leasehold land is depreciated over their lease terms. All other property, plant and equipment are depreciated on straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are as follows:

Buildings	2% – 10 %
Plant and machinery, and cylinders	5% – 10 %
Furniture, fixtures and equipment	10% – 40 %
Motor vehicles	20 %

The residual values, depreciation method and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

##### (d) *Derecognition*

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 arising on derecognition of the asset is recognised in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

##### (a) Lessee Accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Any upfront lease payments are classified as land use rights within intangible assets.

##### (b) Lessor Accounting

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

#### 3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined on a first-in-first-out basis and comprises the original cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.7 Property Development Activities

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

Land held for property development consists of land where no significant 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 as non-current assets and is stated at cost less impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.9(b) to the financial statements.

Cost comprises the cost of land and all related costs incurred on activities necessary to prepare the land for its intended use. Where the Company had previously recorded the land at a revalued amount, it continues to retain this amount as its surrogate cost as allowed by FRS 201 Property Development Activities.

Land held for property development will be reclassified to property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle.

##### (b) Property Development Costs

Property development costs consist of the cost of land and 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 percentage of completion method.

The stage of completion is determined by the proportion of property development costs incurred for the work performed up to the reporting date over the estimated total property development costs to completion. Under this method, profits are recognised as the property development activity progresses.

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

Any foreseeable loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately in profit or loss. Property development costs not recognised as an expense is recognised as an asset, which is measured at the lower of cost and net realisable value. Upon the completion of the development, the unsold completed development properties are transferred to inventories.

Borrowing costs incurred on the property development project are capitalised and included as part of property development costs in accordance with the accounting policy on borrowing costs in Note 3.14 to the financial statements.

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 the profit or loss is classified as progress billings within trade payables.

#### 3.8 Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Impairment of Assets

##### (a) *Impairment and Uncollectibility of Financial Assets*

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

##### Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment that was recognised, the previously recognised impairment loss is then reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Impairment of Assets (cont'd)

##### (a) *Impairment and Uncollectibility of Financial Assets (cont'd)*

###### Available-for-sale financial assets

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value below its cost is considered to be objective evidence of impairment. The Group and the Company use their judgement to determine what is considered as significant or prolonged decline, evaluating past volatility experiences and current market conditions.

Where a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised in other comprehensive income shall be reclassified from equity to profit or loss as a reclassification adjustment even though the financial asset has not been derecognised. The amount of cumulative loss that is reclassified from equity to profit or loss shall be the difference between its cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss.

Impairment losses on available-for-sale equity investments are not reversed through 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 through profit or loss if an increase in the fair value of the investment can be objectively related to a loss event occurring after the recognition of the impairment loss in profit or loss.

###### Unquoted equity instruments carried at cost

In the case of unquoted equity instruments carried at cost, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset 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 shall not be reversed.

##### (b) *Impairment of Non-financial Assets*

The carrying amounts of non-financial assets (except for inventories, amount due from customers for contract work, deferred tax assets, assets arising from employee benefits, investment properties measured at fair value, biological assets and non-current assets or disposal groups classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Impairment of Assets (cont'd)

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

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced 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 were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, 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. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had 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.

#### 3.10 Share Capital

##### *Ordinary Shares*

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 3.11 Employee Benefits

##### *(a) Short-term Employee Benefits*

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group.

##### *(b) Defined Contribution Plans*

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Provisions

Provisions are recognised when the Group and the Company have 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.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

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.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

#### 3.13 Revenue and Other Income

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

##### (a) *Sales of Industrial Gases, Equipment and Plant Materials*

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

##### (b) *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.

##### (c) *Interest Income*

Interest income is recognised using the effective interest method.

##### (d) *Dividend Income*

Dividend income is recognised when the Company's right to receive payment is established.

##### (e) *Management Fee Income*

Management fee income is recognised when services are rendered.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.13 Revenue and Other Income (cont'd)

##### (f) *Property Development*

Revenue from sale of properties is accounted for by the stage of completion method in respect of the property units sold. The stage of completion method is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

No profit is recognised where development is in its initial stage or has not reached a stage of completion where it is possible to determine the financial outcome of the development with reasonable accuracy.

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

#### 3.14 Borrowing Costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

#### 3.15 Taxes

##### (a) *Income Tax*

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

##### (i) *Current Tax*

Current tax is the expected taxes payable or receivable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

##### (ii) *Deferred Tax*

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.15 Taxes (cont'd)

##### (a) *Income Tax (cont'd)*

##### (ii) *Deferred Tax (cont'd)*

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 the benefit of part or all of that 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 is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

##### (b) **Goods and Services Tax**

Revenues, expenses and assets are recognised net of amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.16 Operating Segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. Chief Operating Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

#### 3.17 Fair Value Measurements

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:-

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

#### 3.18 Earnings per Ordinary Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

#### 3.19 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 and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

- (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) the amount of the obligation cannot be measured with sufficient reliability.

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amounts recognised in the financial statements include the following:

##### (a) Property Development

The Group recognises property development revenue and expenses in profit or loss by using the stage of completion method.

The stage of completion is determined by the proportion that property development and contract costs incurred for work performed to date over to the estimated total property development and contract costs. Estimated losses are recognised in full when determined.

In addition, 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.

The carrying amounts of the assets arising from property development activities are disclosed in Note 11 to the financial statements.

##### (b) Depreciation and Useful Lives of Property, Plant and Equipment

As disclosed in Note 3.4 to the financial statements, the Group and the Company review the residual values, useful lives and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment are disclosed in Note 5 to the financial statements.

##### (c) Impairment of Financial Assets

At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 31(a) to the financial statements.

##### (d) Impairment of Non-financial Assets

The Group and the Company assess impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's and the Company's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016**4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)****(e) Fair Value Measurement of Financial Instruments**

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 31(c) to the financial statements.

**(f) Impairment of Investments in Subsidiaries and 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 related 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-earnings 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.

The carrying amounts of the investments in subsidiaries and associates are disclosed in Note 8 and 9 respectively to the financial statements.

**(g) Write-down of Obsolete or Slow Moving Inventories**

The Group writes down their obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 12 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

##### (h) Measurement of Income Taxes

Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise.

The income tax expense of the Group and the Company are disclosed in Note 26 to the financial statements.

##### (i) *Contingent Liabilities*

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

##### (j) Classification between Operating Lease and Finance Lease for Leasehold Land

The Group has developed certain criteria based on FRS 117 Leases in making judgement whether a leasehold land should be classified either as operating lease or finance lease.

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset and operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership. If the leasehold land meets the criteria of the financial lease, the lease will be classified as property, plant and equipment if it is for own use. Judgements are made on the individual leasehold land to determine whether the leasehold land qualifies as operating lease or finance lease.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**5. PROPERTY, PLANT AND EQUIPMENT**

<b>Group</b>	<b>Leasehold land RM</b>	<b>Buildings RM</b>	<b>Plant, machinery and cylinders RM</b>	<b>Furniture, fixtures and equipment and motor vehicles RM</b>	<b>Capital work-in-progress RM</b>	<b>Total RM</b>
<b>Cost</b>						
<b>30.6.2016</b>						
At 1 January 2015	8,754,363	9,345,470	73,174,056	24,435,321	187,534	115,896,744
Additions	-	-	765,697	1,405,224	251,307	2,422,228
Disposals	-	-	(351,006)	(2,759,337)	-	(3,110,343)
Transfer	(513,802)	(120,028)	-	120,028	(187,534)	(701,336)
Written off	-	(41,864)	(247,809)	(24,788)	-	(314,461)
At 30 June 2016	8,240,561	9,183,578	73,340,938	23,176,448	251,307	114,192,832
<b>Accumulated depreciation</b>						
At 1 January 2015	1,798,771	4,999,463	39,835,427	18,003,944	-	64,637,605
Depreciation for the financial period	260,218	383,861	5,289,995	2,420,257	-	8,354,331
Disposals	-	-	(203,152)	(2,394,895)	-	(2,598,047)
Transfer	(98,129)	(24,949)	-	24,949	-	(98,129)
Written off	-	(35,153)	(128,075)	(23,457)	-	(186,685)
At 30 June 2016	1,960,860	5,323,222	44,794,195	18,030,798	-	70,109,075
<b>Accumulated impairment loss</b>						
At 1 January 2015	-	-	1,016,542	-	-	1,016,542
Impairment loss for the financial period	-	-	21,652	-	-	21,652
At 30 June 2016	-	-	1,038,194	-	-	1,038,194
<b>Net carrying amount</b>						
<b>At 30 June 2016</b>	6,279,701	3,860,356	27,508,549	5,145,650	251,307	43,045,563



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**



Group	Leasehold land	Buildings	Plant, machinery, and cylinders	Furniture, fixtures and equipment and motor vehicles	Capital work-in-progress	Total
31.12.2014	RM	RM	RM	RM	RM	RM
<b>Cost</b>						
At 1 January 2014	8,814,363	9,093,363	73,649,728	21,109,114	233,324	112,899,892
Additions	-	205,078	828,568	4,076,983	74,239	5,184,868
Disposals	(60,000)	(73,000)	(60,334)	(732,100)	-	(925,434)
Transfer	-	120,029	-	-	(120,029)	-
Written off	-	-	(1,243,906)	(18,676)	-	(1,262,582)
At 31 December 2014	8,754,363	9,345,470	73,174,056	24,435,321	187,534	115,896,744
<b>Accumulated depreciation</b>						
At 1 January 2014	1,641,667	4,798,562	36,468,924	16,924,189	-	59,833,342
Depreciation for the financial year	174,073	235,775	3,397,290	1,728,989	-	5,536,127
Disposals	(16,969)	(34,874)	(7,530)	(636,542)	-	(695,915)
Written off	-	-	(23,257)	(12,692)	-	(35,949)
At 31 December 2014	1,798,771	4,999,463	39,835,427	18,003,944	-	64,637,605
<b>Accumulated impairment loss</b>						
At 1 January/31 December 2014	-	-	1,016,542	-	-	1,016,542
<b>Net carrying amount</b>						
At 31 December 2014	6,955,592	4,346,007	32,322,087	6,431,377	187,534	50,242,597

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

	Computer RM	Total RM
<b>Company</b>		
<b>2016</b>		
<b>Cost</b>		
At 1 January 2015	-	-
Additions	1,930	1,930
At 30 June 2016	1,930	1,930
<b>Accumulated depreciation</b>		
At 1 January 2015	-	-
Depreciation for the financial period	1,029	1,029
At 30 June 2016	1,029	1,029
<b>Carrying amount</b>		
At 30 June 2016	901	901
<b>2014</b>		
<b>Cost</b>	-	-
Accumulated depreciation	-	-
<b>Carrying amount</b>		
At 31 December 2014	-	-

- (i) During the financial period, the Group transferred property, plant and equipment to land held for property development amounting to RM603,207/-.
- (ii) Included in property, plant and equipment of the Group are assets acquired under finance lease arrangements with carrying amount as follows:

	Group	
	30.6.2016 RM	31.12.2014 RM
Plant, machinery, and cylinders	2,327,925	3,089,215
Furniture, fixtures and equipment and motor vehicles	3,499,944	2,842,352
	5,827,869	5,931,567

- (iii) The leasehold land of the Group at the carrying amount of RM2,076,401/- (31.12.2014: RM2,267,893/-) is held in trust by third parties who are former directors or staff of a subsidiary.
- (iv) The leasehold land of the Group at the carrying amount of RM860,265/- (31.12.2014: RM1,841,737/-) is pledged as security for borrowings.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (v) On 26 June 2012, B.I.G. Industrial Gas Sdn. Bhd. ("BIGG"), a subsidiary of the Company, entered into a conditional Sale and Purchase Agreement with Pan Wijaya Property Sdn. Bhd. ("PWPSB"), subject to the consent from Jabatan Tanah dan Survei, for the disposal of a piece of vacant leasehold land held with a carrying amount of RM607,732/- (31.12.2014: RM630,519/-) for a cash consideration of RM3.1 million.

Director of Lands and Surveys, Sarawak via its letter dated 12 March 2013 rejected the application for consent to transfer ownership of land title held under Lot 2072. Accordingly, the conditional SPA dated 26 June 2012 on the proposed disposal as treated as cancelled, null and void.

On 5 February 2013, PWPSB created a caveat instrument registered as Instrument No. L703/2013 at Bintulu Land District on 5 February 2013 forbidding the registration of any dealing with the estate or the interest of the land held under Lot 2072. In view of the cancellation of proposed disposal and refusal of PWPSB to remove the caveat, BIGG had on 26 July 2013 commenced a legal proceeding against PWPSB for the removal of the caveat.

On 3 September 2013, PWPSB sued BIGG for Specific Performance of a SPA and in the alternative for damages for breach of contract. BIGG refuted the claim as Director of Lands and Surveys, Sarawak had refused to grant the consent and thus it was impossible to perform the SPA and therefore void.

On 10 April 2014, the High Court had ordered ("Court Order"):

- (a) the removal of the said caveat from the Register of the Department of Land and Surveys Bintulu Division ("DLS-Bintulu") with costs; and
- (b) BIGG was entitled to damages subject to proofs.

On 11 August 2014, the solicitors of BIGG had sent a sealed copy of the Court Order to the DLS-Bintulu for the aforesaid removal of caveat. On 10 September 2014, PWPSB filed an appeal against the High Court's ruling of 10 April 2014 and on 17 October 2014, the Court of Appeal had ordered for a full hearing at the High Court. The High Court had fixed the trial dates on 11 May 2015 and 12 May 2015.

The full trial at the High Court was held on 11 May 2015 and 12 May 2015 and on 18 March 2016, the High Court ruled as follows:

- (a) the Caveat to be withdrawn upon receipt of RM620,000/- from BIGG;
- (b) no specific performance is granted against BIGG;
- (c) global costs of RM55,000/- payable to PWPSB;
- (d) BIGG to pay damages (to be assessed by Registrar) under Section 75 of Contract Act 1950 or Clause 6 of SPA;

BIGG had on 14 April 2016 filed an appeal to the Court of Appeal against the High Court decision.

The Board is of the opinion that the legal proceedings against PWPSB will not have any material impact on the financial statements.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**6. LAND HELD FOR PROPERTY DEVELOPMENT**

	Group	
	30.6.2016 RM	31.12.2014 RM
<b>Leasehold land</b>		
<b>At Cost:</b>		
At 1 January	5,181,565	5,176,265
Additions	145,286	5,300
Transfer from property, plant and equipment	603,207	-
At 30 June/31 December	5,930,058	5,181,565

Included in the land held for property development is an amount of RM156,253/- (31.12.2014: Nil) held in trust by third parties who are employee of a subsidiary.

The long term leasehold land was acquired in 2004. The Group executed a debenture between Malaysian Trustee 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 amounting to RM33.5 million. The loan obligations is fully settled during current financial period as disclosed in Note 18 to the financial statements.

**7. OTHER INVESTMENTS**

	Group	
	30.6.2016 RM	31.12.2014 RM
<b>Available-for-sale financial assets</b>		
Unquoted, at cost	2,302,657	2,302,657
Less: Accumulated impairment loss	(2,292,657)	(2,227,657)
At 30 June/31 December	10,000	75,000

**8. INVESTMENTS IN SUBSIDIARIES**

	Company	
	30.6.2016 RM	31.12.2014 RM
<b>At Cost</b>		
At 1 January	48,737,307	48,737,307
<b>Less: Accumulated impairment loss</b>		
<b>At 1 January</b>	656,063	653,223
Charge for the financial period/year	649,929	2,840
At 31 December	1,305,992	656,063
At 30 June/31 December	1,305,992	656,063
<b>Carrying amount</b>	47,431,315	48,081,244



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The Company's ownership interest in the subsidiaries which are all incorporated in Malaysia and their respective principal activities are as follows:

Name of subsidiary	Proportion of ownership interest		Principle activities
	30.6.2016 %	31.12.2014 %	
<b>Direct subsidiaries</b>			
B.I.G. Industrial Gas Sdn. Bhd.	100	100	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products
Uni-Mix Sdn. Bhd.	100	100	Manufacture and sale of ready-mix concrete and provision of related services
Hypervictory Sdn. Bhd.	100	100	Quarry operations
Lumanai Sdn. Bhd.	100	100	Provision of transportation services
Kinalaju Supply Sdn. Bhd.	100	100	Agent for distribution of cement
B.I.G. Communications Sdn. Bhd.	100	100	Fibre optic network contractor
Alpha Billion Sdn. Bhd.	100	100	Property developer and construction
B.I.G. Marketing Sdn. Bhd.	100	100	Trading and distribution of building materials
B.I.G. Construction Sdn. Bhd.	100	100	Construction contractor
Linear Excellent Sdn. Bhd.	100	100	Contractor
Tani Kukuh Sdn. Bhd.	100	100	Property development
Sistem SDS Sdn. Bhd.	100	100	Trading and distribution of electrical home appliances, consumer durables and other related products on credit installment schemes
B.I.G. Marine Sdn. Bhd.	100	100	Dormants
B.I.G. Bahtera Sdn. Bhd.	100	100	Dormants
Uni-Mix Concrete Products Sdn. Bhd.	100	100	Manufacturing and trading of reinforced concrete piles
Puncak Luyang Sdn. Bhd.	100	100	Property management and property development
<b>Subsidiary of Puncak Luyang Sdn. Bhd.</b>			
Puncak Luyang Management Services Sdn. Bhd.	100	100	Has not commenced operations
<b>Subsidiary of Alpha Billion Sdn. Bhd.</b>			
Alpha Billion Management Services Sdn. Bhd.	100	100	Has not commenced operations



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**9. INVESTMENT IN ASSOCIATES**

	<b>Group and Company</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
Unquoted shares in Malaysia, at cost	96,000	96,000
Less: Accumulated impairment loss	(96,000)	(96,000)
	-	-

The details of the associate which incorporated in Malaysia are as follows:

<b>Name of company</b>	<b>Ownership interest</b>		<b>Principle activities</b>
	<b>30.6.2016</b>	<b>31.12.2014</b>	
	<b>%</b>	<b>%</b>	
B.I.G. Oil and Gas Sdn. Bhd.	30	30	Has not commenced operations

**10. GOODWILL ON CONSOLIDATION**

	<b>Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
At 1 January	840,968	840,968
Less: Accumulated impairment losses	(840,968)	(840,968)
At 30 June/ 31 December	-	-

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

**11. PROPERTY DEVELOPMENT COSTS**

	<b>Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b>Group</b>		
<b>Cumulative property development costs</b>		
Leasehold land costs	5,048,991	6,548,991
Development costs	40,817,805	81,161,134
At 1 January	45,866,796	87,710,125
Cost incurred during the financial period/year	4,408,266	6,473,239
Unsold unit transferred to inventories	(2,260,754)	(1,009,740)
Reversal of completed project	(48,014,308)	(47,306,828)
At 30 June/31 December	-	45,866,796



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**11. PROPERTY DEVELOPMENT COSTS (CONT'D)**

	Group	
	30.6.2016 RM	31.12.2014 RM
<b>Group</b>		
<b>Cumulative costs recognised in profit or loss</b>		
Leasehold land costs	(5,048,991)	(4,768,801)
Development costs	(39,145,284)	(77,582,177)
At 1 January	(44,194,275)	(82,350,978)
Recognised during the financial period/year	(3,820,033)	(9,150,125)
Reversal of completed project	48,014,308	47,306,828
At 30 June/31 December	-	(44,194,275)
Carrying amounts at 30 June/31 December	-	1,672,521

**12. INVENTORIES**

	Group	
	30.6.2016 RM	31.12.2014 RM
<b>At cost:-</b>		
Raw materials	851,886	1,196,430
Work in progress	11,656	-
Finished goods	2,878,687	3,201,269
Spare parts and consumables	1,083,867	1,275,474
Completed development properties	2,260,754	1,009,740
	7,086,850	6,682,913
Recognised in profit or loss:-		
Inventories recognised as cost of sales	41,608,169	34,709,031



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**13. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
<b>Trade receivables</b>				
Trade receivables	19,690,026	25,845,052	-	-
Accrued billings	305,244	890,489	-	-
Less: Accumulated impairment loss	(1,801,902)	(1,695,803)	-	-
	18,193,368	25,039,738	-	-
<b>Other receivables</b>				
Other receivables	595,575	1,816,291	-	-
Amount owing by subsidiaries	-	-	12,365,745	15,612,580
Amount owing by an associate	38,478	36,516	38,478	36,516
Less: Accumulated impairment loss				
- Other receivables	-	(538,042)	-	-
- Amount owing by subsidiaries	-	-	(8,801,048)	(9,483,262)
- Amount owing by an associate	(36,516)	(36,516)	(36,516)	(36,516)
	597,537	1,278,249	3,566,659	6,129,318
Refundable deposits	1,132,934	835,643	-	-
	1,730,471	2,113,892	3,566,659	6,129,318
Total trade and other receivables	19,923,839	27,153,630	3,566,659	6,129,318

**(i) Trade and Other Receivables**

(a) The trade receivables are non-interest bearing and the normal credit terms offered by the Group in respect of trade receivables are 30 days to 180 days (31.12.2014: 30 days to 180 days). 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.

(b) The ageing analysis of the Group's trade receivables is as follows:-

	Group	
	30.6.2016 RM	31.12.2014 RM
Neither past due nor impaired	9,345,278	12,321,414
<i>Past due but not impaired</i>		
Past due 1 to 30 days	2,046,457	3,385,416
Past due 31 to 60 days	1,529,989	2,255,199
Past due 61 to 90 days	1,277,499	1,314,308
Past due 91 to 120 days	484,144	1,105,935
Past due more than 121 days	3,510,001	4,657,466
	8,848,090	12,718,324
Impaired	1,801,902	1,695,803
	19,995,270	26,735,541



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**13. TRADE AND OTHER RECEIVABLES (CONT'D)**

**(i) Trade and Other Receivables (cont'd)**

(b) The ageing analysis of the Group's trade receivables is as follows:- (cont'd)

Receivables that are neither past due nor impaired

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

Receivables that are past due but not impaired

The Group has not made any allowance for impairment for receivables that are past due as there has not been a significant change in the credit quality of these receivables and the amounts due are still recoverable.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. The Group has policies in place to ensure that credit is extended only to customers with acceptable credit history and payment track records. Allowances for impairment are made on specific trade receivables when there is objective evidence that the Group will not be able to collect the amounts due.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date are as follows:-

	<b>Group</b>	
	<b>30.6.2016</b>	<b>31.12.2014</b>
	<b>RM</b>	<b>RM</b>
<b>Individually impaired</b>		
Trade receivables		
- nominal amounts	1,803,279	3,482,887
Less:		
Impairment loss	(1,801,902)	(1,695,803)
	<b>1,377</b>	<b>1,787,084</b>

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



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**13. TRADE AND OTHER RECEIVABLES (CONT'D)****(i) Trade and Other Receivables (cont'd)**

(c) The Group's trade receivables and other receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables is as follows:-

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
<u>Trade receivables</u>				
At 1 January	1,695,803	1,073,247	-	-
Add: Charge for the financial period/year	476,663	1,148,987	-	-
Reversal of impairment losses	(370,564)	(352,697)	-	-
Written off	-	(173,734)	-	-
At 30 June/31 December	1,801,902	1,695,803	-	-
<u>Other receivables</u>				
At 1 January	574,558	352,448	9,519,778	8,592,089
Add: Charge for the financial period/year	-	222,110	-	936,228
Reversal of impairment losses	(222,110)	-	-	(8,539)
Written off	(315,932)	-	(682,214)	-
At 30 June/31 December	36,516	574,558	8,837,564	9,519,778

**(ii) Amount Owning by Subsidiaries**

Amount owing by subsidiaries are non-trade in nature, unsecured, generally non-interest bearing, except amounts of RM3,555,730/- (31.12.2014: RM5,661,670/-) earn interest at the rate range from 5.50% to 7.35% (31.12.2014: 7.10%) per annum, repayable on demand and are expected to be settled in cash.

**(iii) Amount Owning by An Associate**

Amount owing by an associate is non-trade in nature, unsecured, non-interest bearing, repayable on demand and are expected to be settled in cash.

**14. INVESTMENT SECURITIES**

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
<u>Current</u>				
Financial assets at fair value through profit or loss				
- unquoted unit trusts in Malaysia	10,132	110,377	3,292	3,233

Unit trusts are funds invested mainly in money market and fixed income instruments and are managed by investment management company.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**15. CASH AND BANK BALANCES**

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Cash and bank balances	3,530,108	3,580,800	8,444	8,844
Short-term deposits placed with licensed banks	1,012,051	1,601,543	-	-
	4,542,159	5,182,343	8,444	8,844

For the purpose of the statements of cash flows, cash and cash equivalents comprise of the following:-

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Cash in hand and at banks	3,530,108	3,580,800	8,444	8,844
Short-term deposits placed with licensed banks	1,012,051	1,601,543	-	-
Less: Short-term deposits held as security value	(249,864)	(1,601,543)	-	-
Less: Cash held pursuant to Housing Development Accounts ("HDA")	(1,530,000)	(1,594,311)	-	-
Less: Bank overdrafts (Note 18)	(2,824,767)	(2,562,482)	(1,360,688)	(2,480,529)
	(62,472)	(575,993)	(1,352,244)	(2,471,685)

**(i) Cash and Bank Balances**

Included in cash and bank balances is an amount of RM1,530,000/- (31.12.2014: RM1,594,311/-) held under Housing Development Accounts ("HDA") pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and is restricted from use in other operations.

**(ii) Short-term Deposits Placed with Licensed Banks**

Included in short term deposits are amounts of RM249,864/- (31.12.2014: RM1,601,543/-) pledged as security for banking facilities granted to certain subsidiaries.

The interest rate as at reporting date and the remaining maturities of the Group's and the Company's deposits placed with licensed banks are as follows:-

	Group and Company	
	30.6.2016 RM	31.12.2014 RM
Interest rate per annum (%)	2.90 - 3.30	3.10
Average maturities (months)	1 to 12	1 to 12



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**16. SHARE CAPITAL**

	Group and Company			
	Number of Shares Unit	Amounts RM	Number of Shares Unit	Amounts RM
Ordinary shares of RM1/- each				
<b>Authorised:-</b>				
At the beginning/end of the financial period/year	100,000,000	100,000,000	100,000,000	100,000,000
<b>Issued and fully paid up:-</b>				
At the beginning/end of the financial period/year	48,092,200	48,092,200	48,092,200	48,092,200

The holder of ordinary shares is entitled to receive dividend as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regards to the Company's residual interests.

**17. SHARE PREMIUM**

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares.

The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

**18. LOANS AND BORROWINGS**

	Note	Group		Company	
		30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
<b>Non-current:-</b>					
<b>Secured</b>					
Finance lease liabilities	(i)	2,193,604	4,029,102	-	-
Term loans	(ii)	1,288,907	609,299	828,622	-
<b>Total non-current</b>		3,482,511	4,638,401	828,622	-
<b>Current:-</b>					
<b>Secured</b>					
Finance lease liabilities	(i)	1,594,292	1,577,213	-	-
Term loans	(ii)	2,100,095	86,578	1,999,358	-
Bank overdrafts	(iii)	2,824,767	2,562,482	1,360,688	2,480,529
Bill payables	(iv)	2,766,108	3,394,948	-	-
Revolving credits	(iv)	3,000,000	3,000,000	-	-
		12,285,262	10,621,221	3,360,046	2,480,529
<b>Unsecured</b>					
Term loans	(ii)	-	10,337,500	-	10,337,500
		-	10,337,500	-	10,337,500
<b>Total current</b>		12,285,262	20,958,721	3,360,046	12,818,029
<b>Total loans and borrowings:-</b>					
Finance lease liabilities	(i)	3,787,896	5,606,315	-	-
Term loans	(ii)	3,389,002	11,033,377	2,827,980	10,337,500
Bank overdrafts	(iii)	2,824,767	2,562,482	1,360,688	2,480,529
Bill payables	(iv)	2,766,108	3,394,948	-	-
Revolving credits	(iv)	3,000,000	3,000,000	-	-
		15,767,773	25,597,122	4,188,668	12,818,029



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**18. LOANS AND BORROWINGS (CONT'D)**

**(i) Finance Lease Liabilities**

	Group	
	30.6.2016	31.12.2014
	RM	RM
Minimum lease payments:-		
Not later than one year	1,780,009	1,869,845
Later than one year and not later than five years	2,314,851	1,619,127
Later than five years	-	2,772,668
	4,094,860	6,261,640
Less: Future interest charges	(306,964)	(655,325)
Present value of minimum lease payments	3,787,896	5,606,315
Present value of minimum lease payments:-		
Not later than one year	1,594,292	1,577,213
Later than one year and not later than five years	2,193,604	1,487,355
Later than five years	-	2,541,747
	3,787,896	5,606,315
Less: Amount due within twelve months	(1,594,292)	(1,577,213)
Amount due after twelve months	2,193,604	4,029,102

The finance lease liabilities are effectively secured on the rights of the assets under finance lease arrangements as disclosed in Note 5 to the financial statements. Interest rates are fixed at the inception of the finance lease arrangement. The effective interest rates range from 4.77% to 8.61% (31.12.2014: 4.79% to 7.35%).

**(ii) Term Loans**

Term loan 1 of the subsidiary of RM561,022/- (31.12.2014: RM695,877/-) bear interest at 7.85% (31.12.2014: 7.60% to 7.85%) per annum and is repayable by monthly instalments of RM11,767/- over six years commencing from the day of first drawdown.

Term loan 2 of the Company of RM2,827,980/- (31.12.2014: RM Nil) bear interest at 5.5% (31.12.2014: Nil) per annum and is repayable by monthly instalments of RM186,009 over two years commencing from the day of first drawdown.

Term loan 3 of the Company of RM Nil (31.12.2014: RM10,337,500/-) bear interest at Nil (31.12.2014: 7.85%) per annum and is fully settled during current financial period.

**(iii) Bank Overdrafts**

The effective interest rate of the bank overdrafts of the Group and of the Company as at the reporting date is 8.35% (31.12.2014: 8.35%) per annum.

**(iv) Bill Payables and Revolving Credits**

The effective interest rates of the bill payables and revolving credits are ranging from 3.89% to 5.43% and 6.57% to 6.76% (31.12.2014: 1.5% and 9.36%) respectively per annum.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**18. LOANS AND BORROWINGS (CONT'D)****(v) Security**

The term loans, bank overdrafts, bill payables and revolving credits are secured by the following:-

- (a) first legal charges over the certain leasehold land of the Group as disclosed in Note 5 to the financial statements; and
- (b) corporate guarantees by the Company.

**19. DEFERRED TAX LIABILITIES**

	Group	
	30.6.2016 RM	31.12.2014 RM
<b>Deferred tax liabilities</b>		
At 1 January	6,074,789	6,573,220
Recognised in profit or loss (Note 26)		
- current year	(545,915)	(435,189)
- prior year	275,973	(63,242)
	(269,942)	(498,431)
At 30 June/31 December	5,804,847	6,074,789
Presented after appropriate offsetting as follows:		
Deferred tax liabilities	5,804,847	6,074,789
	5,804,847	6,074,789

The deferred tax asset and liabilities as at the end of the financial period/year relate to the following:

	Group			
	Property, plant and equipment/ Investment properties RM	Provisions RM	Others RM	Total RM
<b>Deferred tax asset</b>				
At 1 January 2014	-	(202,466)	(2,000)	(204,466)
Recognised in profit or loss	-	(180,540)	700	(179,840)
At 31 December 2014	-	(383,006)	(1,300)	(384,306)
Recognised in profit or loss	-	383,006	1,300	384,306
At 30 June 2016	-	-	-	-
<b>Deferred tax liabilities</b>				
At 1 January 2014	6,775,686	-	2,000	6,777,686
Recognised in profit or loss	(317,891)	-	(700)	(318,591)
At 31 December 2014	6,457,795	-	1,300	6,459,095
Recognised in profit or loss	(652,948)	-	(1,300)	(654,248)
At 30 June 2016	5,804,847	-	-	5,804,847



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**20. TRADE AND OTHER PAYABLES**

	Note	Group		Company	
		30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
<b>Current:</b>					
<b>Trade payables</b>					
Trade payables	(i)	5,784,157	12,064,398	-	-
Progress billing		-	904,772	-	-
Trade payables - retention sum		409,900	569,900	-	-
		6,194,057	13,539,070	-	-
<b>Other payables</b>					
Other payables	(ii)	5,318,960	3,318,479	152,377	374,517
Refundable deposits	(iii)	3,566,770	3,489,462	-	-
Accruals		2,626,997	3,709,031	30,700	-
Amount owing to subsidiaries	(iv)	-	-	10,750,911	4,071,508
Amount owing to associate	(iv)	44,642	44,642	-	-
		11,557,369	10,561,614	10,933,988	4,446,025
Total trade and other payables		17,751,426	24,100,684	10,933,988	4,446,025

**(i) Trade Payables**

Trade payables are non-interest bearing and the normal credit terms available to the Group in respect of trade payables range from 30 to 90 days (31.12.2014: 30 to 90 days) from the date of invoices and progress billings.

**(ii) Other Payables**

All the above amounts are unsecured, interest-free and are normally settled on an average term of two to six months (31.12.2014: average term of two to six months).

**(iii) Refundable Deposits**

Included in refundable deposits is an amount of RM3,566,770/- (31.12.2014: RM3,418,636/-) for cylinder deposit.

**(iv) Amounts Owing to Subsidiaries and Associate**

Amounts owing to subsidiaries and associate are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and are expected to be settled in cash.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**21. REVENUE**

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Sale of goods	80,295,996	62,764,063	-	-
Property development revenue	9,160,179	11,326,659	-	-
Transportation and handling fees	1,652,233	2,556,900	-	-
Hiring of plant and machinery	156,860	154,389	-	-
Rental income from cylinder	1,989,500	2,881,229	-	-
Management fee income from subsidiaries	-	-	2,712,000	2,328,000
	93,254,768	79,683,240	2,712,000	2,328,000

**22. OTHER INCOME**

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Bad debts recovered	171,744	15,943	-	-
Gross dividend income	2,538	602	677	427
Gain on disposal of property, plant and equipment	570,220	368,487	-	-
Realised gain on foreign exchange	321,069	38,247	-	-
Interest income	193,537	60,707	518,217	1,276,017
Reversal of impairment loss on trade receivables	370,564	352,697	-	-
Reversal of impairment loss on other receivables	222,110	-	-	-
Management fee	162,000	108,000	-	-
Miscellaneous income	458,203	336,181	656	-
	2,471,985	1,280,864	519,550	1,276,444

**23. EMPLOYEES BENEFITS EXPENSE**

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Wages and salaries	15,341,541	10,980,079	1,224,290	1,393,356
Social security contributions	190,589	133,416	8,077	8,677
Contributions to defined contribution plan	1,677,988	1,170,596	143,794	168,580
Other benefits	281,918	225,598	1,841	1,201
	17,492,036	12,509,689	1,378,002	1,571,814



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**24. FINANCE COSTS**

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Interest expense on:				
- Term loans, bill payables, revolving credits and bank overdrafts	1,529,465	1,502,222	781,853	1,095,712
- Finance lease liabilities	478,461	281,282	-	-
- Amount owing to subsidiaries	-	-	216,017	29,953
Total finance costs	2,007,926	1,783,504	997,870	1,125,665

**25. PROFIT/(LOSS) BEFORE TAXATION**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax:-

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
After charging:-				
Impairment loss on:-				
- other investments	65,000	-	-	-
- investments in subsidiaries	-	-	649,929	2,840
- property, plant and equipment	21,652	-	-	-
- amount owing by subsidiaries	-	-	-	936,228
- trade receivables	476,663	1,148,987	-	-
- other receivables	-	222,110	-	-
- goodwill	-	840,968	-	-
Auditors' remuneration:				
- current year	208,000	260,600	33,000	39,800
- (over)/under accrual in prior year	(41,725)	(543)	200	(1,100)
Bad debts written off	236,067	261,191	-	-
Deposits written off	9,026	-	-	-
Depreciation of property, plant and equipment	8,354,331	5,536,127	1,029	-
Non statutory audit fee	7,500	-	7,500	-
Staff Cost:-				
- Wages and salaries	14,983,129	10,842,079	1,216,290	1,261,356
- Social security contributions	190,589	133,416	8,077	8,677
- Contributions to defined contribution plan	1,635,938	1,155,476	143,794	154,180
- Other benefits	281,918	225,598	1,841	1,201
Executive directors' remuneration:				
- Fee	8,000	12,000	8,000	12,000
- Wages and salaries	350,412	126,000	-	120,000
- Contributions to defined contribution plan	42,050	15,120	-	14,400
Non-executive directors' remuneration:				
- Fee	222,000	156,000	222,000	156,000
- Other emoluments	9,500	6,000	-	-



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**25. PROFIT/(LOSS) BEFORE TAXATION (CONT'D)**

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax (cont'd):-

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
After charging:- (Continued)				
Inventory written off	8,577	-	-	-
Realised loss on foreign exchange	12,521	-	12,521	-
Property, plant and equipment written off	127,776	1,226,634	-	-
Rental of equipment, premises, and etc	1,340,298	983,281	14,476	1,100

**26. INCOME TAX EXPENSE**

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Income tax:				
- current year	(1,068,326)	(795,021)	-	-
- over accrual in prior year	82,298	14,602	-	-
	(986,028)	(780,419)	-	-
Deferred tax (Note 19):				
- current year	545,915	435,189	-	-
- (under)/over accrual in prior year	(275,973)	63,242	-	-
	269,942	498,431	-	-
	(716,086)	(281,988)	-	-

The income tax is calculated at the statutory tax rate of 24% (31.12.2014: 25%) of the estimated taxable profit for the financial period.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**26. INCOME TAX EXPENSE (CONT'D)**

The reconciliation of income tax expense applicable to profit/(loss) taxation at the statutory tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Profit/(loss) before tax	1,751,634	(6,050,199)	(1,069,430)	(1,162,363)
Taxation at statutory tax rate of 24% (31.12.2014: 25%)	(420,393)	1,512,550	256,663	290,591
Effect of changes in tax rate	(41,233)	-	-	-
Adjustments:				
Income not subject to tax	243,270	20	85,375	-
Non-deductible expenses	(656,549)	(795,782)	(306,056)	(272,354)
Reversal/(origination) of deferred tax assets not recognised	352,494	(950,021)	(35,982)	(18,237)
Under accrual in prior year	(193,675)	(48,755)	-	-
Income tax expense	(716,086)	(281,988)	-	-

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

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Taxable/(deductible) temporary differences	219,889	803,604	(1,029)	-
Unutilised capital allowances	(47,328)	(300,064)	-	-
Unabsorbed tax losses	(12,535,988)	(14,335,692)	(1,227,022)	(1,078,124)
At 30 June/31 December	(12,363,427)	(13,832,152)	(1,228,051)	(1,078,124)
Potential deferred tax assets not recognised at 24%	(2,967,222)	(3,319,716)	(294,732)	(258,750)



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**27. EARNINGS/(LOSS) PER ORDINARY SHARE**

**(i) Basic Earnings/(Loss) per Ordinary Share**

Basic earnings/(loss) per share are based on the profit/(loss) for the financial period attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial period, calculated as follows:

	Group	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Earning/(Loss) net of tax attributable to owners of the Company used in the computation of basic earning/(loss) per share (RM)	1,035,548	(6,332,187)
Weighted average number of ordinary shares for basic earnings/(loss) per share (Unit)	48,092,200	48,092,200
Basic earnings/(loss) per ordinary share (sen)	2.15	(13.17)

**(ii) Diluted Earnings/(Loss) per Ordinary Share**

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

**28. CAPITAL AND OTHER COMMITMENTS**

**(a) Capital Commitments**

	Group	
	30.6.2016 RM	31.12.2014 RM
Capital expenditure approved and contracted for: - Furniture, fixtures and equipment	20,537	-

**(b) Operating Lease Commitments – as Lessee**

Future minimum rentals payables under non-cancellable operating lease at the reporting date but not recognised as liabilities are as follows:

	Group	
	30.6.2016 RM	31.12.2014 RM
Not later than one year	445,171	479,532
Later than one year but not later than five years	1,358,378	1,058,358
	1,803,549	1,537,890

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 provision included in the contracts. The Group is restricted from subleasing the leased office premises to third parties.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**29. RELATED PARTIES DISCLOSURES**

**(a) Sales 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 period:

	Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
<b>Transaction with subsidiaries</b>		
Management fee income received from:		
- Alpha Billion Sdn. Bhd.	60,000	-
- B.I.G. Industrial Gas Sdn. Bhd.	342,000	228,000
- Kinalaju Supply Sdn. Bhd.	100,000	120,000
- Uni-Mix Sdn. Bhd.	1,653,500	1,170,000
- Uni-Mix Concrete Products Sdn. Bhd.	556,500	810,000
Interest income received/receivable from:		
- Alpha Billion Sdn. Bhd.	6,500	154,732
- B.I.G. Communications Sdn. Bhd.	-	502,204
- B.I.G. Constructions Sdn. Bhd.	-	90,218
- B.I.G. Industrial Gas Sdn. Bhd.	18,088	204,029
- B.I.G. Marketing Sdn. Bhd.	-	87
- Hypervictory Sdn. Bhd.	241,426	193,964
- Linear Excellent Sdn. Bhd.	-	695
- Puncak Luyang Sdn. Bhd.	7,397	-
- Sistem SDS Sdn. Bhd.	-	86,421
- Tani Kukuh Sdn. Bhd.	4,352	4,908
- Uni-Mix Sdn. Bhd.	197,136	5,139
- Uni-Mix Concrete Products Sdn. Bhd.	43,318	31,031
Interest expenses paid/payable to:-		
- B.I.G. Industrial Gas Sdn. Bhd.	(212,500)	-
- Lumanai Sdn. Bhd.	(3,518)	(17,897)
- Uni-Mix Sdn. Bhd.	-	(12,056)



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**29. RELATED PARTIES DISCLOSURES (CONT'D)****(b) Compensation of Key Management Personnel**

The remuneration of key management during the financial period is as follows:

	Group		Company	
	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM	1.1.2015 to 30.6.2016 RM	1.1.2014 to 31.12.2014 RM
Key management personnel:				
- short-term employee benefits	2,097,551	1,784,618	66,300	654,505
- defined contribution plan	248,156	212,100	7,956	74,405
	2,345,707	1,996,718	74,256	728,910
Included in the total key management personnel are:				
Directors' remuneration (Note 25)	388,236	153,120	-	146,400

*Key management personnel comprise persons including the directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.*

**30. SEGMENT INFORMATION**

The Group prepared the following segment in accordance with FRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Operating Officer ("COO") for the purpose of making decisions about resource allocation and performance assessment.

**a. General Information**

The Group's operations comprise the following business segments:

Industrial gas	:	Manufacture, distribution and marketing of industrial gases, provision of services and maintenance and trading in related products.
Ready mix concrete ("RMC")/Reinforced concrete piles ("RCP")	:	Manufacture and sale of ready mix concrete and reinforced concrete piles and provision of related services.
Property development and construction	:	Property management and property developer.
Corporate/Others	:	Provision of management services

The inter-segment transactions have been entered into the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 30. SEGMENT INFORMATION (CONT'D)

The Group prepared the following segment in accordance with FRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's Chief Operating Officer ("COO") for the purpose of making decisions about resource allocation and performance assessment (cont'd).

##### b. Measurement of Reportable Segments

###### Segment Profit

Segment performance is used to measure performance as the directors believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

###### Segment Assets

The total of segment asset is measured based on all assets of a segment, as included in the internal reports that are reviewed by the directors.

###### Segment Liabilities

Segment liabilities are not included in the internal reports that are reviewed by the directors, hence no disclosures are made on segment liabilities.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**30. SEGMENT INFORMATION (CONT'D)**

	Industrial gas		RCPI/RMC		Property development & construction		Corporate/ others		Adjustments and eliminations		Per consolidated financial statements	
	30.6.2016	31.12.2016	30.6.2016	31.12.2016	30.6.2016	31.12.2016	30.6.2016	31.12.2016	30.6.2016	31.12.2016	30.6.2016	31.12.2016
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
External customers	44,095,281	29,831,084	39,999,308	32,932,979	9,160,179	11,326,659	-	5,592,518	-	-	93,254,768	79,683,240
Inter-segment	-	-	20,789,989	16,615,328	2,882,288	4,458,112	2,712,000	2,328,000	(26,384,277)	(23,401,440)	-	-
Total revenue	44,095,281	29,831,084	60,789,297	49,548,307	12,042,467	15,784,771	2,712,000	7,920,518	(26,384,277)	(23,401,440)	93,254,768	79,683,240
<b>Results:</b>												
Interest income	228,033	-	57,295	85,992	124,225	55,413	518,218	1,276,017	(734,234)	(1,356,715)	193,537	60,707
Dividend income	166	96	-	-	1,567	-	805	506	-	-	2,538	602
Depreciation and amortisation	(6,597,388)	(4,414,982)	(1,739,177)	(1,089,682)	(16,737)	(31,463)	(1,029)	-	-	-	(8,354,331)	(5,536,127)
Other non-cash income/(expenses)	(2,869,230)	(441,978)	(88,910)	(793,611)	(490,511)	-	(649,929)	(1,781,542)	4,488,457	54,368	389,877	(2,962,763)
Segment profit/(loss)	(1,951,917)	983,226	(5,204,253)	(6,321,443)	5,517,141	1,098,455	(1,097,792)	(1,190,776)	4,488,457	(619,661)	1,751,636	(6,050,199)
<b>Assets:</b>												
Investment in an associate	-	-	-	-	-	-	-	-	-	-	-	-
Additions to non-current assets	1,142,677	1,799,294	1,370,162	3,385,574	147,824	-	1,930	5,300	-	-	2,662,593	5,190,168
Segment assets	51,933,922	57,921,530	24,037,547	27,721,363	29,186,116	26,743,056	52,333,319	61,622,235	(75,839,877)	(76,803,155)	81,651,027	97,205,029
Segment liabilities	23,683,708	27,012,031	20,310,634	22,797,861	11,806,207	11,851,170	24,607,428	31,812,255	(41,071,071)	(37,546,861)	39,336,906	55,926,456



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 30. SEGMENT INFORMATION (CONT'D)

Note: 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-cash income/(expenses) consist of:

	Group	
	30.6.2016	31.12.2014
	RM	RM
Bad debts recovered	171,744	15,943
Written off on:		
- bad debts	(236,067)	(261,191)
- inventories	(8,577)	-
- property, plant and equipment	(127,776)	(1,226,634)
- deposits	(9,026)	-
Impairment loss on:		
- trade receivables	(476,663)	(1,148,987)
- other receivables	-	(222,110)
- other investment	(65,000)	-
- goodwill	-	(840,968)
- property, plant and equipment	(21,652)	-
Reversal of impairment loss on trade and other receivables	592,674	352,697
Gain on disposal of property, plant and equipment	570,220	368,487
	389,877	(2,962,763)

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:

	Group	
	30.6.2016	31.12.2014
	RM	RM
Finance costs (Note 24)	(2,007,926)	(1,783,504)
Inter-segment cost	6,496,383	1,163,843
	4,488,457	(619,661)

D Additions to non-current assets consist of:

	Group	
	30.6.2016	31.12.2014
	RM	RM
Property, plant and machinery	2,517,307	5,184,868
Land held for development	145,286	5,300
	2,662,593	5,190,168

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

	Group	
	30.6.2016	31.12.2014
	RM	RM
Inter-segment assets	(75,839,877)	(76,803,155)



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**30. SEGMENT INFORMATION (CONT'D)**

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

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

	Group	
	30.6.2016 RM	31.12.2014 RM
Inter-segment liabilities	(41,071,071)	(37,546,861)

Geographical information

The Group operates principally in Malaysia and has not ventured into any operations outside Malaysia during the financial period. Hence, no geographical segment is presented.

**31. FINANCIAL INSTRUMENTS****(a) Categories of Financial Instruments**

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Loans and receivables RM	Fair value through profit or loss RM	Available- for-sale financial assets RM	Financial liabilities at amortised cost RM	Total RM
<b>30.6.2016</b>					
<b>Group</b>					
<b>Financial assets</b>					
Other investments	-	-	10,000	-	10,000
Trade receivables	18,193,368	-	-	-	18,193,368
Other receivables and deposits	1,730,471	-	-	-	1,730,471
Investment securities	-	10,132	-	-	10,132
Cash and bank balances	4,542,159	-	-	-	4,542,159
	24,465,998	10,132	10,000	-	24,486,130
<b>Financial liabilities</b>					
Trade payables	-	-	-	(6,194,057)	(6,194,057)
Other payables, deposits and accruals	-	-	-	(11,557,369)	(11,557,369)
Loans and borrowings	-	-	-	(15,767,773)	(15,767,773)
	-	-	-	(33,519,199)	(33,519,199)



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(a) Categories of Financial Instruments (cont'd)**

	Loans and receivables RM	Fair value through profit or loss RM	Available- for-sale financial assets RM	Financial liabilities at amortised cost RM	Total RM
<b>30.6.2016</b>					
<b>Company</b>					
<b>Financial assets</b>					
Other receivables	3,566,659	-	-	-	3,566,659
Investment securities	-	3,292	-	-	3,292
Cash and bank balances	8,444	-	-	-	8,444
	3,575,103	3,292	-	-	3,578,395
<b>Financial liabilities</b>					
Other payables, deposits and accruals	-	-	-	(10,933,988)	(10,933,988)
Loans and borrowings	-	-	-	(4,188,668)	(4,188,668)
	-	-	-	(15,122,656)	(15,122,656)
<b>31.12.2014</b>					
<b>Group</b>					
<b>Financial assets</b>					
Other investments	-	-	75,000	-	75,000
Trade receivables	25,039,738	-	-	-	25,039,738
Other receivables and deposits	2,113,892	-	-	-	2,113,892
Investment securities	-	110,377	-	-	110,377
Cash and bank balances	5,182,343	-	-	-	5,182,343
	32,335,973	110,377	75,000	-	32,521,350
<b>Financial liabilities</b>					
Trade payables	-	-	-	(13,539,070)	(13,539,070)
Other payables, deposits and accruals	-	-	-	(10,561,614)	(10,561,614)
Loans and borrowings	-	-	-	(25,597,122)	(25,597,122)
	-	-	-	(49,697,806)	(49,697,806)
<b>Company</b>					
<b>Financial assets</b>					
Other receivables	6,129,318	-	-	-	6,129,318
Investment securities	-	3,233	-	-	3,233
Cash and bank balances	8,844	-	-	-	8,844
	6,138,162	3,233	-	-	6,141,395
<b>Financial liabilities</b>					
Other payables, deposits and accruals	-	-	-	(4,446,025)	(4,446,025)
Loans and borrowings	-	-	-	(12,818,029)	(12,818,029)
	-	-	-	(17,264,054)	(17,264,054)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 31. FINANCIAL INSTRUMENTS (CONT'D)

#### (b) Financial Risk Management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

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

#### (i) Credit Risk

##### *Trade and Other Receivables*

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

As at the reporting date, the maximum exposure to credit risk arising from trade and other receivables is represented by their carrying amounts in the statements of financial position.

The carrying amount of trade and other receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group uses ageing analysis to monitor the credit quality of the trade receivables. The ageing of trade receivables as at the end of the financial period is disclosed in Note 13 to the financial statements.

##### Financial Assets that are Neither Past Due Nor Impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. A significant portion of these trade receivables are regular customers that have been transacting with the Group.

Management has taken reasonable steps to ensure that trade receivables that are neither past due nor impaired are stated at their realisable values. Impairment are made on specific receivables when there is objective evidence that the Group will not be able to collect all amounts due.

##### Intercompany Balances

The Company provides unsecured loans and advances to its subsidiaries. The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

As at the reporting date, there was no indication that the loans and advances to the subsidiaries are not recoverable.

As at the reporting date, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

#### 31. FINANCIAL INSTRUMENTS (CONT'D)

##### (b) Financial risk management (cont'd)

###### (i) Credit Risk (cont'd)

###### Trade and Other Receivables (cont'd)

###### Credit Risk Concentration Profile

The Group's trade receivables credit risk is concentrated in Malaysia.

The Group determines the credit risk concentration of its trade receivables by industry sector profile 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:

	Company	
	30.6.2016 RM	31.12.2014 RM
<b>By industry sectors:</b>		
Industrial gas	8,843,057	11,466,206
Ready mix concrete/reinforced concrete piles	7,715,547	12,441,470
Property development	1,634,764	1,132,062
	<b>18,193,368</b>	<b>25,039,738</b>

At the reporting date, approximately 22% (31.12.2014: 31%) of the Group's trade receivables were due from 5 major customers who are multi-industry conglomerates located in Malaysia.

###### Financial Guarantee Contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and banks of third party's bank loans. The Company monitors the results of the subsidiaries and their repayment on an on-going basis.

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

- A nominal amount of RM11,544,344/- (31.12.2014: RM8,859,543/-) relating to corporate guarantees provided by the Company to banks of subsidiaries' bank loans.
- A nominal amount of RM931,849/- (31.12. 2014: RM1,585,545/-) relating to corporate guarantees provided by a subsidiary to banks of third party's bank loan.

The maximum amount the Company could pay if the guarantee is called on as disclosed in Note 31(b)(ii) to the financial statements. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

###### (ii) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arise principally from trade and other payables, loans and borrowings.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Risk Management (cont'd)**

**(ii) Liquidity Risk (cont'd)**

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 facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's treasury department also ensure that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

Maturity Analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	<b>Contractual cash flows</b>				<b>Total RM</b>
	<b>Carrying Amount RM</b>	<b>On demand or within 1 year RM</b>	<b>2 to 5 years RM</b>	<b>More than 5 years RM</b>	
<b>Group 30.6.2016</b>					
<b>Financial liabilities</b>					
Trade and other payables	17,751,426	17,751,426	-	-	17,751,426
Loans and borrowings					
- finance lease liabilities	3,787,896	1,780,009	2,314,851	-	4,094,860
- bank overdrafts	2,824,767	2,824,767	-	-	2,824,767
- bill payables and revolving credits	5,766,108	5,766,108	-	-	5,766,108
- term loans	3,389,002	2,373,312	1,424,259	-	3,797,571
Financial guarantee contracts *	-	931,849	-	-	931,849
	<b>33,519,199</b>	<b>31,427,471</b>	<b>3,739,110</b>	<b>-</b>	<b>35,166,581</b>



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Risk Management (cont'd)**

**(ii) Liquidity Risk (cont'd)**

Maturity Analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (cont'd)

	Carrying Amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	
<b>Group</b>					
<b>31.12.2014</b>					
<b>Financial liabilities</b>					
Trade and other payables	24,100,684	24,100,684	-	-	24,100,684
Loans and borrowings					
- finance lease liabilities	5,606,315	1,869,845	1,619,127	2,772,668	6,261,640
- bank overdrafts	2,562,482	2,562,482	-	-	2,562,482
- bill payables and revolving credits	6,394,948	6,394,948	-	-	6,394,948
- term loans	11,033,377	10,978,704	564,816	141,946	11,685,466
Financial guarantee contracts *	-	1,585,545	-	-	1,585,545
	49,697,806	47,492,208	2,183,943	2,914,614	52,590,765

\* The Group has given corporate guarantee to bank on behalf of third parties. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities of the said third parties.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Risk Management (cont'd)**

**(ii) Liquidity Risk (cont'd)**

Maturity Analysis (cont'd)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:  
(cont'd)

	Carrying Amount RM	Contractual cash flows			Total RM
		On demand or within 1 year RM	2 to 5 years RM	More than 5 years RM	
<b>Company</b>					
<b>30.6.2016</b>					
<b>Financial liabilities</b>					
Trade and other payables	10,933,988	10,933,988	-	-	10,933,988
Loans and borrowings					
- term loans	2,827,980	2,232,108	930,045	-	3,162,153
- bank overdrafts	1,360,688	1,360,688	-	-	1,360,688
Financial guarantee contracts #	-	11,544,344	-	-	11,544,344
	15,122,656	26,071,128	930,045	-	27,001,173
<b>Company</b>					
<b>31.12.2014</b>					
<b>Financial liabilities</b>					
Trade and other payables	4,446,025	4,446,025	-	-	4,446,025
Loans and borrowings					
- term loans	10,337,500	13,548,529	-	-	13,548,529
- bank overdrafts	2,480,529	2,480,529	-	-	2,480,529
Financial guarantee contracts #	-	8,859,543	-	-	8,859,543
	17,264,054	29,334,626	-	-	29,334,626

\* The Company has given corporate guarantee to bank on behalf of certain subsidiaries. The potential exposure of the financial guarantee contract is equivalent to the amount of the banking facilities of the said subsidiary.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(b) Financial Risk Management (cont'd)**

**(iii) Interest Rate Risk**

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's financial instruments as a result of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

The Group manages the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. The Management does not enter into interest rate hedging transactions as the cost of such instruments outweighs the potential risk of interest rate fluctuation.

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

Sensitivity Analysis for Interest Rate Risk

*Fair value sensitivity analysis for fixed rate instruments*

The Group do not account for any fixed rate financial assets at fair value through profit or loss and equity. Therefore a change in interest rates at the reporting date would not affect profit or loss and equity.

*Cash Flow Sensitivity Analysis for Variable Rate Instruments*

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables, in particular foreign currency rates, held constant on the Group's and the Company's total equity and profit for the financial year.

	Change in basis point	Effect on profit or loss RM	Effect on equity RM
<b>Group</b>			
30 June 2016	+50	(31,069)	(31,069)
	-50	31,069	31,069
31 December 2014	+50	(67,981)	(67,981)
	-50	67,981	67,981
<b>Company</b>			
30 June 2016	+50	(20,943)	(20,943)
	-50	20,943	20,943
31 December 2014	+50	(64,091)	(64,091)
	-50	64,091	64,091



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Fair Value Measurement**

**(i) Fair Value of Financial Instruments that are Carried at Fair Value**

The Group classifies fair value measurements 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 prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 30 June 2016, the fair value of investment securities as disclosed in Note 14 to the financial statements is measure under Level 1, of which is determined directly by reference to prices provided by investment management companies.

During the financial period ended 30 June 2016, there have been no transfers between Level 1 and Level 2 fair value measurement (31.12.2014: no transfer in either directions).

**(ii) Fair Value of Financial Instruments by Classes that are not Carried at Fair Value and Whose Carrying Amounts are Reasonable Approximation of Fair Value.**

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

	Note
<b>Financial assets</b>	
Other investments	7
Trade and other receivables	13
Cash and short-term deposits	15
<b>Financial liabilities</b>	
Loans and borrowings (current and non-current, except finance lease liabilities)	18
Trade and other payables	20

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

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

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.



**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

**31. FINANCIAL INSTRUMENTS (CONT'D)**

**(c) Fair Value Measurement (cont'd)**

*(i) Fair Value of Financial Instruments that are Carried at Fair Value*

The Group classifies fair value measurements 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 (cont'd):

	Note	30.6.2016		Group 31.12.2014	
		Carrying Amount RM	Fair Value RM	Carrying Amount RM	Fair Value RM
<b>Group</b>					
<b>Financial liabilities</b>					
Finance lease liabilities	18	3,787,896	3,801,634	5,606,315	3,134,707

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

	Note	Fair Value RM	Fair value of financial instruments not carried at fair value			Total RM
			Level 1 RM	Level 2 RM	Level 3 RM	
<b>2016</b>						
<b>Group</b>						
<b>Financial liabilities</b>						
Loans and borrowings:						
- Finance lease liabilities	18	3,801,634	-	-	3,801,634	

The fair value of finance lease liabilities are determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

### 32. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group and the Company manage 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 and processes during the financial period/year ended 30 June 2016 and 31 December 2014.

The directors monitor and are determined to maintain an optimal gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratio is calculated as total debts divided by total equity. The gearing ratio at as reporting date are as follows:

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Trade and other payables	17,751,426	24,100,684	10,933,988	4,446,025
Total loans and borrowings	15,767,773	25,597,122	4,188,668	12,818,029
Less: Cash and bank balances	(4,542,159)	(5,182,343)	(8,444)	(8,844)
Net debt	28,977,040	44,515,463	15,114,212	17,255,210
Equity attributable to owners of the Company	42,314,121	41,278,573	35,899,433	36,968,863
Capital and net debt	71,291,161	85,794,036	51,013,645	54,224,073
Gearing ratio	41%	52%	30%	32%

There was no change in the Group's and Company's approach to capital management during the financial year.

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

### 33. COMPARATIVE FIGURES

The Group and the Company changed their financial year end from 31 December to 30 June with effect from current financial period ended 30 June 2016.

Accordingly, the comparative figures of the preceding financial year covered a period of 12 months whilst the figures of the current financial period's financial statements covered a period of 18 months from 1 January 2015 to 30 June 2016. Accordingly, the statements of comprehensive income, statements of changes in equity, statements of cash flows and their related notes are not in respect of comparable periods.

The comparative figures have been audited by another firm of chartered accountants other than Messrs. Baker Tilly Monteiro Heng.



## SUPPLEMENTARY INFORMATION

### ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the accumulated losses of the Group and the Company as at 30 June 2016 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and 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.

	Group		Company	
	30.6.2016 RM	31.12.2014 RM	30.6.2016 RM	31.12.2014 RM
Total accumulated losses of the Company and its subsidiaries				
- Realised	222,323	3,894,205	(12,342,880)	(11,273,450)
- Unrealised	(5,804,847)	(6,074,789)	-	-
	(5,582,524)	(2,180,584)	(12,342,880)	(11,273,450)
Less: Consolidation adjustments	(345,668)	(4,783,156)	-	-
Total accumulated losses	(5,928,192)	(6,963,740)	(12,342,880)	(11,273,450)

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.



## STATEMENT BY DIRECTORS AND STATUTORY DECLARATION

### STATEMENT BY DIRECTORS

We, TAN SRI DATO' SRI DR. LAU BAN TIN and CHOONG WYE LIN, being two of the directors of B.I.G. INDUSTRIES BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 37 to 105 are drawn up in accordance with the 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 30 June 2016 and of their financial performance and cash flows for the financial period then ended.

The supplementary information set out on page 106 has 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 and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:-

**TAN SRI DATO' SRI DR. LAU BAN TIN**  
Director

**CHOONG WYE LIN**  
Director

Kuala Lumpur  
Date: 11 October 2016

### STATUTORY DECLARATION

I, **PUAN TENG SOON**, being the officer primarily responsible for the financial management of B.I.G. INDUSTRIES BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 37 to 105 and the supplementary information set out on page 106 are 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.

### PUAN TENG SOON

Subscribed and solemnly declared by the abovenamed at Shah Alam in the Selangor Darul Ehsan on 11 October 2016.

Before me,

**HAJI ARIFFIN BIN MOHD RAMLI (No. B351)**  
**PPT. PJK.**  
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 30 June 2016 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 financial period then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 37 to 105.

#### *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 the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, 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 controls relevant to the Company'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 Company's internal controls. 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 30 June 2016 and of their financial performance and cash flows for the financial period then ended in accordance with the Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.



## INDEPENDENT AUDITORS' REPORT (CONT'D) TO THE MEMBERS OF B.I.G. INDUSTRIES BERHAD

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

- (a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- (b) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (c) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

### OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 106 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 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 ("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

1. 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 contents of this report.
2. The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of chartered accountants whose report dated 27 May 2015 expressed an unmodified opinion on those financial statements.

#### BAKER TILLY MONTEIRO HENG

AF: 0117

Chartered Accountants

Kuala Lumpur

Date: 11 October 2016

#### ONG TENG YAN

3076/07/17(J)

Chartered Accountant



## ANALYSIS OF SHAREHOLDINGS

AS AT 30 SEPTEMBER 2016

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 ordinary share on a poll

### DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	Total Holdings	%
Less than 100	138	2,247	0.00
100 – 1,000	452	360,370	0.75
1,001 – 10,000	1,425	7,031,577	14.62
10,001 – 100,000	516	15,903,248	33.07
100,001 – 2,404,609 (*)	48	16,505,726	34.32
2,404,610 and above (**)	2	8,289,032	17.24
<b>Total</b>	<b>2,581</b>	<b>48,092,200</b>	<b>100.000</b>

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

### THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 30 SEPTEMBER 2016

No.	Account Holders	No. of Shares	%
1.	Pristine Corporation Sdn Bhd	8,289,032	17.24
2.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Hoon Nin</i>	1,726,300	3.59
3.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ch'ng Wee Lan</i>	1,551,300	3.23
4.	Lee Sheng Fung	1,363,000	2.83
5.	Koulandamary A/K Sinnappan	1,080,900	2.25
6.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Sheng Fung</i>	1,019,300	2.12
7.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar</i>	920,226	1.91
8.	Ch'ng Wee Lan	795,600	1.65
9.	Affin Hwang Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for David John Mars</i>	501,000	1.04
10.	Hoon Nin	500,000	1.04



**ANALYSIS OF SHAREHOLDINGS (CONT'D)**  
AS AT 30 SEPTEMBER 2016

**THIRTY (30) LARGEST SECURITIES ACCOUNT HOLDERS  
AS PER THE RECORD OF DEPOSITORS AS AT 30 SEPTEMBER 2016**

No.	Account Holders	No. of Shares	%
11.	HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ang Poh Eng</i>	435,800	0.91
12.	Liang Kun Chi @ Liong Kun Chi	411,500	0.86
13.	Ishak Bin Abdul Razak	400,000	0.83
14.	Lu Yeep Hing	364,000	0.76
15.	Abdul Halim Bin Othman	285,000	0.59
16.	HLIB Nominees (Tempatan) Sdn Bhd <i>Hong Leong Bank Bhd for Lam Ee Hiung</i>	260,000	0.54
17.	Ng Yu Thian	233,700	0.49
18.	Tee See Kim	232,500	0.48
19.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Leon Chin Yee (E-KPG)</i>	230,000	0.48
20.	Tan Teoh Eng	213,700	0.44
21.	See Meng Thyet	200,000	0.42
22.	Khor Ah Yeam	195,700	0.41
23.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Fauziahanim Binti Hj Jaffar</i>	183,100	0.38
24.	Tan Teck Peng	173,300	0.36
25.	Ng Chee Hoe	171,000	0.36
26.	Wong Kie Yung	171,000	0.36
27.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Md Razman Bin Abd Latif @ Mohamed</i>	170,000	0.35
28.	Eng Ah Hong	167,000	0.35
29.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lau Hang Nguong</i>	162,900	0.34
30.	Lim Cher Fern	156,000	0.32



**ANALYSIS OF SHAREHOLDINGS (CONT'D)**

AS AT 30 SEPTEMBER 2016

**LIST OF SUBSTANTIAL SHAREHOLDERS**

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2016

No.	Name of Shareholders	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**

AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2016

No.	Name of Directors	No. of Shares			
		Direct Interest	%	Deemed Interest	%
1.	Tan Sri Dato' Sri Dr Lau Ban Tin	-	-	-	-
2.	Ms Choong Wye Lin	-	-	-	-
3.	Datuk Lee Chuen Wan	-	-	-	-
4.	Mr Thiang Kai Goh	-	-	-	-



## LIST OF PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2016

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	Production Plant and Office Building	31 years & 22 years	3,310	09.03.2044	307,259	10.03.1984
2. Lot 1830 Block 4 Miri Concession Land District, Piasau Industrial Estate Jalan Kilang, Miri	Refilling Plant and Office Building	24 years & 19 years	2,448	20.02.2052	1,219,635	31.12.1992
3. Lot 2225, Section 66 Kuching Town Land District, Pending Industrial Estate Kuching	Production Plant, Refilling Plants, Store/Warehouse and Office Building	20 years & 17 years	12,141	07.01.2053	1,449,293	28.04.1994
4. Lot 35, Block 13 Senggi Poak Land District, Paku, Bau	Vacant Land	N/A	24,270	31.12.2039	32,668	08.09.1997
5. Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate Lorong Then Kung Suk 5, Sibul	Refilling Plant and Office Building	23 years	1,966	20.06.2038	480,586	14.05.1992
6. Lot 463, Block 1 Seduan Land District Sungai Trusan, Sibul	Vacant Land	N/A	23,580	20.09.2076	118,749	22.06.2006
7. Lot 977, Block 26 Kemena Land District Kidurong Light Industrial Estate Kidurong Road, Bintulu	Production Plant, Refilling Plant and Office Building	25 years & 15 years	7,719	31.03.2051	1,218,010	01.04.1991
8. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area, Bintulu	Vacant Land	N/A	12,243	14.08.2072	607,732	15.08.2012
9. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	Refilling Plant and Office Building	16 years	808 1,045	28.06.2919	547,248	30.07.1997
10. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran, Kota Kinabalu	Land held for development (under development)	N/A	2,030 4,320 10,570 10,210	Perpetuity Perpetuity Perpetuity Perpetuity	} 603,207	1998 1997 1997 1997



## LIST OF PROPERTIES HELD BY THE GROUP (CONT'D)

AS AT 30 JUNE 2016

Location	Description	Approximate Age of Building	Land Area (Sq.m)	Tenure	Net Book Value (RM)	Date of Acquisition	
11. FR044012115**	Quarry Site	N/A	42,729	Perpetuity	1,606,808	1996	
FR044012124**	Quarry Site		40,064	Perpetuity		1996	
NT043131540**	Quarry Site		19,830	Perpetuity		1996	
FR044012651**	Crushing Plant		53,419	Perpetuity		1996	
NT044012633**	Quarry Site		27,316	Perpetuity		149,698	1998
FR044012044***	Quarry Site		29,846	Perpetuity		114,672	1997
FR044015161***	Vacant		12,141	Perpetuity		68,753	1999
FR044012697****	Quarry Site		4,047	Perpetuity	136,469	2001	
Telipok, Kota Kinabalu							
12. Lot PLO 72(B/S) Jalan Keluli 12 81700 Pasir Gudang Johor	Refilling Plant and Office Building	66 years	6,685	31.05.2069	774,520	01.06.2009	
13. Plot T-10 Lumut Port Industrial Park Jalan Kampung Aceh 32000 Setiawam Perak Darul Ridzuan	Refilling Plant and Office Building	95 years	4,898	09.07.2105	581,084	17.01.2008	
14. Bukit Cerakah Mukim Bukit Raja Negeri Selangor	Land held for development (under development)	N/A	54,635	2099	5,326,852	2004	
15. Lot 283 Block 7 Senggi-Poak Land District - Sebrang Siniawan, Bau	Vacant Land	N/A	36,270	31.12.2026	199,468	19.07.2011	
16. Unit No. 8G, Tingkat 7 Blok 2, Pusat Perniagaan Worldwide, Jalan Tinju 13/50, Seksyen 13 40675 Shah Alam Selangor Darul Ehsan	Office Lot, Parcel No. C1-7-22	21 years	103.30	14.07.2094	185,483	29.08.2007	

**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.



## GROUP CORPORATE DIRECTORY

**B.I.G. INDUSTRIES BERHAD****HEAD OFFICE & FACTORY**

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

**CORPORATE OFFICE**

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

**B.I.G. INDUSTRIAL GAS SDN. BHD.****KUCHING BRANCH**

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

**SIBU BRANCH**

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

**BINTULU BRANCH**

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

**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, Jalan Keluli 12  
Pasir Gudang Industrial Area  
81700 Pasir Gudang  
Johor Darul Takzim  
Tel : 07-255 4052 / 07-255 4037  
Fax : 07-255 4095

**UNI-MIX SDN. BHD.**

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

**UNI-MIX CONCRETE PRODUCTS SDN. BHD.**

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

**HYPERVICTORY SDN. BHD.**

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

**KINALAJU SUPPLY SDN. BHD.**

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

**ALPHA BILLION SDN. BHD.**

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

**LUMANAI SDN. BHD.**

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

**B.I.G. CONSTRUCTION SDN. BHD.**

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

**B.I.G. COMMUNICATIONS SDN. BHD.**

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

**B.I.G. MARKETING SDN. BHD.**

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

**PUNCAK LUYANG SDN. BHD.**

30D, 4th Floor, Block 2  
Worldwide Business Centre  
Jalan Tinju 13/50, Section 13  
40675 Shah Alam  
Selangor Darul Ehsan  
Tel : 03-5512 9999  
Fax : 03-5512 9282



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POSTAGE  
STAMP

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

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