

Annual Report

Contents^{'03}

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B.I.G. INDUSTRIES BERHAD

(195285-D)
(Incorporated in Malaysia)

Notice of Fourteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fourteenth Annual General Meeting of **B.I.G. INDUSTRIES BERHAD** will be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on **Tuesday, 15 June 2004 at 11.00 a.m.** to transact the following matters:-

AGENDA

1. To receive and adopt the Audited Financial Statements of the Company for the year ended 31 December 2003 and the Directors' and Auditors' Reports thereon. **(Resolution 1)**
2. To declare a final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2003. **(Resolution 2)**
3. To approve the payment of Directors' fees amounting to RM108,000 in respect of the year ended 31 December 2003. **(Resolution 3)**
4. To re-elect the following Directors who retire by rotation pursuant to Article 106 of the Company's Articles of Association and being eligible offer themselves for re-election:-
 - i. Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin **(Resolution 4)**
 - ii. Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir **(Resolution 5)**
 - iii. Encik Khairil Annas Bin Jusoh **(Resolution 6)**
5. To re-appoint Messrs. Ernst & Young as the Company's Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolution, with or without modifications, as an Ordinary Resolution of the Company:-

6. **ORDINARY RESOLUTION**
- Authority under Section 132D of the Companies Act, 1965 for the Directors to issue shares **(Resolution 8)**

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

7. To transact any other business of which due notice shall have been given.

Notice of Fourteenth Annual General Meeting *(cont'd)*

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the shareholders at the Fourteenth Annual General Meeting, the final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2003 will be paid on 20 August 2004 to depositors registered in the Record of Depositors on 3 August 2004.

A depositor shall qualify for entitlement only in respect of:-

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 3 August 2004 in respect of ordinary transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order Of The Board

HON LI CHUENG (MIA 17951)
CHAN SAU LENG (MAICSA 7012211)
Company Secretaries

Kuching, Sarawak.
21 May 2004

NOTES:

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

Explanatory Note on Special Business

Resolution Pursuant to Section 132D of the Companies Act, 1965

The Ordinary Resolution 8 proposed under Agenda 6, if passed, will give the Directors of the Company, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding 10% of the total issued capital of the Company for the time being for such purposes as the Directors consider would be in the best interests of the Company. This authority, unless revoked or varied by the shareholders of the Company in a General Meeting, will expire at the conclusion of the next Annual General Meeting.

Statement Accompanying Notice of Fourteenth Annual General Meeting of the Company

1. The names of retiring Directors who are standing for re-election at the Fourteenth Annual General Meeting:

- (i) Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
- (ii) Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir
- (iii) Encik Khairil Annas Bin Jusoh

2. The details of attendance of the Directors at Board Meetings

There were 6 Board Meetings held during the financial year.

The Board Meetings for the financial year ended 31 December 2003 are as tabulated below:-

Name of Directors	No. of meetings held during the year	No. of meetings attended
Y. Bhg. Datuk Haji Mazelan Bin Bugo	6	6
Mr. Wong Choon Seng	6	6
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	6	5
Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	6	5
Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai	6	5
Ms. Yong Siew Kat	6	6
Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof	6	4
Encik Khairil Annas Bin Jusoh	6	5

3. The Date, Time and Place of the Board Meetings

Date	Time	Venue
21.02.2003	12.00 noon	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13, 40675 Shah Alam, Selangor
21.04.2003	12.00 noon	Conference Room Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate 93450 Kuching, Sarawak
30.05.2003	3.00 p.m.	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13, 40675 Shah Alam, Selangor
16.06.2003	11.00 a.m.	The Sarawak Club Jalan Taman Budaya, 93000 Kuching, Sarawak
25.08.2003	11.00 a.m.	Conference Room 19D, 4th Floor, Block 2, Worldwide Business Centre Jalan Tinju 13/50, Section 13, 40675 Shah Alam, Selangor
21.11.2003	11.00 a.m.	Conference Room Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate 93450 Kuching, Sarawak

Statement Accompanying Notice of Fourteenth Annual General Meeting of the Company *(cont'd)*

4. Further details of Directors who are standing for re-election

(i) Name	: Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
Age	: 48
Nationality	: Malaysian
Qualification	: - Doctor of Business Administration from the Southern Cross University of Australia - MBA from the Southern Cross University of Australia - Fellow member of the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants - Members of the Malaysian Institute of Accountants
Position in the Company	: Non-Independent & Non-Executive Director
Working experience & occupation	: Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin was appointed to the Board of Directors of the Company as Non-Independent and Non-Executive Director on 18 November 1998. Y. Bhg. Tan Sri Dato' Dr. Lau was the pioneer in the setting up of the Tawakal Hospital in Kuala Lumpur and was the financial consultant for the Bandar Tun Razak Project under DBKL. Currently, he is the Chairman of Malaysia Red Crescent Society Chapter Klang and the President of Kolej Tunku Abdul Rahman School of Business Studies Ex-Students Association and a member of Young Presidents Organisation. Other public listed companies in which he is a Director are Ngiu Kee Corporation (M) Berhad and Yong Tai Berhad.
Any other directorships of public companies	: Ngiu Kee Corporation (M) Berhad Yong Tai Berhad
The securities holdings in the Company and its subsidiaries	: Direct Interest - 6,781,650 shares (14.12%) Deemed Interest - 7,585,736 shares (15.79%) via Pristine Corporation Sdn. Bhd. Direct Interest - 4,521,100 warrants (23.53%) Deemed Interest - 3,034,300 warrants (15.79%) via Pristine Corporation Sdn. Bhd.
The family relationship with any director and/or major shareholder of the Company	: None
Any conflict of interest that he has with the Company	: None
List of convictions for offences within the past 10 years other than traffic offences, if any	: None

Statement Accompanying Notice of Fourteenth Annual General Meeting of the Company *(cont'd)*

4. Further details of Directors who are standing for re-election *(cont'd)*

(ii) Name	:	<u>Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir</u>
Age	:	60
Nationality	:	Malaysian
Qualification	:	- Master Degree in Business Administration from the University of Oregon - Bachelor of Arts Degree from the University of Malaya
Position in the Company	:	Non-Independent & Non-Executive Director
Working experience & occupation	:	Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir was appointed to the Board of Directors of the Company as a Non-Independent & Non-Executive Director on 18 November 1998. Y. H. Dato' Long served in the Malaysian Administrative and Diplomatic Service for 25 years of which the last 11 years as the C.E.O. of the Pahang State Development Corporation ("PSDC"). He opted for early retirement from the public services in October 1991. Presently, he is the Chairman of PetroAsia-Bowser Ltd (Hong Kong) which is actively involved in investment in China.
Any other directorships of public companies	:	None
The securities holdings in the Company and its subsidiaries	:	Deemed Interest - 7,585,736 shares (15.79%) via Pristine Corporation Sdn. Bhd. Deemed Interest - 3,034,286 warrants (15.79%) via Pristine Corporation Sdn. Bhd.
The family relationship with any director and/or major shareholder of the Company	:	None
Any conflict of interest that he has with the Company	:	None
List of convictions for offences within the past 10 years other than traffic offences, if any	:	None

Statement Accompanying Notice of Fourteenth Annual General Meeting of the Company *(cont'd)*

4. Further details of Directors who are standing for re-election *(cont'd)*

(iii) Name	:	<u>Encik Khairil Annas Bin Jusoh</u>
Age	:	33
Nationality	:	Malaysian
Qualification	:	- L.L.B. (1st Class Honours) - L.L.M. (Cambridge), M.B.A. - APTT (IOWA) Certified Consultant - MBA in Islamic Banking and Finance from International Islamic University
Position in the Company	:	Independent Non-Executive Director
Working experience & occupation	:	Encik Khairil Annas Bin Jusoh was appointed to the Board of Directors of the Company as an Independent Non-Executive Director on 1 April 2002. In 1996, he was admitted to the Malaysian Bar and qualified as an Advocate & Solicitor of the High Court of Malaya. Encik Khairil then subsequently obtained Master in Business Administration specializing in Islamic Banking and Finance. Encik Khairil is the principal partner of his firm and has served as the Managing Consultant at KPMG Consulting Sdn. Bhd., a global Management – Consulting firm. He has held inter-alia the post of Vice President of Kolej Unitek Malaysia. Encik Khairil has since 1996 served as a visiting lecturer in Laws and Philosophy of Science, Creativity and Syariah in various Universities and Higher Learning Institutions. He is also the Guest Speaker/Consultant Trainer/Motivator and a member of the Malaysian Institute of Management (MIM).
Any other directorships of public companies	:	None
The securities holdings in the Company and its subsidiaries	:	None
The family relationship with any director and/or major shareholder of the Company	:	None
Any conflict of interest that he has with the Company	:	None
List of convictions for offences within the past 10 years, if any	:	None

Group Corporate Structure

100%	B.I.G. Industrial Gas Sdn. Bhd.	
100%	Uni-Mix Sdn. Bhd.	
100%	Lumanai Sdn. Bhd.	
100%	Kinalaju Supply Sdn. Bhd.	
100%	Hypervictory Sdn. Bhd.	Besitek Konsortium Sdn. Bhd.
100%	Linear Excellent Sdn. Bhd.	
100%	B.I.G. Construction Sdn. Bhd.	
100%	B.I.G. Communications Sdn. Bhd.	
100%	Alpha Billion Sdn. Bhd.	
100%	B.I.G. Marketing Sdn. Bhd.	
100%	B.I.G. Offshore Services Limited	
100%	Elemen Teguh Sdn. Bhd.	
60%	B.I.G. Bahtera Sdn. Bhd. <i>(Formerly known as Lambaian Kurnia Sdn. Bhd.)</i>	
30%	B.I.G. Oil & Gas Sdn. Bhd.	



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



Profile of the Board of Directors

Y. BHG. DATUK HAJI MAZELAN BIN BUGO

Independent Non-Executive Chairman

Y. BHG. DATUK HAJI MAZELAN BIN BUGO, aged 50, a Malaysian, was appointed to the Board of the Company since 10 April 2001. Y. Bhg. Datuk Haji Mazelan is the Independent Non-Executive Chairman of the Company and he is also the Independent Non-Executive Chairman of Ngiu Kee Corporation (M) Berhad, which is listed on the Second Board of the Bursa Malaysia Securities Berhad.

Y. Bhg. Datuk Haji Mazelan graduated with a Bachelor of Science in Business Administration. In 1976, he formed a small construction company called Jurudaya Construction Sdn. Bhd. and nurtures it into one of the largest in Sarawak. His vast working experience and technical expertise enable him to execute and manage contracts of various sizes. Today, he is one of the prominent few Sarawakian who has carved his name in the Corporate World. He has also ventured out into other business outside the construction industry like tourism. He owns a travel agent and a well known resort in Sarawak. He is also the Deputy Chairman of MATA Sarawak and Council Member of Sarawak Tourist Association Sarawak. Y. Bhg. Datuk Haji Mazelan was awarded the DMSM which carries the title 'Datuk' by his Excellency Yang Di Pertua Negeri Melaka in October, 2001.

Y. Bhg. Datuk Haji Mazelan is also a Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He has attended all the six (6) Board Meetings held during the financial year ended 31 December 2003.

Y. Bhg. Datuk Haji Mazelan does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

MR. WONG CHOON SENG

Executive Director

MR. WONG CHOON SENG, aged 54, a Malaysian, joined the Company as Group General Manager in 1998 and was appointed to the Board of the Company on 30 April 1999 and subsequently was promoted as an Executive Director on 1 February 2000. He graduated from University Malaya with a degree in Economics in 1973. In 1977, he became an Associate of the Chartered Insurance Institute, London. Subsequently he was elected an Associate of the Malayan Insurance Institute. In 1991, he earned his masters degree in International Marketing from the University of Strathclyde, Glasgow.

Mr. Wong started his career in the insurance industry after graduating in 1973 and was sent for training at Lloyds of London as well as the Cornhill Insurance Company and at Minet James Insurance Broker. He gained further experience when he was sent for training at RFC Intermediaries Incorporated, a reinsurance company in San Francisco, U.S.A. By 1981, he was promoted to Assistant General Manager.

In 1984, he joined Linggui Development Berhad, a public listed company and was seconded to Industrial and Commercial Insurance (M) Sdn. Bhd. as General Manager/Principal Officer. Simultaneously, he was also appointed to the Board of Linggui subsidiary companies, which were engaged in property management, plantation and financial services.

In 1984, he started his own furniture manufacturing business. In 1996, he joined American International Assurance (M) Sdn. Bhd. as the head of its training and education department.

Mr. Wong is a Chairman of the ESOS Committee and he has attended all the six (6) Board Meetings held during the financial year ended 31 December 2003. He does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

Profile of the Board of Directors *(cont'd)*

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

Non-Independent & Non-Executive Director

Y. BHG. TAN SRI DATO' DR. LAU BAN TIN, aged 48, a Malaysian, was appointed to the Board of Directors of the Company on 18 November 1998. He is a Fellow member of several institutions which include the Malaysian Institute of Accountants, the Malaysian Institute of Taxation, the Chartered Institute of Management Accountants and the Association of International Accountants. He obtained his Doctor of Business Administration degrees and MBA from the Southern Cross University of Australia.

Y. Bhg. Tan Sri Dato' Dr. Lau was the pioneer in the setting up of the Tawakal Hospital in Kuala Lumpur and was the financial consultant of the Bandar Tun Razak Project under DBKL. Currently, he is the Chairman of Malaysia Red Crescent Society, Chapter Klang, the President of Kolej Tunku Abdul Rahman School of Business Studies Ex-Students Association and a member of Young Presidents Organisation. Other public listed companies in which he is a Director are Ngiu Kee Corporation (M) Berhad and Yong Tai Berhad. Other business in which Y. Bhg. Tan Sri Dato' Dr. Lau is involved include township property development in and around Shah Alam and Klang.

Y. Bhg. Tan Sri Dato' Dr. Lau is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. He has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2003.

Y. Bhg. Tan Sri Dato' Dr. Lau is a substantial shareholder of the Company by virtue of his interest in Pristine Corporation Sdn. Bhd., which is also a substantial shareholder of the Company. Save for the aforesaid, he does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI

Independent Non-Executive Director

Y. BHG. TAN SRI DATUK AMAR CHONG SIEW FAI, aged 69, a Malaysian, was appointed to the Board of the Company on 16 February 2001. Y. Bhg. Tan Sri Datuk Amar Chong was admitted to the Lincoln's Inn, London in 1962 to pursue studies in Law. In 1965, he was called to the English Bar and the Sarawak Bar.

Y. Bhg. Tan Sri Datuk Amar Chong started his legal career as a practicing advocate in Sarawak in 1965. He was appointed a Judge of the High Court of Sabah and Sarawak and served in the High Court in Kuching, Kota Kinabalu and Sibu from 1980 to 1994. In 1994, Y. Bhg. Tan Sri Datuk Amar Chong was elevated to the Federal Court of Malaysia. In 1995, he was appointed the Chief Judge of the High Court of Sabah and Sarawak and a Judge of the Special Court established under Article 182(1) of the Federal Constitution of Malaysia until his retirement in July 2001.

Whilst practicing as an advocate, Y. Bhg. Tan Sri Datuk Amar Chong was the President of the Sarawak Advocates' Association from 1975 to 1979. During his tenure of office as the Chief Judge, he served as a Member of the Judicial and Legal Service Commission, Malaysia and also as a Member of the Law Revision Committee, Malaysia. His international judicial experience overseas includes participation in the International Appellate Judges' Conference and the Commonwealth Chief Justices' Conference in Ottawa, Canada and the Asia Law Conference in Manila, the Philippines.

Y. Bhg. Tan Sri Datuk Amar Chong is on the Panel of Arbitrators of the Regional Centre For Arbitration Kuala Lumpur, and is also Chairman of the Matrix International Berhad.

Profile of the Board of Directors *(cont'd)*

Y. Bhg. Tan Sri Datuk Amar Chong was awarded the PANGLIMA NEGARA BINTANG SARAWAK (P.N.B.S.) which carries the title 'Datuk' by his Excellency T.Y.T. Yang Di-Pertua Negeri Sarawak in 1984. He was also awarded PANGLIMA SETIA MAHKOTA (P.S.M.) which carries the title 'Tan Sri' by the DYMM Seri Paduka Baginda Yang Dipertuan Agong in June 1999. In September 1999, Y. Bhg. Tan Sri Datuk Amar Chong was awarded DATUK AMAR (D.A.) which carries the title 'Datuk Amar' by his Excellency T.Y.T. Yang Di-Pertua Negeri Sarawak.

Y. Bhg. Tan Sri Datuk Amar Chong is a member of the Nomination Committee of the Company. He has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2003.

Y. Bhg. Tan Sri Datuk Amar Chong has no family relationship with any of the Directors and/or substantial shareholders of the Company and has no conflict of interest with the Company. He has never been charged for any offence.

Y. H. DATO' LONG AHMAD ZAINAL ABIDIN BIN MOHD TAHIR

Non-Independent & Non-Executive Director

Y. H. DATO' LONG AHMAD ZAINAL ABIDIN BIN MOHD TAHIR, DSAP, DIMP, SMP (Pahang), aged 60, a Malaysian, was appointed to the Board of the Company on 18 November 1998. He obtained a Bachelor of Arts Degree from the University of Malaya in 1967 and a Masters Degree in Business Administration from the University of Oregon in 1978.

Y. H. Dato' Long served in the Malaysian Administrative and Diplomatic Service for 25 years of which the last 11 years as the C.E.O. of the Pahang State Development Corporation ("PSDC"). He opted for early retirement from the public services in October 1991. Presently, he is the Chairman of PetroAsia-Bowser Ltd (Hong Kong) which is actively involved in investments in China.

Y. H. Dato' Long has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2003. He is a substantial shareholder of the Company by virtue of his interest in Pristine Corporation Sdn. Bhd., which is also a substantial shareholder of the Company. Save for the aforesaid, he does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

MS. YONG SIEW KAT

Independent Non-Executive Director

MS. YONG SIEW KAT, aged 51, a Malaysian, was appointed to the Board of the Company on 2 August 1999. She holds a Masters in Management (Philippines) and is a graduate from the Association of Chartered Secretaries and Administrators (London). She has more than 20 years working experience in the financial and corporate sectors. Presently, she is also a Chief Executive Officer of Ngiu Kee Corporation (M) Berhad.

Ms. Yong started her career with a conglomerate as an Assistant Company Secretary in 1976 after which she joined MIDF, the only Issuing House in the country that involved in the share registration of more than 25 public listed companies and in Issuing House functions of Initial Public Offerings (IPOs) and equity-linked issues. She joined a local merchant bank in 1980 as an Assistant Manager-Corporate Finance for about 10 years gaining vast experience in corporate banking, treasury and corporate finance exercises like new IPOs and other debt and equity-linked capital fund raising exercises. Ms. Yong's last position prior to leaving the bank in 1990 was the Head of Corporate Finance.

Profile of the Board of Directors (cont'd)

Ms. Yong left for the commercial sector when she joined the Lion Group as General Manager of Corporate Planning in 1990 involved in major acquisitions, joint venture projects and privatization projects in Malaysia, Singapore, Taiwan, Hong Kong, Indonesia and China. Whilst she was with Lion Group, she was involved in major corporate exercises via the Group's Public Listed Companies listed on the Bursa Malaysia Securities Berhad, The Stock Exchange of Singapore, Hong Kong Stock Exchange, Jakarta Stock Exchange and Taiwan Stock Exchange. Ms. Yong also sits in the various companies as Director and management committee member of Lion Group companies involved in steel, properties, motor, stockbroking and retail industries. She was with the Lion Group for 7 years, before she left in 1997 to join Arab Malaysian Securities Sdn. Bhd., a stockbroking house as General Manager – Corporate Finance. Ms. Yong left the broking industry in 1999.

Ms. Yong is also a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. She has attended all the six (6) Board Meetings held during the financial year ended 31 December 2003.

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

Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF
Senior Independent Non-Executive Director

Y. BHG. DATO' HAJI MOHD FAUZI BIN YUSUF @ MOHD YUSOF, aged 41, a Malaysian, was appointed to the Board of the Company as Independent Non-Executive Director on 16 July 1999 and was re-designated as Senior Independent Non-Executive Director on 21 April 2003. He holds a B.A Architecture, RIBA Part 1, Hull School of Architecture, U.K. (1984) and a Dip. in Architecture, RIBA Part II, Hull School of Architecture, U.K (1987). Y. Bhg. Dato' Haji Mohd Fauzi has 15 years of working experience in this field. Presently, he is also a Senior Independent Non-Executive Director of Ngiu Kee Corporation (M) Berhad.

Y. Bhg. Dato' Haji Mohd Fauzi is a Corporate Member of Pertubuhan Arkitek Malaysia since 1991 and the Royal Institute of British Architects since 1989. He is also a Registered Architect with the Lembaga Arkitek Malaysia since 1991.

Y. Bhg. Dato' Haji Mohd Fauzi's work of art include the design of the International Youth Centre, Bandar Tun Razak, Kuala Lumpur in 1984 when he was with Architect Andasar, Subang Jaya. He joined Hadfield Cawkwell Davidson and partners, Sheffield, UK in 1987 and Blackmore Sons and Co, Hull, UK in 1989. Today his work can be seen in many parts of England including Hull, Leicestershire, Sheffield, Rotherham, Grimsby and Lincolnshire.

Y. Bhg Dato' Haji Mohd Fauzi came back to Malaysia in 1990 to join Azza Associate Architects in Kuala Lumpur. Among his works of creative designs are; Water Recreation Centre, Pudu, Kuala Lumpur; Casa Pedena Development in Taman Bunga Negara with its Kelab Pedena, in Shah Alam; Hicom's Multi Purpose Hall and many others. Among the established developers that he had worked with were Perumahan Kinrara Berhad, Sime UEP Development, Negara Properties, Hicom Properties Sdn. Bhd. and Island and Peninsular. Currently, Y. Bhg. Dato' Haji Mohd Fauzi runs F.I. Architects Sdn. Bhd.

Y. Bhg. Dato' Haji Mohd Fauzi has attended four (4) out of six (6) Board Meetings held during the financial year ended 31 December 2003. He does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

Profile of the Board of Directors *(cont'd)*

ENCIK KHAIRIL ANNAS BIN JUSOH *Independent Non-Executive Director*

ENCIK KHAIRIL ANNAS BIN JUSOH, aged 33, a Malaysian, was appointed to the Board of the Company on 1 April 2002. Encik Khairil graduated with a 1st Class Honors Law Degree in 1994 and was conferred the Highest Award as the International Islamic University's Overall Best Student. Between 1985 to 1992, Encik Khairil made national headlines as National Champion, Overall Best Speaker and Overall Best Orator in debates and elocutionary contest both at school and varsity levels.

In recognition of his outstanding academic and curricular achievements, he was conferred the curricular achievements the Anugerah Pelajaran Di Raja (Pingat Jaya Cemerlang) by the Council of Malay Rulers and awarded a Cambridge Commonwealth Trust Scholarship which enabled him to secure a Masters in International Laws from Cambridge University in 1995. Also in 1995, he received the Tunku Abdul Rahman Putra Gold Medal as Malaysia's Most Outstanding Student of the year and made a Fellow of the Cambridge Commonwealth Society. In 1996, he was admitted to the Malaysian Bar and qualified as an Advocate & Solicitor of the High Court of Malaya. Encik Khairil then subsequently obtained Master in Business Administration specializing in Islamic Banking and Finance.

Encik Khairil is the principal partner of his firm and has served as the Managing Consultant at KPMG Consulting Sdn. Bhd., a global Management - Consulting firm. He has held inter-alia the post of Vice President of Kolej Unitek Malaysia. Encik Khairil has since 1996 served as a visiting lecturer in Laws and Philosophy of Science, Creativity and Syariah in various Universities and Higher Learning Institutions. He is also the Guest Speaker/Consultant Trainer/Motivator and a member of the Malaysian Institute of Management (MIM).

Encik Khairil has attended five (5) out of six (6) Board Meetings held during the financial year ended 31 December 2003. He does not have any family relationship with any Director and/or Substantial Shareholder of the Company and has no conflict of interest with the Company. He does not have any conviction for any offences within the past ten (10) years.

Corporate Governance Statement

The Board of Directors recognises the importance of practicing 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.

In preparing this report, the Board has considered the manner in which it has applied the Principles of the Code and the extent to which it has complied with the Best Practices of the Code.

BOARD OF DIRECTORS

Board Balance & Responsibilities

The Board comprises Eight (8) members of which Five (5) are Independent Non-Executive Directors, Two (2) are Non-Independent and Non-Executive Director and One (1) Executive Director. The size of Independent Non-Executive Directors forms five over eight (5/8) of the entire Board structure and the biographical details of the members of the Board on Page 10 to Page 14 demonstrate the range of experience and independent judgement they each bring to bear on Board matters. The running of the Board is undertaken by the Chairman while the Executive Director has the responsibility for the running of the Group's business and resources.

The members of the Board comprises professionals and entrepreneurs with diverse skills and expertise with wide ranging experiences in management, economics, accounting, legal, business administration, marketing and architecture. Their diverse backgrounds and versatility provide invaluable perspective to overseeing the management of the Company.

The Board recognises the crucial role and contribution played by Independent Non-Executive Directors. They represent the element of objectivity and independent judgement of the Board. This ensures that there is sufficient check and balance so that no one particular group dominates the Board.

During the financial year, Y. Bhg. Datuk Haji Mazelan Bin Bugo, Mr. Wong Choon Seng, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin, Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir, Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof, Encik Khairil Annas Bin Jusoh and Ms. Yong Siew Kat attended the Continuing Education Programme (CEP) conducted by Rating Agency Malaysia Berhad (RAM).

The Board meets on a scheduled basis, at least four (4) times a year and meets additionally when necessary. For the financial year ended 31 December 2003, the Board has met a total of six (6) times. At the end of every quarter, the Company's financial statements and results are tabled and deliberated by the Board. During the Board Meetings, the Board reviews all matters relating to financial results, operation and performance of the Company, Board appointments, corporate exercise and other strategic issues that may affect the Company's business. The number of meetings attended by each member of the Board is set out in Page 4.

The Board is primarily entrusted with the responsibility of charting the direction of the Group. It focuses mainly on strategies, financial performance and critical business issues, including the following areas:

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

Corporate Governance Statement *(cont'd)*

SUPPLY OF INFORMATION

Prior to the Board meeting, all Directors receive an agenda and a board report containing information relevant to the business of the meeting, including information on major financial, operational and corporate matters as well as activities and performance of the Company. This is issued in sufficient time to enable the Directors to obtain further explanation, where necessary, in order to be properly briefed before the meeting.

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

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

All Directors have access to the advice and services of the Company Secretary and may seek independent advice should the need arise. Nevertheless the Board does not have any agreed procedure for Directors whether as a full Board or in their individual capacity, in furtherance of their duties to take independent professional advice at the Company's expenses, if necessary. Any need for professional advice normally comes under the purview of the Board who will deliberate on a consensual basis.

BOARD COMMITTEES

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

The Audit Committee is made up of three (3) members comprising two (2) Independent Non-Executive Directors and one (1) Non-Independent and Non-Executive Director appointed by the Board of Directors and it has written terms of reference clearly setting out its authority and duties. The terms of Reference and Report of the Audit Committee are also provided in the Annual Report.

The Audit Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit Committee meets at least four (4) times annually. The Accountant, Internal Audit Manager and Representatives of the External Auditors are invited to attend the meetings. The committee may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised when necessary. The Company Secretary acts as secretary to the Committee.

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

In compliance with the Listing Requirements, the Board established a Nomination Committee on 27 November 2001. The Board has delegated to the Nomination Committee the responsibility for considering the appointment of Directors, for identifying and selecting potential new Directors and for proposing to the Board, the appointment of new Directors. The Nomination Committee is composed exclusively of Non-Executive Director, a majority of whom is independent and is chaired by Y. Bhg. Datuk Haji Mazelan Bin Bugo and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin, Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai and Ms. Yong Siew Kat.

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

Corporate Governance Statement *(cont'd)*

- **Remuneration Committee – Directors' Remuneration**

(a) Level and make-up of remuneration

In compliance with the Listing Requirements, the Board established a Remuneration Committee on 27 November 2001. The remuneration of each Director reflects the level of responsibility and commitment, which goes with Board membership. The Remuneration Committee determines the remuneration of each Director. It is the Committee's duty to ensure that the level of remuneration is sufficient to attract and retain the Directors needed to run the Company successfully. The Executive Directors play no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration.

Fees payable to Non-Executive Directors is determined by the Board and will be tabled to the Company's shareholders for approval at the Company's Annual General Meeting prior to payment to the Directors.

The Remuneration Committee is chaired by Y. Bhg. Datuk Haji Mazelan Bin Bugo and its members are Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Ms. Yong Siew Kat.

(b) Procedure

The Remuneration Committee meets as and when required, has responsibility for determining all aspects of remuneration and terms and conditions of service of all the Directors.

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

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

(c) Disclosure of remuneration

The remuneration paid to Executive Directors and Non-Executive Directors of the Company by category and in bands of RM50,000 are described below:-

	Number of Directors			
	Executive		Non-Executive	
Band of remuneration	2003	2002	2003	2002
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	7
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	1	-	-
RM200,001 - RM250,000	1	-	-	-

Corporate Governance Statement *(cont'd)*

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Executive Director				
Fees	30,000	12,000	12,000	12,000
Salaries, allowances and bonus	175,650	180,000	-	-
Employee Provident Fund	20,448	17,010	-	-
Non-Executive Directors				
Fees	96,000	93,000	96,000	93,000
Salaries, allowances and bonus	-	12,000	-	-

- **Employees' Share Option Scheme (ESOS) Committee**

The ESOS Committee was established on 26 February 2004 to administer the ESOS of the Group in accordance with the objectives and regulations thereof and to determine the participation eligibility, option offers and share allocations (based on the performance, seniority and number of years of service as well as the employees actual or potential contribution to the Group) and to attend to such other matters as may be required.

The composition of the ESOS Committee comprises the following members:-

Chairman : Mr. Wong Choon Seng (*Executive Director*)

Members : Ms. Yong Siew Kat (*Independent Non-Executive Director*)
Ms. Ng Kee Swee (*Director, Organization Development*)
Ms. Choong Wye Lin (*Senior Group Accountant*)

The ESOS Committee's responsibilities are as follows:-

- To administer the ESOS Scheme in accordance with the Bye-Laws of the ESOS and, in such manner, as it shall in its discretion deem fit and, within such powers and duties as are conferred upon it by the Board of Directors.
- To review and amend, at any time and from time to time, any provisions of the Scheme and the ESOS Bye-Laws, provided that the amendments are not prejudicial to the eligible employees. Such modification/variation shall be subject to the approval of the Board.

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

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

Corporate Governance Statement *(cont'd)*

- To select employees of the Company and its eligible subsidiary companies who are eligible to participate in the initial offer and subsequent offers of the Scheme and, determine the number of new shares to be allocated to the eligible employees according to the grading of employees and each band of years of service.
- To determine the number of options exercisable by the eligible employees for each year during the duration of the Scheme, the date of the initial offer and subsequent offers and the exercise price for each offer at which the eligible employees are entitled to subscribe under an option and, the period during which the option may be exercised.
- To formulate guidelines/procedures for the administration of the Scheme.
- To consider the appeals by staff on ESOS issues.

The ESOS Committee meets when necessary. A Quorum shall not be less than two (2). The Company Secretary shall be the secretary of the Committee.

The ESOS Committee met twice in year 2003 to approve the ESOS Committee's terms of reference, amendment to the Bye-Laws, to deliberate and approve on matters relating to the basis and allocation of ESOS to the eligible employees and to approve the issuance of the first tranche of ESOS to the eligible employees.

RE-ELECTION OF DIRECTORS

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

RELATIONS WITH SHAREHOLDERS – COMMUNICATION BETWEEN THE COMPANY AND INVESTORS

The Board and Management convey information about the Company performance, corporate strategy and other matters affecting shareholders and investors through timely dissemination of information which include distribution of annual reports and relevant circulars and issuance of press releases. Enquiries by shareholders are dealt with as promptly as practicable as possible.

In addition, Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof acts as the Senior Independent Non-Executive Director. Any concerns concerning the Group may be conveyed to him.

ANNUAL GENERAL MEETING

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of the Annual General Meeting and annual reports are sent out to shareholders at least 21 days before the date of the meeting. At the meeting, the Chairman makes a presentation on the year's financial results and business activities.

At each Annual General Meeting, the Board encourages shareholders to participate in the question and answer session. The Chairman, or where appropriate, the Executive Director, responds to shareholders' questions during the Meeting.

Corporate Governance Statement *(cont'd)*

For re-election of Directors, the Board ensures that full information is disclosed through the notice of meetings regarding Directors who are retiring and who are willing to serve if re-elected.

An explanatory statement to facilitate full understanding and evaluation of the issues involved will accompany items of special business included in the notice of the meeting.

ACCOUNTABILITY AND AUDIT - FINANCIAL REPORTING

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

INTERNAL CONTROL

The information on the Group's internal control is presented in the Statement of Internal Control.

EXTERNAL AUDIT

The Group's independent External Auditors fill 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 bring any significant defects in the Group's system of control and compliance to the attention of the Management; and if necessary, to the Audit Committee and the Board. This includes the communication of fraud.

RELATIONSHIP WITH AUDITORS

The role of the Audit Committee in relation to the External Auditors may be found in the Report on Audit Committee as stated on Pages 25 to 29 of the annual report. The Company has always maintained a formal and transparent relationship with its 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 Company will continuously review its principles and practices in corporate governance in achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

Corporate Governance Statement *(cont'd)*

DIRECTORS' RESPONSIBILITIES IN RESPECT OF AUDITED FINANCIAL STATEMENTS

In pursuance of the Companies Act 1965, Directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the financial year end and of the results and cash flows of the Group and of the Company for that period.

In preparing the financial statements of the Group and the Company for the year ended 31 December 2003, the Directors have ensured that the appropriate accounting policies have been adopted and applied consistently; reasonable and prudent judgements and estimates were made; and the applicable approved accounting standards in Malaysia have been followed.

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 financial statements comply with the Companies Act, 1965.

OTHER INFORMATION

Utilisation of Proceeds

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

Share Buybacks

The Company did not enter into any share buyback transactions during the financial year.

Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year.

American Depository Receipt ("ADR") or Global Depository Receipt ("GDR") Programme

The Company did not sponsor any ADR or GDR programmes during the financial year.

Imposition of Sanctions and/or Penalties

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or management by the relevant regulatory bodies.

Non-Audit Fee

Non-audit fees paid by the Company and its subsidiaries to the external auditors, Messrs. Ernst & Young for the financial year amounted to RM11,200.00.

Variance from Profit Estimate, Forecast or Projection

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

Corporate Governance Statement *(cont'd)*

Profit Guarantees

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

Material Contracts

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

Contracts relating to Loans

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

Revaluation of Landed Properties

The Company's policy is to revalue landed properties as and when the Directors deem necessary. No revaluation has been carried out on the landed properties during the financial year.

Statement on Internal Control

(Pursuant to para 15.27(b) of the BMSB Revamped Listing Requirements)

The Board of Directors acknowledges its responsibility for the Group's system of internal control that aims to safeguard shareholders' investments and the Group's assets. The Board recognises that it is their responsibility for reviewing the adequacy and integrity of system of internal control, which is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, such a system by its nature, can only provide reasonable but not absolute assurance against material misstatement or loss.

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

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

Statement on Internal Control *(cont'd)*

(Pursuant to para 15.27(b) of the BMSB Revamped Listing Requirements)

THE INTERNAL AUDIT DEPARTMENT

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

- Reviewing and appraising the soundness, adequacy and application of accounting, financial and other controls and promoting effective control in the Company and the Group at reasonable cost;
- Ascertaining the extent to which the Group's and the Company's assets are accounted for and safeguarded from losses of all kinds;
- Appraising the reliability and usefulness of information developed within the Group and the Company for management;
- Recommending improvements to the existing systems of controls;
- Carrying out audit work in liaison with the external auditors to maximize the use of resources and for effective coverage of audit risks;
- Carrying out investigations and special reviews requested by management and/or the Audit Committee of the Company;
- Carrying out environmental and safety audits on the Company and the Group; and
- Identifying opportunities to improve the operations of and processes in the Company and the Group.

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

Audit Committee Report

COMPOSITION

Members of the Audit Committee

Y. Bhg. Datuk Haji Mazelan Bin Bugo – Chairman
(Independent Non-Executive Director)
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin – Member
(Non Independent & Non-Executive Director)
Ms. Yong Siew Kat – Member
(Independent Non-Executive Director)

TERMS OF REFERENCE

1. COMPOSITION OF AUDIT COMMITTEE

The committee shall be appointed by the Board of Directors from among its members which fulfils the following requirements:-

- (a) the Audit Committee shall consists of no fewer than three (3) members;
- (b) a majority of the Audit Committee must be Independent Non-Executive Directors;
- (c) at least one (1) member of the Audit Committee:-
 - (i) must be a member of the Malaysian Institute of Accountants; or
 - (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and:-
 - (aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
 - (bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - (iii) the signatory fulfils such other requirements as prescribed by the Bursa Malaysia.
- (d) Alternate Director is not allowed to become a member of the Audit Committee.

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

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

Audit Committee Report *(cont'd)*

2. OBJECTIVES

The primary objectives of the Audit Committee are to:-

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

3. AUTHORITY

The Committee is authorised by the Board to investigate any activity within its terms of reference. It shall have:-

- (i) full and unrestricted access to any information pertaining to the Company and its subsidiary companies.
- (ii) Direct communication channels with both the external auditors and internal auditors.
- (iii) full access to any employee or member of the management.

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

4. DUTIES AND RESPONSIBILITIES

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

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

Audit Committee Report *(cont'd)*

4. DUTIES AND RESPONSIBILITIES *(cont'd)*

The review shall focus on:-

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

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

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

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

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

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

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

(vi) To review:-

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

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

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

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

Audit Committee Report *(cont'd)*

5. MEETINGS AND REPORTING PROCEDURES

Number of Meetings

The Committee shall meet at least four (4) times 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 Accountant, Internal Audit Manager and Representatives of the External Auditors shall normally be invited to attend meetings of the Committee. The committee may also invite other Directors and employees to attend any of its meeting to assist in resolving and clarifying matters raised.

Quorum

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

6. SECRETARY TO AUDIT COMMITTEE AND MINUTES

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

7. ACTIVITIES

The Committee met five (5) times during the financial year to review the Company and its subsidiaries' quarterly and annual financial statements prior to their approval by the Board. The Committee also acts as a forum for discussion on internal control issues and contributes to the Board's review of the Group's internal control and risk management systems.

The summary of the activities of the Audit Committee in the discharge of its duties and responsibilities for the financial year include the following:-

- i reviewed the internal audit reports.
- ii reviewed the External Auditors' scope of work and their audit plan and fees structure.
- iii reviewed the External Auditors' findings, recommendations, management letter on the results of their audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of their audit.
- iv reviewed the draft audited financial statements of the Company and the Group for the financial year ended 31 December 2003 before it was tabled to the Board.
- v reviewed all the unaudited Quarterly Results for the financial year ended 31 December 2003 before tabling at the Board Meeting for release to the Bursa Malaysia Securities Berhad.
- vi reviewed and endorsed the preliminary audit plan and job scope of External Auditors for the Group for year 2004.

Audit Committee Report *(cont'd)*

8. NUMBER OF MEETINGS & DETAILS OF ATTENDANCE

Five (5) Audit Committee Meetings were held during the financial year ended 31 December 2003. The attendance record of each member is as follows:-

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

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

Audit Committee Members	Total number of meetings	Number of meetings attended
Y. Bhg. Datuk Haji Mazelan Bin Bugo (<i>Chairman</i>)	2	2
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	2	2
Ms. Yong Siew Kat	2	2

9. INTERNAL AUDIT FUNCTION

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

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

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

Chairman's Statement

On behalf of the Board of Directors of B.I.G. Industries Berhad, it is my pleasure to present the Annual Report and Audited Financial Statements of the Group and the Company for the financial year ended 31 December 2003.

OPERATING ENVIRONMENT

2003 has been an eventful year. The world in general and Malaysia in particular has recovered from the effects of the Iraq war, the Asian financial crisis and even the reappearance of Severe Acute Respiratory Syndrome ("SARS").

Nearer home, the Malaysia government's measures to pump prime the economy and to boost consumer confidence has worked remarkably. The last quarter growth for 2003 was 6.4% which is pleasantly higher than the forecasted 4.3%.

East Malaysia as a whole has benefited most from these measures. During the second half of the year, the Company experienced a sixteen (16) percent increase in turnover as compared to the first half as Sabah and Sarawak experience as upsurge of activities in the construction, shipbuilding, oil and gas, electronics and food and beverage industries.

On the political scenario, the general elections have left the ruling Barisan National with an overwhelming mandate under the able leadership of our new Prime Minister Y.A.B. Dato' Seri Abdullah Ahmad Badawi. The new government has given priority to improving the economic performance of the agriculture and manufacturing sectors. The board is very positive and optimistic that the Company will have an even better performance in the coming year.

FINANCIAL PERFORMANCE

The consolidated turnover of the Group for the financial year under review was RM53.15 million, an increase of 15.22% as compared to previous year's turnover of RM46.13 million. Profit before tax at RM3.69 million was 38.72% higher than previous year's profit at RM2.66 million.

The increase in turnover was mainly due to new contracts secured by the Sabah subsidiaries in the construction sector. The revival of activities in the oil and gas sector together with the recovery in the shipbuilding industry has also contributed positively to the Sarawak industrial gas subsidiary.

These positive developments together with the cost cutting measures initiated by the Company in the beginning of the year has enabled the Company to achieve an almost 39% growth in our profit before tax.

DIVIDEND

The Board of Directors has recommended a final tax exempt dividend of 1% per share in respect of the financial year ended 31 December 2003 subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company.

The total dividend to be paid out for the year ended 31 December 2003 will be RM480,450.

Chairman's Statement *(cont'd)*

SIGNIFICANT EVENTS

Acquisition of Subsidiary Companies

On 1 April 2004, the Company acquired 60% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd. (formerly known as Lambaian Kurnia Sdn. Bhd.), a company incorporated in Malaysia, comprising of six ordinary shares of RM1.00 each for a cash consideration of RM6.00.

On 16 April 2004, the Company incorporated a 100% wholly owned subsidiary namely B.I.G. Offshore Services Limited (BIGOS), a company incorporated in Labuan F.T. Malaysia under the Offshore Companies Act 1990. The authorised capital of BIGOS is RM49,997 (US\$13,157.00) and the paid up capital is RM38.00 (US\$10.00) divided into 10 shares of RM3.80 (US\$1.00) each.

On 20 April 2004, the Company acquired the entire issued and paid-up share capital of Elemen Teguh Sdn. Bhd., a company incorporated in Malaysia, comprising of 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

CORPORATE DEVELOPMENT

The Group has undertaken the following Corporate Proposals to ensure compliance with the minimum paid up capital of RM40 million as required under the Bursa Malaysia Securities Berhad's Listing Requirements and to raise additional working capital for the Group:-

- (i) Renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company ("Rights Shares") together with 19,218,000 free warrants ("Warrants") on the basis of one (1) new ordinary share with one (1) free Warrant for every one (1) existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalized from the retained profits and share premium reserves of the Company ("Rights Issue with Warrants");
- (ii) Bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company ("Bonus Shares") on the basis of one (1) Bonus Share for every two (2) Rights Shares subscribed by the existing shareholders of the Company and/or their renounees pursuant to the Proposed Rights Issue with Warrants ("Bonus Issue");
- (iii) Establishment of an Employees' Share Option Scheme ("ESOS") by the Company for the eligible Directors and employees of the Company and its subsidiaries ("Group"); and
- (iv) Private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Rights Issue with Warrants and Bonus Issue ("Private Placement").

The Company has completed its Corporate Proposals on item (i) and (ii) in February 2004.

The additional 19,218,000 and 9,609,000 new ordinary shares of RM1.00 each in the Company issued pursuant to the aforesaid Rights Issue with Warrants and Bonus Issue respectively have been granted listing and quotation on the Second Board of the Bursa Malaysia Securities Berhad with effect from 18th February 2004.

The Company's 19,218,000 warrants issued pursuant to the Rights Issue with Warrants has been granted listing and quotation on the Second Board of the Bursa Malaysia Securities Berhad with effect from 18th February 2004.

Chairman's Statement *(cont'd)*

As at to-date, the issued and paid-up share capital of the Company was increased from RM19,218,000 to RM48,045,000 ordinary shares of RM1.00 each by the issuance of 28,827,000 new ordinary shares of RM1.00 each arising from the aforesaid Rights Issue with Warrants and Bonus Issue.

The Company has implemented its ESOS on 26 February 2004 for the benefit of the eligible employees and Executive Director of the Group. This is to accord them the opportunity to participate in the overall growth of the Group in addition to reward them for their contributions. A total of 4,247,000 options and 150,000 options were offered to the eligible employees and Executive Director of the Group on 8 March 2004 and 10 April 2004 at the exercise price of RM2.72 and RM2.83 per new share respectively.

FUTURE OUTLOOK

The Board of Directors is confident that for the coming financial year, it will be a year of growth arising from the positive operating environment.

The discovery of a new oil reserve in Kikeh off the coast of Sabah and the expected RM10 Billion expenditure to be spent in the oil and gas industry bodes well for the Company as our industrial gas subsidiary is involved in supplying products and services to the four major production chain in this industry.

The ready mixed concrete, quarry and transportation subsidiaries in Sabah are already benefiting from the infrastructure projects launched and the increase in the private and public housing activities.

The Group's property development project in Demak Laut Industrial Estate, Sarawak has successfully completed and delivered the first phase of the project consisting of two blocks of four storey apartments. The second phase consisting of another two blocks of four storey apartments and 103 terrace houses will be launched.

With our successful rights and bonus issue exercise completed, the Group is also looking at other synergistic business to further expand the turnover and growth of our Company. We are definitely looking forward to a better 2004.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to record my sincere thanks to the Management and Staff of the Group for their continued commitment and dedication to the Group.

The Board of Directors also wishes to express its gratitude to all our customers, suppliers, shareholders, financial institutions, government authorities and business associates for their valuable support and confidence in the Group.

Y. BHG. DATUK HAJI MAZELAN BIN BUGO

Chairman

26 April 2004

Directors' Report

The Directors have the pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the year ended 31 December 2003.

Principal activities

The principal activities of the Company are that of investment holding and the provision of management services. The principal activities of the subsidiary companies are described in Note 10 to the financial statements.

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

Results

	Group RM	Company RM
Profit/(loss) after taxation	<u>3,889,437</u>	<u>(46,180)</u>

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

Reserves and provisions

There were no material transfers to or from reserves or provisions during the year other than as disclosed in the Statements of Changes in Equity.

Dividends

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003 of 1% less 28% taxation on 48,045,000 ordinary shares, amounting to a total dividend payable of RM480,450 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

Directors

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

Y. Bhg. Datuk Haji Mazelan Bin Bugo
 Wong Choon Seng
 Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin
 Y. Bhg. Tan Sri Datuk Amar Chong Siew Fai
 Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd. Tahir
 Yong Siew Kat
 Y. Bhg. Dato' Haji Mohd Fauzi Bin Yusuf @ Mohd Yusof
 Khairil Annas Bin Jusoh

Directors' Report *(cont'd)*

Directors' Interest

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

	<----- Ordinary shares of RM1.00 each ----->			
	As at 1.1.2003	Bought	Sold	As at 31.12.2003
The Company				
<i>Direct interest</i>				
Yong Siew Kat	-	437,900	-	437,900
<i>Indirect interest</i>				
Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin	3,034,286	-	-	3,034,286
Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	3,034,286	-	-	3,034,286

By virtue of their interest in shares of B.I.G. Industries Berhad pursuant to Section 6A(4) of the Companies Act, 1965, Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin and Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir are also deemed interested in the shares of the subsidiary companies of B.I.G. Industries Berhad to the extent that B.I.G. Industries Berhad has an interest.

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

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member or with a company in which the Director has a substantial financial interest.

Directors' Report *(cont'd)*

Directors' remuneration

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Executive Director				
Fees	30,000	12,000	12,000	12,000
Salaries, allowances and bonus	175,650	180,000	-	-
Employee Provident Fund	20,448	17,010	-	-
Non-Executive Directors				
Fees	96,000	93,000	96,000	93,000
Salaries, allowances and bonus	-	12,000	-	-

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

Band of remuneration	Number of Directors			
	Executive		Non-Executive	
	2003	2002	2003	2002
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	7
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	1	-	-
RM200,001 - RM250,000	1	-	-	-

Significant event

During the year, one of the subsidiary companies, B.I.G. Communications Sdn. Bhd. acquired approximately 13% of the issued and paid-up share capital of Sabah Optic Network Sdn. Bhd., consisting of 1,659,839 ordinary shares of RM1.00 each at RM1.00 per share, for a total consideration of RM1,659,839. The consideration was satisfied by way of cash.

Directors' Report *(cont'd)*

Subsequent events

(a) Corporate Exercises

In the previous financial year 2002, the Company announced that it had obtained the relevant approvals to undertake the following corporate exercises:

- (i) Proposed renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company together with 19,218,000 free Warrants on the basis of one new ordinary share with one free Warrant for every one existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalised from the retained profits and share premium reserves of the Company;
- (ii) Proposed bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company on the basis of one Bonus Share for every two Rights Shares subscribed by the existing shareholders of the Company and/or their renounces pursuant to the Proposed Rights Issue with Warrants;
- (iii) Proposed establishment of an Employees' Share Option Scheme by the Company for the eligible Directors and employees of the Group; and
- (iv) Proposed private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Proposed Rights Issue with Warrants and Proposed Bonus Issue.

On 2 December 2003, the Company obtained approval from the Securities Commission for extension of time to fully implement the aforementioned corporate exercises by 31 March 2004. The Company has subsequently implemented Item (i) and (ii) of the aforementioned corporate exercises on 18 February 2004.

The additional 19,218,000 and 9,609,000 new ordinary shares of RM1.00 each in the Company issued pursuant to the aforesaid Rights Issue with Warrants and Bonus Issue respectively have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's 19,218,000 warrants issued pursuant to the Rights Issue with Warrants has been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

As at to date, the issued and paid-up share capital of the Company was increased from RM19,218,000 to RM48,045,000 ordinary shares of RM1.00 each by the issuance of 28,827,000 new ordinary shares of RM1.00 each arising from the aforesaid Rights Issue with Warrants and Bonus Issue.

The Company has implemented its Employees' Share Option Scheme on 26 February 2004 for the benefit of the eligible employees and Executive Director of the Group. This is to accord them the opportunity to participate in the overall growth of the Group in addition to reward them for their contributions. A total of 4,247,000 options and 150,000 options were offered to the eligible employees and Executive Director of the Group on 8 March 2004 and 10 April 2004 at the exercise price of RM2.72 and RM2.83 per new share respectively.

Directors' Report *(cont'd)*

Subsequent events *(cont'd)*

(b) Acquisition of new subsidiary companies

On 1 April 2004, the Company acquired 60% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd. (formerly known as Lambaian Kurnia Sdn. Bhd.), a company incorporated in Malaysia, comprising 6 ordinary shares of RM1.00 each for a cash consideration of RM6.00.

On 16 April 2004, the Company incorporated a 100% wholly owned subsidiary company namely B.I.G. Offshore Services Limited, a company incorporated in Labuan F.T. Malaysia under the Offshore Companies Act 1990 with an authorised capital of RM49,997 (US\$13,157) comprising 13,157 shares of RM3.80 (US\$1.00) each and paid-up share capital of RM38.00 (US\$10.00) comprising 10 shares of RM3.80 (US\$1.00) each.

On 20 April 2004, the Company acquired the entire issued and paid-up share capital of Elemen Teguh Sdn. Bhd., a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

Other statutory information

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of an allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business of the Group and of the Company have been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements and consolidated financial statements misleading.

Directors' Report *(cont'd)*

Other statutory information *(cont'd)*

(e) As at the date of this report there does not exist:

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

(f) In the opinion of the Directors:

- (i) no contingent liability or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet its obligations as and when they fall due; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Auditors

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

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

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

Director

Wong Choon Seng

Director

26 April 2004

Statement by Directors

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

We, **Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin** and **Wong Choon Seng**, being two of the Directors of **B.I.G. Industries Berhad**, state that in the opinion of the Directors, the accompanying financial statements set out on pages 41 to 76 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia and so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

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

Wong Choon Seng
Director

26 April 2004

Statutory Declaration

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

I, **Hon Li Chueng**, being the officer primarily responsible for the financial management of **B.I.G. Industries Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 41 to 76 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the relevant legislation governing statutory declarations in Malaysia.

Subscribed and solemnly declared by
the abovenamed **Hon Li Chueng**
at Kuching in the State of Sarawak
on 26 April 2004

Hon Li Chueng

Before me,

Chua Hian Chong (No. Q071)
Commissioner for Oaths

Kuching, Sarawak.

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

We have audited the accompanying financial statements set out on pages 41 to 76. These financial statements are the responsibility of the Company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We have conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965, to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the financial statements of the Company are in the form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The Auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174 (3) of the Companies Act, 1965.

ERNST & YOUNG

AF: 0039

Chartered Accountants

YONG VOON KAR

1769/04/06 (J/PH)

Partner

Kuching, Malaysia.

26 April 2004

Income Statements

for the year ended 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	3	53,152,861	46,127,072	186,000	119,650
Other operating income		631,990	345,378	252,897	370,048
Changes in inventories of finished goods		481,939	(9,269,999)	-	-
Inventories purchased and raw materials consumed		(27,061,542)	(12,801,563)	-	-
Staff costs		(5,402,303)	(5,735,419)	-	-
Depreciation of property, plant and equipment		(4,628,561)	(4,496,066)	-	-
Amortisation of quarry development expenses		(44,470)	(63,653)	-	-
Other operating expenses		(11,785,934)	(9,497,418)	(194,601)	(154,762)
Profit from operations		5,343,980	4,608,332	244,296	334,936
Finance costs		(1,650,610)	(1,945,369)	(290,476)	(370,048)
Share of results of associated company		(6,461)	(326)	-	-
Profit/(loss) before taxation	4	3,686,909	2,662,637	(46,180)	(35,112)
Taxation	5	202,528	(1,130,684)	-	-
Profit/(loss) after taxation		3,889,437	1,531,953	(46,180)	(35,112)
Earnings per share (sen)	6	20.2	8.0		
Net dividends per share (sen)					
Proposed	7	-	-	-	-

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

Balance Sheets

as at 31 December 2003

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Non-current assets					
Property, plant and equipment	8	46,022,075	47,886,014	-	-
Quarry development expenditure	9	1,622,463	1,137,403	-	-
Investment in subsidiary companies	10	-	-	22,401,385	22,401,385
Investment in associated company	11	22,892	29,353	30,000	30,000
Other investments	12	1,893,139	408,263	-	-
Land held for development	13	202,567	-	-	-
Current assets					
Inventories and development properties	13	6,071,034	5,145,726	-	-
Trade receivables	14	17,509,566	20,597,201	-	-
Other receivables, deposits and prepayments	15	7,468,394	8,410,487	336,650	238,768
Amount due from related companies	16	110,492	111,404	20,095,152	20,408,680
Fixed deposits with licensed banks	17	122,101	298,476	-	-
Cash and bank balances		5,228,266	462,563	5,046	7,217
		36,509,853	35,025,857	20,436,848	20,654,665
Current liabilities					
Bank overdrafts	18	3,271,196	9,653,760	-	4,810,271
Short term borrowings	19	28,331,091	16,402,961	5,000,000	200,000
Trade payables	20	4,500,122	8,286,901	-	-
Other payables and accruals	21	3,191,728	2,728,254	44,544	191,423
Amount due to related companies	16	-	-	14,283	28,770
Lease payables	22	557,081	590,520	-	-
Land premium payable	23	313,185	685,696	-	-
Tax payable		790	600	-	-
		40,165,193	38,348,692	5,058,827	5,230,464
Net current (liabilities)/assets		(3,655,340)	(3,322,835)	15,378,021	15,424,201
		46,107,796	46,138,198	37,809,406	37,855,586
Financed by:					
Share capital	24	19,218,000	19,218,000	19,218,000	19,218,000
Reserves	25	22,221,923	18,332,486	18,591,406	18,637,586
Shareholders' equity		41,439,923	37,550,486	37,809,406	37,855,586
Long term and deferred liabilities					
Lease payables	22	277,200	869,506	-	-
Land premium payable	23	-	313,185	-	-
Term loans	26	1,722,873	4,485,304	-	-
Deferred taxation	27	2,667,800	2,919,717	-	-
		46,107,796	46,138,198	37,809,406	37,855,586

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

Statements of Changes in Equity

for the year ended 31 December 2003

	Note	Share capital RM	Non-distributable Share premium reserve RM	Reserve arising on consolidation RM	Distributable Revenue reserve RM	Total
Group						
At 1 January 2002						
As previously stated		19,218,000	1,891,113	2,495,422	13,564,842	37,169,377
Prior year adjustment	28	-	-	-	(1,325,037)	(1,325,037)
At 1 January 2002 (restated)		19,218,000	1,891,113	2,495,422	12,239,805	35,844,340
Gain not recognised in the income statement		-	-	-	174,193	174,193
Profit for the year		-	-	-	1,531,953	1,531,953
At 31 December 2002		19,218,000	1,891,113	2,495,422	13,945,951	37,550,486
At 1 January 2003						
As previously stated		19,218,000	1,891,113	2,495,422	16,123,768	39,728,303
Prior year adjustment	28	-	-	-	(2,177,817)	(2,177,817)
At 1 January 2003 (restated)		19,218,000	1,891,113	2,495,422	13,945,951	37,550,486
Profit for the year		-	-	-	3,889,437	3,889,437
At 31 December 2003		19,218,000	1,891,113	2,495,422	17,835,388	41,439,923
Company						
At 1 January 2002		19,218,000	1,891,113	-	16,781,585	37,890,698
Loss for the year		-	-	-	(35,112)	(35,112)
At 31 December 2002		19,218,000	1,891,113	-	16,746,473	37,855,586
Loss for the year		-	-	-	(46,180)	(46,180)
At 31 December 2003		19,218,000	1,891,113	-	16,700,293	37,809,406

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

Cash Flow Statements

for the year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash flow from operating activities				
Operating profit/(loss) before taxation	3,686,909	2,662,637	(46,180)	(35,112)
Adjustments for:				
Amortisation of quarry development expenses	44,470	63,653	-	-
Bad debts written off	48,011	18,093	-	-
Depreciation of property, plant and equipment	4,628,561	4,496,066	-	-
Gain on disposal of property, plant and equipment	(781,420)	(121,278)	-	-
Gain on foreign exchange	(22,942)	(33,957)	-	-
Impairment of other investments	174,963	280,000	-	-
Interest expense	1,604,107	1,945,369	290,366	370,048
Interest income	(159,712)	(212,621)	(252,897)	(370,048)
Inventories written off	19,975	-	-	-
Property, plant and equipment written off	14,196	1,132	-	-
Share of loss in an associated company	6,461	326	-	-
Operating profit/(loss) before working capital changes	9,263,579	9,099,420	(8,711)	(35,112)
Changes in working capital:				
Inventories	(945,283)	(509,860)	-	-
Receivables	3,970,743	369,171	(97,882)	(93,580)
Payables	(3,323,305)	(1,897,905)	(146,879)	(702,293)
Related companies	912	(150)	299,041	1,223,632
Cash generated from operations	8,966,646	7,060,676	45,569	392,647
Interest paid	(1,096,043)	(1,435,523)	-	-
Interest received	159,712	212,621	252,897	370,048
Realised exchange gain	22,942	33,957	-	-
Taxation paid net of refund	(38,224)	(69,564)	-	(20,980)
Net cash generated from operating activities	8,015,033	5,802,167	298,466	741,715

Cash Flow Statements *(cont'd)*

for the year ended 31 December 2003

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash flows from investing activities				
Acquisition of property, plant and equipment	(4,336,940)	(4,067,449)	-	(12,094)
Acquisition of shares in subsidiary companies	-	-	-	(349,996)
Acquisition of unquoted investments	(1,659,839)	-	-	-
Addition to quarry development expenditure	(529,530)	(165,162)	-	-
Acquisition of land held for development	(202,567)	-	-	-
Fixed deposit uplifted	174,957	-	-	-
Proceeds from disposal of property, plant and equipment	2,339,541	599,755	-	-
Repayment of land premium	(685,696)	(513,184)	-	-
Net cash used in investing activities	(4,900,074)	(4,146,040)	-	(362,090)
Cash flows from financing activities				
Increase/(decrease) in bank borrowings	9,165,699	(1,540,565)	4,800,000	-
Decrease/(increase) in fixed deposits pledged	1,418	(102,324)	-	-
Interest paid	(508,064)	(509,846)	(290,366)	(370,048)
Lease payables obtained	86,400	1,214,734	-	-
Repayment of lease payables	(712,145)	(491,788)	-	-
Net cash generated from/(used in) financing activities	8,033,308	(1,429,789)	4,509,634	(370,048)
Net increase in cash and cash equivalents	11,148,267	226,338	4,808,100	9,577
Cash and cash equivalents at the beginning of the year	(9,191,197)	(9,417,535)	(4,803,054)	(4,812,631)
Cash and cash equivalents at the end of the year	1,957,070	(9,191,197)	5,046	(4,803,054)
Analysis of cash and cash equivalents:				
Cash and bank balances	5,228,266	462,563	5,046	7,217
Bank overdrafts	(3,271,196)	(9,653,760)	-	(4,810,271)
	1,957,070	(9,191,197)	5,046	(4,803,054)
Analysis of acquisition of property, plant and equipment:				
By cash	(4,250,540)	(2,852,715)	-	(12,094)
By lease	(86,400)	(1,214,734)	-	-
	(4,336,940)	(4,067,449)	-	(12,094)

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

Notes to the Financial Statements

- 31 December 2003

1. Corporate information

The principal activities of the Company are that of investment holding and the provision of management services. There has been no significant change in the nature of these activities of the Group and of the Company during the current financial year.

The Company is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Second Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Lot 2225, Section 66, Jalan Dermaga, Pending Industrial Estate, 93450 Kuching.

The financial statements of the Group and of the Company are expressed in Ringgit Malaysia.

2. Significant accounting policies

(a) Basis of preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention and comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

During the financial year ended 31 December 2003, the Group and the Company adopted the following MASB Standards for the first time:

MASB Standard 25	Income Tax
MASB Standard 27	Borrowing Costs
MASB Standard 28	Discontinuing Operations
MASB Standard 29	Employee Benefits

The effects of adopting MASB Standard 25 is summarised in the Statements of Changes in Equity and further information is disclosed in Note 28 to the financial statements. The adoption of MASB Standards 27, 28 and 29 has not given rise to any adjustments to the opening balances of retained profits of the prior year or to changes in comparatives.

(b) Basis of consolidation

(i) *Subsidiary companies*

The consolidated financial statements include the financial statements of the Company and all its subsidiary companies. Subsidiary companies are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. A list of the Group's subsidiary companies is shown in Note 10 to the financial statements.

Subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method of accounting, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary company are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(b) Basis of consolidation *(cont'd)*

(i) *Subsidiary companies (cont'd)*

Intragroup transactions, balances and resulting unrealised gains are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised losses are eliminated on consolidation unless costs cannot be recovered.

The gain or loss on disposal of a subsidiary company is the difference between net disposal proceed and the Group's share of its net assets together with any unamortised balance of goodwill and exchange differences which were not previously recognised in the consolidated income statement.

(ii) *Associated company*

An associated company is defined as a company, not being a subsidiary company, in which the Group has a long-term equity interest of not less than 20% and not exceeding 50% of the equity and in whose financial and operating policy decisions of the Group exercises significant influence.

Investment in associated company is accounted for in the consolidated financial statements by the equity method of accounting based on the audited or management financial statements of the associated company. Under the equity method of accounting, the Group's share of profit or loss of associated company during the year is included in the consolidated income statement. The Group's interest in associated company is carried in the consolidated balance sheet at cost plus the Group's share of post-acquisition retained profits or accumulated losses and other reserves as well as goodwill on acquisition.

Unrealised gains or transactions between the Group and the associated company are eliminated to the extent of the Group's interest in the associated company. Unrealised losses are eliminated unless cost cannot be recovered.

(c) Revenue recognition

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. The following specific recognition criteria must also be met before revenue is recognised:

(i) *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer.

(ii) *Transportation and handling fees*

Revenue is recognised upon delivery of products and customer acceptance, or performance of services, and is stated net of sales taxes and discounts, if any.

(iii) *Construction contracts*

Profits from construction contracts are recognised based on percentage of completion basis when construction work has progressed to a stage that profit recognition can be reasonably measured. When the outcome of a contract cannot be reasonably measured, revenue is recognised only to the extent of cost incurred that is recoverable and cost is recognised as an expense as incurred. In all cases, anticipated losses are provided in full.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(c) Revenue recognition *(cont'd)*

(iii) Construction contracts *(cont'd)*

Percentage of completion is measured by reference to the percentage of construction costs incurred and the estimated total construction costs.

(iv) Hiring of plant and machinery

Revenue is recognised upon delivery of goods and customer acceptance, or performance of services, and are stated net of sales taxes and discounts, if any.

(v) Dividends

Dividends is recognised when the shareholder's right to receive the payment is established.

(vi) Management fee

Revenue is recognised as the management fee accrue unless collectability is in doubt.

(vii) Development properties

Revenue from sale of development properties is accounted for by the stage of completion method in respect of all building units that have been sold. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

(viii) Interest

Revenue is recognised as the interest accrues unless collectability is in doubt.

(d) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

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

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

Upon the disposal of an item of property, plant or equipment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement and the attributable portion of the revaluation surplus is taken directly to retained profit.

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

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(e) Quarry development expenditure

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

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

(f) Investments in subsidiary and associated companies

The Company's investments in subsidiary and associated companies are stated at cost less impairment losses (if any). The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

Income arising on these investments is included in the income statement when the shareholders' right to receive the payment is established.

(g) Inventories

Inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Cost of finished goods and work-in-progress includes direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Properties held for resale are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and includes costs of land, construction and appropriate development overheads.

(h) Impairment of assets

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, impairment is measured by comparing the carrying values of the assets with their recoverable amounts. Recoverable amount is the higher of net selling price and value in use, which is measured by reference to discounted future cash flows.

An impairment loss is charged to the income statement immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of any available previously recognised revaluation surplus for the same asset. Reversal of impairment losses recognised in prior periods is recorded when the impairment losses recognised for the asset no longer exist or have decreased.

(i) Development properties, land and development expenditure

Land and development expenditure are classified as development properties when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Development properties are stated at cost plus attributable profits less foreseeable losses and progress billings. Cost includes cost of land, all direct building costs, and other related development expenditure, including interest expenses incurred during the period of active development.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(i) Development properties, land and development expenditure *(cont'd)*

Land held for development consists of land held for future development where no significant development has been undertaken, and is stated at cost. Cost includes cost of land and attributable development expenditure. Such assets are classified as development properties when significant development work has been undertaken and the development is expected to be completed within the normal operating cycle.

(j) Financial instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) *Other non-current investments*

Non-current investments other than investments in subsidiary and associated companies are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(h).

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

(ii) *Receivables*

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iii) *Payables*

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(iv) *Interest-bearing borrowings*

Interest-bearing bank loans and overdrafts are recorded at the amount of proceeds received, net of transaction costs.

All borrowing costs are charged to the income statement as an expense in the period in which they are incurred.

(v) *Equity instruments*

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(k) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

(i) Finance leases

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is consistent with that for depreciable property, plant and equipment as described in Note 2(d).

(ii) Operating leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the term of the relevant lease.

(l) Employees benefits

(i) Short term benefits

Wages, salaries and bonuses are recognised as an expense in the period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to a state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement as incurred.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(m) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised in the income statement, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or negative goodwill.

Prior to the adoption of MASB Standard 25 Income Taxes on 1st January, 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation. This change in accounting policy has been accounted for retrospectively and the effects of this change are disclosed in Note 28.

(n) Foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded in Ringgit Malaysia at the rates of exchange ruling on the dates of transactions; monetary assets and liabilities at the balance sheet date are reported at year end rates of exchange. All gains and losses on exchange are dealt with through the income statement.

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used are as follows:

	2003 RM	2002 RM
Brunei Dollar	2.25	2.05
Singapore Dollar	2.25	2.16

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

2. Significant accounting policies *(cont'd)*

(o) Cash and cash equivalents

Cash and cash equivalents in the Cash Flow Statements represent short-term, highly liquid investments that are readily convertible to cash with an insignificant risk of changes in value less short term borrowings repayable on demand.

For the purpose of the Cash Flow Statements, cash and cash equivalents include cash and bank balances net of outstanding bank overdrafts.

3. Revenue

Revenue of the Group comprises sales of goods stated after allowance for sales returns and trade discounts, transportation and handling fee, progress billings from construction contracts, sales of development properties of land and hiring of plant and machinery.

Revenue of the Company comprises management fee and dividends received.

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Sales of goods	46,256,193	43,444,691	-	-
Transportation and handling fees	3,957,625	2,644,149	-	-
Progress billings from construction contracts	828,821	-	-	-
Hiring of plant and machinery	69,968	38,232	-	-
Sales of development properties	2,040,254	-	-	-
Management fee charged to subsidiary companies	-	-	186,000	119,650
	<u>53,152,861</u>	<u>46,127,072</u>	<u>186,000</u>	<u>119,650</u>

Notes to the Financial Statements (cont'd)

- 31 December 2003

4. Profit/(loss) before taxation

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
(a) This is stated after charging:				
Administration fees	70,831	75,560	-	-
Amortisation of quarry development expenses	44,470	63,653	-	-
Auditors' remuneration:				
- statutory audits				
- current year	61,000	56,600	7,000	8,500
- under provision in prior year	2,490	4,561	1,940	-
Bad debt written off	48,011	18,093	-	-
Depreciation of property, plant and equipment	4,628,561	4,496,066	-	-
Directors' fees	126,000	105,000	108,000	105,000
Directors' emoluments	196,098	209,010	-	-
Hire of plant and equipment	1,122,071	887,527	-	-
Impairment of other investments	174,963	280,000	-	-
Interest expense	1,604,107	1,945,369	290,366	370,048
Inventories written off	19,975	-	-	-
Property, plant and equipment written off	14,196	1,132	-	-
Rental expense	295,779	168,591	-	-
And crediting:				
Gain on disposal of property, plant and equipment	(781,420)	(121,278)	-	-
Gain on foreign exchange	(22,942)	(33,957)	-	-
Interest income	(159,712)	(212,621)	(252,897)	(370,048)
Management fee received	-	-	(186,000)	(119,650)
Rental income	(42,737)	(30,651)	-	-
(b) Employee information				
Number of employees as at 31 December	285	279	-	-

Notes to the Financial Statements (cont'd)

- 31 December 2003

5. Taxation

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax expense for the year:				
Malaysian income tax	38,340	3,088	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences (Note 27)	(231,802)	1,115,795	-	-
Relating to reduction in Malaysia income tax rate (Note 27)	(20,115)	-	-	-
Underprovided in prior years:				
Malaysian income tax	11,049	11,801	-	-
	<u>(202,528)</u>	<u>1,130,684</u>	<u>-</u>	<u>-</u>

Income tax is calculated at the Malaysian statutory tax rate of 28% (2002: 28%) of the estimated assessable profit for the year.

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit/(loss) before taxation	<u>3,686,909</u>	<u>2,662,637</u>	<u>(46,180)</u>	<u>(35,112)</u>
Taxation at Malaysian Statutory rate of 28% (2002: 28%)	1,032,335	745,538	(12,930)	(9,831)
Effect of lower income tax rate	(26,448)	-	-	-
Expenses not deductible for tax purposes	172,915	592,884	17,540	8,551
Income not subject to tax	(371,123)	-	-	-
Utilisation of previously unrecognised unabsorbed capital allowances	(4,610)	-	(4,610)	-
Utilisation of previously unrecognised unutilised reinvestment allowances	(1,026,601)	(251,068)	-	-
Deferred tax assets not recognised during the period	9,955	31,529	-	1,280
Underprovided in prior years	11,049	11,801	-	-
Tax expense for the year	<u>(202,528)</u>	<u>1,130,684</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements (cont'd)

- 31 December 2003

6. Earnings per share

The basic and diluted earnings per share have been calculated based on the consolidated profit after taxation of RM3,889,437 (2002: RM1,531,953) by the number of ordinary shares in issue during the year of 19,218,000 (2002: 19,218,000). The comparative basic and diluted earnings per share have been restated to take into account the effect of the change in accounting policy (Note 2(a) and Note 28) on net profit for the year.

7. Dividends

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003 of 1% less 28% taxation on 48,045,000 ordinary shares, amounting to a total dividend payable of RM480,450 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

8. Property, plant and equipment

Group	Long leasehold land RM	Short leasehold land RM	Buildings RM	Plant, machinery, and motor vehicles RM	Furniture, fixtures and equipment RM	Capital work-in- progress RM	Total RM
Cost							
At 1.1.2003	7,452,929	776,445	6,806,546	56,733,503	7,711,039	4,421	79,484,883
Reclassification	-	-	-	4,421	-	(4,421)	-
Additions	2,380	-	185,613	3,458,434	690,513	-	4,336,940
Disposals	-	-	-	(3,147,073)	(200,720)	-	(3,347,793)
At 31.12.2003	7,455,309	776,445	6,992,159	57,049,285	8,200,832	-	80,474,030
Accumulated depreciation							
Charge for 2002	120,467	14,137	342,793	3,860,807	157,862	-	4,496,066
At 1.1.2003	648,401	71,208	2,067,070	27,787,898	1,024,292	-	31,598,869
Charge for the year	120,471	12,558	400,024	3,928,838	166,670	-	4,628,561
Disposals	-	-	-	(1,714,491)	(60,984)	-	(1,775,475)
At 31.12.2003	768,872	83,766	2,467,094	30,002,245	1,129,978	-	34,451,955
Net book value							
At 31.12.2003	6,686,437	692,679	4,525,065	27,047,040	7,070,854	-	46,022,075
At 31.12.2002	6,804,528	705,237	4,739,476	28,945,605	6,686,747	4,421	47,886,014

Included in the above are assets acquired under lease instalments with net book value of RM1,929,697 (2002: RM2,345,573).

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

8. Property, plant and equipment *(cont'd)*

Certain property, plant and equipment with the following net book values are pledged to banks for banking facilities obtained.

	Group	
	2003 RM	2002 RM
Leasehold land and buildings	5,322,125	5,246,478
Plant, machinery and motor vehicles	7,378,739	9,316,061
Furniture, fixture and equipment	109,216	109,216
	12,810,080	14,671,755

Certain long leasehold land of the Group with a net book value of RM2,033,760 (2002: RM2,880,635) are held in trust by a third party, who was a former Director of a subsidiary company.

9. Quarry development expenditure

	Group	
	2003 RM	2002 RM
As at 1st January	1,137,403	1,035,894
Additions	529,530	165,162
Less: Amount amortised	44,470	63,653
	1,622,463	1,137,403

10. Investment in subsidiary companies

	Company	
	2003 RM	2002 RM
Unquoted shares, at cost	22,401,385	22,401,385

Notes to the Financial Statements (cont'd)

- 31 December 2003

10. Investment in subsidiary companies (cont'd)

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

Name of company	Principal activities	Effective group interest	
		2003	2002
B.I.G. Industrial Gas Sdn. Bhd.	Manufacture, distribution and marketing of industrial gases, marketing of welding equipment and trading in related products.	100%	100%
Uni-Mix Sdn. Bhd.	Manufacture and sale of ready-mix concrete and provision of related services	100%	100%
Hypervictory Sdn. Bhd.	Quarry operations	100%	100%
Lumanai Sdn. Bhd.	Operator of transportation services	100%	100%
Kinalaju Supply Sdn. Bhd.	Agent for distribution of cement	100%	100%
B.I.G. Communications Sdn. Bhd.	Fibre optic network contractor	100%	100%
Alpha Billion Sdn. Bhd.	Property developer	100%	100%
B.I.G. Marketing Sdn. Bhd.	General trading	100%	100%
B.I.G. Construction Sdn. Bhd.	Construction contractor	100%	100%
Linear Excellent Sdn. Bhd.	Inactive	100%	100%
Subsidiary company of Hypervictory Sdn. Bhd.			
Besitek Konsortium Sdn. Bhd.	Inactive	100%	100%

All the subsidiary companies are audited by Ernst & Young, Malaysia.

11. Investment in associated company

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Unquoted shares, at cost	30,000	30,000	30,000	30,000
Less: Share of post-acquisition losses	7,108	647	-	-
	22,892	29,353	30,000	30,000

Notes to the Financial Statements (cont'd)

- 31 December 2003

11. Investment in associated company (cont'd)

The Group's interest in the associated company is represented by:

	Group	
	2003 RM	2002 RM
Share of net assets	11,362	17,823
Premium on acquisition	11,530	11,530
	22,892	29,353

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

Name of company	Principal activities	Effective group interest	
		2003	2002
B.I.G. Oil and Gas Sdn. Bhd.	Inactive	30%	30%

12. Other investments

	Group	
	2003 RM	2002 RM
Unquoted investments:		
Unquoted shares, at cost	1,659,839	-
Golf and country club membership, at cost	224,000	224,000
	1,883,839	224,000
Quoted investments:		
Quoted shares, at cost	464,263	464,263
Less: Accumulated impairment losses	454,963	280,000
	9,300	184,263
Total investments	1,893,139	408,263
Market value of quoted investments	9,300	46,426

The Directors are of the opinion that no further allowance for diminution in value of quoted investments is required as the diminution is considered not permanent and the net tangible asset values of certain investments exceeds the quoted price of those investments.

Notes to the Financial Statements (cont'd)

- 31 December 2003

13. Land held for development, inventories and development properties

	Group	
	2003	2002
	RM	RM
Industrial gases	755,401	404,288
Welding equipment and construction materials	1,068,487	801,064
Raw materials	844,366	957,597
Spare parts and consumables	319,851	386,973
Stone	1,006,442	721,093
Goods in transit	67,152	36,331
Leasehold land	1,929,665	1,929,665
Development expenditure	1,807,318	66,265
Attributable profit	129,139	-
	<u>7,927,821</u>	<u>5,303,276</u>
Non-current portion, classified as Land held for development	<u>(202,567)</u>	<u>-</u>
	7,725,254	5,303,276
Progress billings	<u>(1,654,220)</u>	<u>(157,550)</u>
	<u>6,071,034</u>	<u>5,145,726</u>

14. Trade receivables

Trade receivables	17,509,566	20,597,201
Less: Allowance for doubtful debts	-	-
	<u>17,509,566</u>	<u>20,597,201</u>

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

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

Notes to the Financial Statements (cont'd)

- 31 December 2003

15. Other receivables, deposits and prepayments

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other receivables	6,037,475	6,079,200	49,704	16,745
Deposits	456,918	225,251	8,624	5,800
Prepayments	840,696	1,911,397	232,160	119,701
Current tax assets	133,305	194,639	46,162	96,522
	7,468,394	8,410,487	336,650	238,768

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

16. Amount due from/(to) related companies

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Amount due from subsidiary companies	-	-	19,984,660	20,297,276
Amount due from associated company	110,492	111,404	110,492	111,404
	110,492	111,404	20,095,152	20,408,680
Amount due to subsidiary companies	-	-	(14,283)	(28,770)
	110,492	111,404	20,080,869	20,379,910

Certain amounts due from/(to) the related companies are unsecured, interest free and under no fixed term of repayment. Certain amount due from subsidiary companies earns interest at rates ranging from 0.30% to 8.37% (2002: 1.50% to 7.90%) per annum and are repayable on demand.

17. Fixed deposits with licensed banks

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

The weighted average interest rates during the financial year ranges from 3.20% to 4.05% (2002: 3.20% to 4.05%) and the maturities of deposits as at 31 December 2003 ranges from 30 to 365 days.

Notes to the Financial Statements (cont'd)

- 31 December 2003

18. Bank overdrafts

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Secured	3,025,440	2,998,733	-	-
Unsecured	245,756	6,655,027	-	4,810,271
	<u>3,271,196</u>	<u>9,653,760</u>	<u>-</u>	<u>4,810,271</u>

During the financial year, the weighted average effective interest rate for bank overdrafts of the Company was 7.47% (2002: 7.36%) while the weighted average effective interest rates for the Group ranges from 7.13% to 7.50% (2002: 7.36% to 8.26%) respectively.

The secured bank overdrafts of the Group are secured by certain assets of the Group and of the Company as disclosed in Note 8 to the financial statements.

19. Short term borrowings

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Secured:				
Bill payables	4,455,015	2,156,000	-	-
Revolving credit	4,300,000	4,300,000	-	-
Term loans (Note 26)	3,318,118	2,195,268	-	-
	<u>12,073,133</u>	<u>8,651,268</u>	<u>-</u>	<u>-</u>
Unsecured:				
Bill payable	6,357,958	3,951,693	-	-
Revolving credit	9,300,000	3,200,000	5,000,000	200,000
Term loans (Note 26)	600,000	600,000	-	-
	<u>16,257,958</u>	<u>7,751,693</u>	<u>5,000,000</u>	<u>200,000</u>
Total borrowings:				
Bill payable	10,812,973	6,107,693	-	-
Revolving credits	13,600,000	7,500,000	5,000,000	200,000
Term loans (Note 26)	3,918,118	2,795,268	-	-
	<u>28,331,091</u>	<u>16,402,961</u>	<u>5,000,000</u>	<u>200,000</u>

Notes to the Financial Statements (cont'd)

- 31 December 2003

19. Short term borrowings (cont'd)

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

	Group		Company	
	2003	2002	2003	2002
Bill payable	1.39% to 4.73%	1.94% to 3.30%	-	-
Revolving credit	4.17% to 5.58%	3.95% to 5.25%	5.58%	5.25%
Term loans	5.10% to 10.44%	4.51% to 12.38%	-	-

The secured revolving credits, trust receipts and term loans of the Group are secured by certain assets of the Group as disclosed in Note 8 to the financial statements.

20. Trade payables

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

21. Other payables and accruals

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Other payables	1,018,500	1,268,866	13,650	50,903
Deposits	359,172	-	-	-
Accruals	1,814,056	1,459,388	30,894	140,520
	3,191,728	2,728,254	44,544	191,423

22. Lease payables

	Group	
	2003 RM	2002 RM
Repayable within twelve months	557,081	590,520
Repayable after twelve months	277,200	869,506
	834,281	1,460,026
Minimum lease payments:		
Not later than one year	610,447	697,333
Later than one year but not later than five years	286,412	939,119
	896,859	1,636,452
Less: Future finance charges on finance leases	62,578	176,426
Present value of finance lease liabilities	834,281	1,460,026

The lease payables bore interest at rates ranging from 4.00% to 10.02% (2002: 4.00% to 10.02%) per annum.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

23. Land premium payable

	Group	
	2003 RM	2002 RM
Amount due within one year	313,185	685,696
Amount due after one year but within five years	-	313,185
	313,185	998,881

24. Share capital

	Group and Company	
	2003 RM	2002 RM
Authorised:		
100,000,000 (2002: 100,000,000) ordinary shares of RM1.00 each	100,000,000	100,000,000
Issued and fully paid:		
19,218,000 (2002: 19,218,000) ordinary shares of RM1.00 each	19,218,000	19,218,000

25. Reserves

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

Based on the estimated tax credits available, the entire revenue reserve of the Company is available for distribution by way of dividends without incurring additional tax liability. In addition, the Company has tax exempt credit estimated at RM14 million (2002: RM14 million) which is available for distribution as tax exempt dividends. These amounts are subject to agreement by the Inland Revenue Board.

Notes to the Financial Statements (cont'd)

- 31 December 2003

26. Term loans

	2003 RM	Group 2002 RM
Secured:		
Bank loan repayable by 84 equal monthly instalments commencing August 1997	204,345	551,777
Bank loan repayable by 20 equal quarterly instalments commencing September 1998	-	363,976
Bank loan repayable by 60 monthly instalments commencing January 2000	-	660,718
Bank loan repayable by 60 monthly instalments commencing January 2000	871,084	1,072,075
Bank loan repayable by 60 monthly instalments commencing January 2001	429,553	625,725
Bank loan repayable by 47 equal monthly instalments commencing July 2001	388,883	640,876
Bank loan repayable by 60 monthly instalments commencing August 2001	62,490	83,309
Bank loan repayable by 60 monthly instalments commencing October 2001	577,770	770,792
Bank loan repayable by 33 monthly instalments commencing March 2002	348,690	711,324
Bank loan repayable by 36 monthly instalments commencing November 2003	664,959	-
Bank loan repayable by 35 equal quarterly instalments commencing October 2003	893,217	-
	4,440,991	5,480,572
Unsecured:		
Bank loan repayable by 60 monthly instalments commencing January 2001	1,200,000	1,800,000
	5,640,991	7,280,572
	2003 RM	Group 2002 RM
Repayable within 12 months (Note 19)	3,918,118	2,795,268
Repayable after 12 months	1,722,873	4,485,304
	5,640,991	7,280,572

The term loans are secured by fixed and floating charges over the certain assets of the Group as described in Note 8 to the financial statements. The weighted average interest rates for term loans are stated in Note 19 to the financial statements.

Notes to the Financial Statements (cont'd)

- 31 December 2003

27. Deferred taxation

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At 1 January	2,919,717	1,803,922	-	-
Recognised in income statement (Note 5)	(231,802)	1,115,795	-	-
Effect of reduction in Malaysia income tax rate (Note 5)	(20,115)	-	-	-
At 31 December	<u>2,667,800</u>	<u>2,919,717</u>	<u>-</u>	<u>-</u>
Presented after appropriate offsetting as follows:				
Deferred tax assets	(2,660,469)	(2,907,940)	-	-
Deferred tax liabilities	<u>5,328,269</u>	<u>5,827,657</u>	<u>-</u>	<u>-</u>
	<u>2,667,800</u>	<u>2,919,717</u>	<u>-</u>	<u>-</u>

28. Changes in accounting policies and prior year adjustments

(a) Changes in accounting policies

During the financial year, the Group applied four new MASB Standards, which became effective from 1 January 2003, and accordingly modified certain accounting policies. The changes in accounting policies which resulted in prior year adjustments are discussed below:

MASB Standard 25: Income Taxes

Under MASB Standard 25, deferred tax liabilities are recognised for all taxable temporary differences. Previously, deferred tax liabilities were provided for on account of timing differences only to the extent that a tax liability was expected to materialise in the foreseeable future. In addition, deferred tax assets are recognised for all deductible temporary differences when it is probable that sufficient taxable profit will be available against which the deductible temporary differences can be utilised. Previously, deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

Notes to the Financial Statements (cont'd)

- 31 December 2003

28. Changes in accounting policies and prior year adjustments (cont'd)

(b) Prior year adjustments

The changes in accounting policies have been applied retrospectively and comparatives have been restated. The effects of changes in accounting policies are as follows:

	Group	
	2003 RM	2002 RM
Effects on revenue reserve:		
At 1 January, as previously stated	16,123,768	13,564,842
Effects on adopting MASB Standard 25	(2,177,817)	(1,325,037)
	<hr/>	<hr/>
At 1 January, as restated	13,945,951	12,239,805
	<hr/>	<hr/>
Effects on net profit for the year:		
Net profit before changes in accounting policies	-	2,384,733
Effects on adopting MASB Standard 25	-	(852,780)
	<hr/>	<hr/>
Net profit for the year	-	1,531,953
	<hr/>	<hr/>

Comparative amounts as at 31 December 2002 have been restated as follows:

	Previously stated RM	Adjustments RM	Restated RM
Deferred taxation	741,900	2,177,817	2,919,717
	<hr/>	<hr/>	<hr/>

29. Commitments

	Group	
	2003 RM	2002 RM
Capital expenditure not provided for in the financial statements:		
Authorised and contracted for	4,347,231	4,347,231
	<hr/>	<hr/>

Notes to the Financial Statements (cont'd)

- 31 December 2003

30. Contingent liabilities

	Company	
	2003	2002
	RM	RM
Corporate guarantees granted to banks in respect of the subsidiary companies' banking facilities	30,480,465	26,991,299

31. Segment information**(a) Business segments**

The Group is organised into three major business segments:

- (i) Manufacturing – manufacture, distribution and marketing of industrial gases.
- (ii) Construction – quarry operations and trading of cement and construction materials; and
- (iii) Transportation - operation of transportation services.

Other business segments include property development, provision for management services and fibre optic networking, none of which are of a sufficient size to be reported separately.

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

	Manufacturing RM	Construction RM	Transportation RM	Other RM	Eliminates RM	Consolidated RM
2003						
Revenue						
External sales	21,333,943	25,666,618	3,283,225	2,869,075	-	53,152,861
Inter-segment sales	-	11,706,437	628,490	186,000	(12,520,927)	-
	21,333,943	37,373,055	3,911,715	3,055,075	(12,520,927)	53,152,861
Result						
Profit from operations						5,343,980
Finance cost, net						(1,650,610)
Share of results of associated company						(6,461)
Taxation						202,528
Profit after taxation						3,889,437
Assets and liabilities						
Segment assets	44,690,808	29,096,602	2,372,964	10,089,723	-	86,250,097
Investment in associated company	-	-	-	22,892	-	22,892
						86,272,989
Segment liabilities	19,755,718	19,009,157	585,106	5,483,085	-	44,833,066
Other information						
Amortisation	-	44,470	-	-	-	44,470
Depreciation	2,149,275	2,400,826	75,820	2,640	-	4,628,561

Notes to the Financial Statements (cont'd)

- 31 December 2003

31. Segment information (cont'd)

	Manufacturing RM	Construction RM	Transportation RM	Other RM	Eliminates RM	Consolidated RM
2002						
Revenue						
External sales	18,292,856	25,190,067	2,644,149	-	-	46,127,072
Inter-segment sales	5,341,572	12,484,260	685,400	119,650	(18,630,882)	-
	<u>23,634,428</u>	<u>37,674,327</u>	<u>3,329,549</u>	<u>119,650</u>	<u>(18,630,882)</u>	<u>46,127,072</u>
Result						
Profit from operations						4,608,332
Finance cost, net						(1,945,369)
Share of results of associated company						(326)
Taxation						(1,130,684)
Profit after taxation						<u>1,531,953</u>
Assets and liabilities						
Segment assets	39,192,743	31,163,093	1,553,295	12,548,406	-	84,457,537
Investment in associated company	-	29,353	-	-	-	29,353
						<u>84,486,890</u>
Segment liabilities	18,245,214	18,197,045	493,979	10,000,166	-	<u>46,936,404</u>
Other information						
Amortisation	-	63,653	-	-	-	63,653
Depreciation	2,042,972	2,373,822	76,631	2,641	-	4,496,066

(b) Geographical segments:

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

Notes to the Financial Statements (cont'd)

- 31 December 2003

32. Significant related party transactions

During the financial year, the Group and the Company had entered into the following significant related party transactions:

	Company	
	2003	2002
	RM	RM
(a) Transactions with subsidiary companies:		
Income		
Management fee income from:		
- B.I.G. Industrial Gas Sdn. Bhd.	118,200	100,000
- Hypervictory Sdn. Bhd.	7,200	-
- Lumanai Sdn. Bhd.	6,600	19,650
- Alpha Billion Sdn. Bhd.	24,000	-
- B.I.G. Marketing Sdn. Bhd.	24,000	-
- B.I.G. Construction Sdn. Bhd.	6,000	-
Interest income from:		
- Alpha Billion Sdn. Bhd.	51,926	37,746
- B.I.G. Communication Sdn. Bhd.	153,979	-
- B.I.G. Construction Sdn. Bhd.	-	2,210
- B.I.G. Industrial Gas Sdn. Bhd.	46,991	269,753
- Hypervictory Sdn. Bhd.	-	59,874
- Kinalaju Sdn. Bhd.	-	104
- Lumanai Sdn. Bhd.	-	361
Expenditure		
Interest paid to Unimix Sdn. Bhd.	19,750	7,714

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

Notes to the Financial Statements (cont'd)

- 31 December 2003

32. Significant related party transactions (cont'd)

(b) Directors' remuneration

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Executive Director				
Fees	30,000	12,000	12,000	12,000
Salaries, allowances and bonus	175,650	180,000	-	-
Employee Provident Fund	20,448	17,010	-	-
Non-Executive Directors				
Fees	96,000	93,000	96,000	93,000
Salaries, allowances and bonus	-	12,000	-	-

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

Band of remuneration	Number of Directors			
	Executive		Non-Executives	
	2003	2002	2003	2002
Nil	-	-	-	-
RM1 - RM50,000	-	-	7	7
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM150,000	-	-	-	-
RM150,001 - RM200,000	-	1	-	-
RM200,001 - RM250,000	1	-	-	-

33. Significant event

During the year, one of the subsidiary companies, B.I.G. Communications Sdn. Bhd. acquired approximately 13% of the issued and paid-up share capital of Sabah Optic Network Sdn. Bhd., consisting of 1,659,839 ordinary shares of RM1.00 each at RM1.00 per share, for a total consideration of RM1,659,839. The consideration was satisfied by way of cash.

Notes to the Financial Statements (cont'd)

- 31 December 2003

34. Subsequent events

(a) Corporate Exercises

In the previous financial year 2002, the Company announced that it had obtained the relevant approvals to undertake the following corporate exercises:-

- (i) Proposed renounceable two-call rights issue of 19,218,000 new ordinary shares of RM1.00 each in the Company together with 19,218,000 free Warrants on the basis of one new ordinary share with one free Warrant for every one existing ordinary share held, at an indicative issue price of RM1.00 per Rights Share, whereby the first call shall be in the form of a cash payment and the second call to be capitalised from the retained profits and share premium reserves of the Company;
- (ii) Proposed bonus issue of 9,609,000 new ordinary shares of RM1.00 each in the Company on the basis of one Bonus Share for every two Rights Shares subscribed by the existing shareholders of the Company and/or their renounees pursuant to the Proposed Rights Issue with Warrants;
- (iii) Proposed establishment of an Employees' Share Option Scheme by the Company for the eligible Directors and employees of the Group; and
- (iv) Proposed private placement of new ordinary shares of RM1.00 each in the Company representing not more than 10% of the issued and paid-up share capital of the Company after the Proposed Rights Issue with Warrants and Proposed Bonus Issue.

On 2 December 2003, the Company obtained approval from the Securities Commission for extension of time to fully implement the aforementioned corporate exercises by 31 March 2004. The Company has subsequently implemented Item (i) and (ii) of the aforementioned corporate exercises on 18 February 2004.

The additional 19,218,000 and 9,609,000 new ordinary shares of RM1.00 each in the Company issued pursuant to the aforesaid Rights Issue with Warrants and Bonus Issue respectively have been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

The Company's 19,218,000 warrants issued pursuant to the Rights Issue with Warrants has been granted listing and quotation on the Second Board of Bursa Malaysia Securities Berhad with effect from 18 February 2004.

As at to date, the issued and paid-up share capital of the Company was increased from RM19,218,000 to RM48,045,000 ordinary shares of RM1.00 each by the issuance of 28,827,000 new ordinary shares of RM1.00 each arising from the aforesaid Rights Issue with Warrants and Bonus Issue.

The Company has implemented its Employees' Share Option Scheme on 26 February 2004 for the benefit of the eligible employees and Executive Director of the Group. This is to accord them the opportunity to participate in the overall growth of the Group in addition to reward them for their contributions. A total of 4,247,000 options and 150,000 options were offered to the eligible employees and Executive Director of the Group on 8 March 2004 and 10 April 2004 at the exercise price of RM2.72 and RM2.83 per new share respectively.

Notes to the Financial Statements *(cont'd)*

- 31 December 2003

34. Subsequent events *(cont'd)*

(b) Acquisition of new subsidiary companies

On 1 April 2004, the Company acquired 60% of the issued and paid-up share capital of B.I.G. Bahtera Sdn. Bhd. (formerly known as Lambaian Kurnia Sdn. Bhd.), a company incorporated in Malaysia, comprising 6 ordinary shares of RM1.00 each for a cash consideration of RM6.00.

On 16 April 2004, the Company incorporated a 100% wholly owned subsidiary company namely B.I.G. Offshore Services Limited, a company incorporated in Labuan F.T. Malaysia under the Offshore Companies Act 1990 with an authorised capital of RM49,997 (US\$13,157) comprising 13,157 shares of RM3.80 (US\$1.00) each and paid-up share capital of RM38.00 (US\$10.00) comprising 10 shares of RM3.80 (US\$1.00) each.

On 20 April 2004, the Company acquired the entire issued and paid-up share capital of Elemen Teguh Sdn. Bhd., a company incorporated in Malaysia, comprising 10 ordinary shares of RM1.00 each for a cash consideration of RM10.00.

35. Financial instruments

(a) Financial risk management objectives policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts, as the Group had no long-term interest-bearing assets as at 31 December 2003. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes but have been placed in fixed deposits.

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

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

(c) Foreign exchange risk

The Group is predominantly exposed to two foreign currencies namely, Singapore Dollar and Brunei Dollar. Foreign currency denominated assets and liabilities together with expected cash flows from highly probable purchases and sales give rise to foreign exchange exposures.

During the year, the Group has not entered into any hedging transactions.

Notes to the Financial Statements (cont'd)

- 31 December 2003

35. Financial instruments (cont'd)

(c) Foreign exchange risk (cont'd)

The net unhedged financial assets and liabilities of the Group at the end of the financial year that are not denominated in the functional currency of Ringgit Malaysia are as follows:

	Brunei Dollar Equivalent RM	Singapore Dollar Equivalent RM	Total RM
Functional currency			
At 31 December 2003:			
Trade receivables <i>Ringgit Malaysia</i>	163,658	-	163,658
Cash and bank balances <i>Ringgit Malaysia</i>	83,186	-	83,186
Trade payables <i>Ringgit Malaysia</i>	-	-	-
	246,844	-	246,844
At 31 December 2002:			
Trade receivables <i>Ringgit Malaysia</i>	296,264	-	296,264
Cash and bank balances <i>Ringgit Malaysia</i>	143,772	-	143,772
Trade payables <i>Ringgit Malaysia</i>	-	(70,321)	(70,321)
	440,036	(70,321)	369,715

(d) Liquidity risk

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

Notes to the Financial Statements (cont'd)

- 31 December 2003

35. Financial instruments (cont'd)

(e) Credit risk

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

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

(f) Fair values

The aggregate net fair values of financial assets and financial liabilities at the end of the financial year which are not carried at fair value on the balance sheets of the Company and of the Group are represented as follows:

	Note	Group Carrying amount RM	Group Fair value RM	Company Carrying amount RM	Company Fair value RM
Financial assets					
At 31 December 2003:					
Investment in golf club membership	12	224,000	*	-	-
Investment in quoted shares	12	9,300	9,300	-	-
Investment in unquoted shares	12	1,659,839	*	-	-
At 31 December 2002:					
Investment in golf club membership	12	224,000	*	-	-
Investment in quoted shares	12	184,263	46,426	-	-
Financial liabilities					
At 31 December 2003:					
Land premium payable	23	313,185	**	-	-
Term loans	26	1,722,873	***	-	-
At 31 December 2002:					
Land premium payable	23	998,881	**	-	-
Term loans	26	4,485,304	***	-	-

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

Notes to the Financial Statements (cont'd)

- 31 December 2003

35. Financial instruments (cont'd)

(f) Fair values (cont'd)

** It is also not practical to estimate the fair value of land premium payable due principally to a lack of fixed repayment term entered by the parties involved and without incurring excessive costs. However, the Group does not anticipate the carrying amount recorded at the balance sheet date to be significantly different from the value that would eventually be settled.

*** The fair value information pertaining to long-term term loans is not disclosed as it is not practicable due to timeliness or cost to determine the fair value with sufficient liability. Alternatively, the principal characteristics, namely the terms and conditions of the instruments have been disclosed in Note 26 to the financial statements.

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

	Note	Company	
		Nominal/ notional amount RM	Net fair value RM
At 31 December 2003:			
Contingent liabilities	30	<u>30,480,465</u>	<u>****</u>
At 31 December 2002:			
Contingent liabilities	30	<u>26,991,299</u>	<u>****</u>

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

The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- (i) Cash and cash equivalents, receivables, payables, amount due to/from related companies and short-term borrowings

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

36. Comparatives

The presentation and classification of items in the current year financial statements have been consistent with the previous financial year except that certain comparative amounts have been adjusted as a results of changes in accounting policies as disclosed in Note 2(a) and Note 28.

37. Authorisation for issue of financial statements

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 April 2004.

Analysis of Shareholdings

As At 7 May 2004

Authorised Capital	:	RM100,000,000.00
Issued and Paid-up Capital	:	RM 48,045,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One Vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	No. of Shares Held	%
Less than 100	132	1,775	0.01
100 to 1,000	954	723,341	1.50
1,001 to 10,000	1,369	4,670,187	9.72
10,001 to 100,000	154	4,063,001	8.46
100,001 to 2,402,249 (*)	34	18,554,970	38.62
2,402,250 and above (**)	5	20,031,726	41.69
TOTAL	2,648	48,045,000	100.00

Remarks: * - Less than 5% of issued shares

** - 5% and above of issued shares

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004

No.	Name of Substantial Shareholders	No. of Shares	%
1.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Pristine Corporation Sdn. Bhd.</i>	6,115,482	12.73
2.	RC Nominees (Tempatan) Sdn. Bhd. <i>Lau Ban Tin (SBB DBGPS)</i>	4,069,650	8.47
3.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Weng (Dealer 088-Margin)</i>	4,047,094	8.42
4.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Teng Dark Kwong (Dealer 088-Margin)</i>	3,087,500	6.43
5.	Lau Ban Tin	2,712,000	5.64
6.	Employees Provident Fund Board	2,000,000	4.16
7.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Har Mei Yee (D)</i>	1,686,400	3.51
8.	HDM Nominees (Tempatan) Sdn. Bhd. <i>EON Finance Berhad for Pristine Corporation Sdn. Bhd.</i>	1,470,254	3.06

Analysis of Shareholdings (Cont'd)

As At 7 May 2004

**THIRTY (30) LARGEST SHAREHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004** (Cont'd)

9.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Firmbind Sdn. Bhd.</i>	1,270,463	2.64
10.	Mayban Nominees (Tempatan) Sdn. Bhd. <i>Mayban Investment Management Sdn. Bhd. for Kumpulan Wang Simpanan Pekerja (N4011980810)</i>	1,125,000	2.34
11.	HDM Nominees (Tempatan) Sdn. Bhd. <i>EON Finance Berhad for Ratus Alam Sdn. Bhd.</i>	1,093,826	2.28
12.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mazlani Bin Nawawi</i>	869,987	1.81
13.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azurah Binti Hasan</i>	749,635	1.56
14.	SJ SEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ch'ng Ping Lan</i>	746,209	1.55
15.	Perbadanan Nasional Berhad	605,000	1.26
16.	Perbadanan Nasional Berhad	582,000	1.21
17.	Hong Leong Finance Berhad <i>Pledged Securities Account for Yong Siew Kat</i>	528,400	1.10
18.	Affin Nominees (Asing) Sdn. Bhd. <i>Pledged Securities Account for David John Mars</i>	481,000	1.00
19.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar (D)</i>	465,750	0.97
20.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Zainuddin Bin Yakkop</i>	369,606	0.77
21.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Osman Bin Mohd Awal (D)</i>	368,800	0.77
22.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Wong Kim Jiok (D72)</i>	354,300	0.74
23.	OSK Nominees (Tempatan) Sdn. Berhad <i>OSK Capital Sdn. Bhd. for Lee Sheng Fung</i>	350,000	0.73
24.	Mohd Fauzi B Hj Abd Hamid	350,000	0.73
25.	Perbadanan Nasional Berhad	321,700	0.67

Analysis of Shareholdings (Cont'd)

As At 7 May 2004

THIRTY (30) LARGEST SHAREHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004 (Cont'd)

26. Universal Trustee (Malaysia) Berhad <i>Mayban Balanced Trust Fund</i>	300,000	0.62
27. Affin-ACF Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Noor Azurah Binti Hasan</i>	285,000	0.59
28. CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mohd Norizy Bin Mokhtar (MM1174)</i>	283,100	0.59
29. CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Mazni Binti Azasli (MM1184)</i>	280,000	0.58
30. A.A. Assets Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Devanbu A/L Gnanamuthu</i>	207,000	0.43
Total	37,175,156	77.36

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 7 MAY 2004

No.	Name of Directors	No. of shares in which substantial shareholders have direct interest	%	No. of shares in which substantial shareholders are deemed to have an interest	%
1.	Pristine Corporation Sdn. Bhd.	7,585,736 (i)	15.79	–	–
2.	Y. Bhg Tan Sri Dato' Dr. Lau Ban Tin	6,781,650 (ii)	14.12	7,585,736 (iii)	15.79
3.	Y. H. Dato' Long Ahmad Zainal Bin Mohd Tahir	– –	–	7,585,736 (iii)	15.79
4.	Har Weng	4,178,494 (iv)	7.62	–	–
5.	Teng Dark Kwong	3,087,500 (v)	6.43	–	–

NOTES:

- (i) Indirect holding through OSK Nominees (Tempatan) Sdn. Bhd. OSK Capital Sdn Bhd for Pristine Corporation Sdn. Bhd. (6,115,482 shares) and HDM Nominees (Tempatan) Sdn. Bhd. EON Finance Berhad for Pristine Corporation Sdn Bhd (1,470,254 shares).
- (ii) Direct holding (2,712,000 shares) and indirect holding through RC Nominees (Tempatan) Sdn. Bhd. (4,069,650 shares).
- (iii) Deemed interested by virtue of his substantial shareholding in Pristine Corporation Sdn. Bhd.
- (iv) Indirect holding through Mayban Securities Nominees (Tempatan) Sdn. Bhd. (3,659,094 shares).
- (v) Indirect holding through Mayban Securities Nominees (Tempatan) Sdn. Bhd. (3,087,500 shares).

Analysis of Shareholdings (Cont'd)

As At 7 May 2004

DIRECTORS' INTEREST

As At 7 May 2004

No.	Name of Directors	No. of Shares Direct Interest	%	Deemed Interest	%
1.	Y. Bhg Tan Sri Dato' Dr. Lau Ban Tin	6,781,650	14.12	7,585,736 (i)	15.79
2.	Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	–	–	7,585,736 (i)	15.79
3.	Yong Siew Kat	528,400	2.75	–	–

(i) Deemed interested by virtue of his substantial shareholdings in Pristine Corporation Sdn. Bhd.

No.	Name of Directors	No. Warrants Direct Interest	%	Deemed Interest	%
1.	Y. Bhg Tan Sri Dato' Dr. Lau Ban Tin	4,521,100	23.53	3,034,300 (i)	15.79
2.	Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir	–	–	3,034,300 (i)	15.79

(i) Deemed interested by virtue of his substantial warrant holdings in Pristine Corporation Sdn. Bhd.

Analysis of Warrantholdings

As At 7 May 2004

No. of Warrants Issued	:	19,218,000
Exercise Period	:	05/02/2004 – 04/02/2009
Exercise Rights	:	Each Warrant entitles the registered holder during the Exercise Period to subscribe for one (1) new Share of RM1.00 in the share capital of the Company

DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	No. of Warrants Held	%
Less than 100	106	1,064	0.01
100 to 1,000	809	593,970	3.09
1,001 to 10,000	430	1,496,115	7.78
10,001 to 100,000	58	1,770,400	9.21
100,001 to 960,899 (*)	16	3,827,251	19.91
960,900 and above (**)	5	11,529,200	60.00
TOTAL	1,424	19,218,000	100.00

Remarks: * - Less than 5% of issued warrants

** - 5% and above of issued warrants

THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004

No.	Name of Warrantholders	No. of Warrants	%
1.	Lau Ban Tin	4,521,100	23.53
2.	OSK Nominees (Tempatan) Sdn Berhad <i>OSK Capital Sdn Bhd for Pristine Corporation Sdn. Bhd.</i>	3,034,300	15.79
3.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Teng Dark Kwong (Dealer 088-Margin)</i>	1,659,000	8.63
4.	Mayban Securities Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Har Weng (Dealer 088-Margin)</i>	1,284,000	6.68
5.	PM Nominees (Tempatan) Sdn Bhd <i>Pledged securities account for Har Mei Yee (D)</i>	1,030,800	5.36

Analysis of Warrantholdings (Cont'd)

As At 7 May 2004

**THIRTY (30) LARGEST WARRANTHOLDERS
AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004** (Cont'd)

No.	Name of Warrantholders	No. of Warrants	%
6.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mazlani Bin Nawawi</i>	615,800	3.20
7.	OSK Nominees (Tempatan) Sdn. Bhd. <i>OSK Capital Sdn Bhd for Firmbind Sdn. Bhd.</i>	588,400	3.06
8.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Har Mei Yee (D72)</i>	387,300	2.02
9.	SJ Sec Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Ch'ng Ping Lan</i>	349,939	1.82
10.	HLG Nominee (Tempatan) Sdn. Bhd. <i>Pledged securities account for Noor Azurah Binti Hasan</i>	341,300	1.78
11.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Wong Kim Jiok (D72)</i>	218,500	1.14
12.	Kuala Lumpur City Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Zainuddin Bin Yakkop (D72)</i>	212,700	1.11
13.	Hong Leong Finance Berhad <i>Pledged securities account for Mazni Binti Azasli</i>	200,000	1.04
14.	Mohd Fauzi B Hj Abd Hamid	140,000	0.73
15.	Hong Leong Finance Berhad <i>Pledged securities account for Har Mei Yee</i>	120,900	0.63
16.	Kuintan Binti Sepawi	120,112	0.62
17.	Affin-ACF Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Noor Azurah Binti Hasan</i>	114,000	0.59
18.	Affin-ACF Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Salasiah Binti Saidon</i>	113,300	0.59
19.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mohd Norizy Bin Mokhtar (MM1174)</i>	102,000	0.53
20.	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mazni Binti Azasli (MM1184)</i>	102,000	0.53
21.	Osman Bin Mohd Awal	101,000	0.53

Analysis of Warrantholdings (Cont'd)

As At 7 May 2004

THIRTY (30) LARGEST WARRANTHOLDERS AS PER THE RECORD OF DEPOSITORS AS AT 7 MAY 2004 (Cont'd)

No.	Name of Warrantholders	No. of Warrants	%
22.	Har Mei Yee	99,000	0.52
23.	Mayban Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Noor Azman @ Noor Hizam B Mohd Nurdin (REM 837-Margin)</i>	94,100	0.49
24.	A.A. Assets Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Devanbu A/L Gnanamuthu</i>	92,800	0.48
25.	BBMB Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Bonnie Yong @ Yong Yoon Kong</i>	84,100	0.44
26.	Soo Boon Chin	75,000	0.39
27.	Ching Gek Lee	73,000	0.38
28.	Ng Chooi Yuen	66,600	0.35
29.	PM Nominees (Tempatan) Sdn. Bhd. <i>Pledged securities account for Mohd Norizy Bin Mokhtar (D)</i>	54,600	0.28
30.	Har Mei Yee	50,100	0.26
Total		16,045,751	83.50

List of Properties

As At 31 December 2003

Location	Description	Approximately Age of Building	Land Area (Sq. m)	Area Tenure (Expiring Date)	Net Book Value (RM)	Date of Acquisition
1. Lot 759, Block 4 Miri Concession Land District Piasau Industrial Estate Jalan Kilang, Miri	An Oxygen Plant and Office Building	20 years & 11 years	3,310	2044	197,967.07	1984
2. Lot 1830 Block 4 Miri Concession Land District Piasau Industrial Estate Jalan Kilang, Miri	An Acetylene Plant and Fabrication Works Building	18 years	2,448	2052	194,668.00	1982
3. Lot 2225, Section 66 Kuching Town Land District, Pending Industrial Estate, Kuching	An Office Building and Refilling Plants Oxygen/Nitrogen Plant, Store/Warehouse	9 years & 6 years	12,141	2053	1,157,407.40	1994
4. Lot 35, Block 13 Senggi Poak Land District Paku, Bau	Vacant Land	N/A	5,339	2039	44,858.28	1997
5. Lot 564, Block 16 Seduan Land District Upper Lanang Industrial Estate, Lorong Then Kung Suk 5, Sibul	An Office Building and Refilling Plant	12 years	1,966	2038	252,861.54	1992
6. Lot 977, Block 26 Kemena Land District Kidurong, Light Industrial Estate Kidurong Road, Bintulu	An Oxygen/Nitrogen Plant, Acetylene Plant and Office Building	14 years	7,719	2051	402,063.88	1991
7. Lot 2072, Block 26 Kemena Land District Kidurong Industrial Area Bintulu	Vacant Land	N/A	12,243	60 years	460,591.90	1992
8. Lot 2602, Block 32 Kemena Land District Kemena Industrial Area Bintulu	Vacant Land	N/A	8,139	2056	259,571.78	1991
9. Lot 2395, Block 31 Kemena Land, Bintulu	Company House	15 years	553.3	2049	55,338.45	1990
10. CL205359495 CL205359486 Kg. Durian Tunjong F. T. Labuan	An Office Building and Refilling Plans	5 years	808 1,045	2919	536,121.60	1997

List of Properties (cont'd)

As At 31 December 2003

Location	Description	Approximately Age of Building	Land Area (Sq. m)	Area Tenure (Expiring Date)	Net Book Value (RM)	Date of Acquisition
11. Lot 1950, 1951 Block 5, Kuala Baram Land District Miri	Vacant Land	N/A	1,705.9	2056	201,923.36	2002
12. Lot 3 & 4, Jalan Bakau Off Km 9, Jalan Tuaran Kota Kinabalu	Premix Concrete Site and Ancillary Building Office Building	N/A 6 years	7,620	2027	720,676.00	1986
13. PL 046290082 NT043205778* NT043205787* NT043205796* Kampung Malalin Off Km 31, Jalan Tuaran Kota Kinabalu	10 units Single Sotrey Terrace House cum Workshop	7 years	2,030 4,290 10,562 10,198	2075 Perpetuity Perpetuity Perpetuity	492,217.00	1997 1996 1996 1996
14. NT044012115** NT044012124** NT043131540** FR1265** NT044012633** FR044012044** FR044015161** FR044012697**	Quarry Site Quarry Site Quarry Site Crushing Plant Quarry Site Quarry Site Vacant Quarry Site	N/A	42,729 40,064 19,830 53,419 27,316 29,846 12,141 4,047	Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity Perpetuity	2,402,848.00	1996 1996 1996 1996 1998 1997 1999 2001

Note :

* Lands hold in trust by Mr. Chan Kok Hwa and subleased to Uni-Mix Sdn. Bhd.

** Lands hold in trust by Mr. Chan Kok Hwa and subleased to Hypervictory Sdn. Bhd.

Group Corporate Directory

HEAD OFFICE & FACTORY

B. I. G. Industries Berhad

Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

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

KUCHING BRANCH

Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

MIRI BRANCH

Lot 759, Block 4, Piasau Industrial Estate
P.O. Box 1297, 98008 Miri, Sarawak
Tel : 085-653995
Fax : 085-654841

LABUAN BRANCH

Lot 112-3, Court Light Industrial Park
Jalan Pohon Batu
P.O. Box 81566, 87025 F T Labuan
Tel : 087-465818
Tel : 087-465597

SIBU BRANCH

19, Lorong Then Kung Suk 5
Lot 564, Block 16
Upper Lanung Road
C.D.T. 36, 96008 Sibu
Tel : 084-213059
Fax : 084-214953

BINTULU BRANCH

Lot 977, Block 26, Tanjung Kidurong
P.O. Box 1106, 97008 Bintulu, Sarawak
Tel : 086-252430
Fax : 086-252558

B. I. G. MARKETING SDN. BHD.

Lot 2225, Section 66, Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

ALPHA BILLION SDN. BHD.

Lot 2225, Section 66
Jalan Dermaga
Pending Industrial Estate
93450 Kuching, Sarawak
Tel : 082-486321
Fax : 082-336933

LUMANAI SDN. BHD.

Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

KINALAJU SUPPLY SDN. BHD.

Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

HYPERVICTORY SDN. BHD.

Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

UNI-MIX SDN. BHD.

Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430

FACTORY

5 $\frac{1}{2}$ Miles, Jalan Tuaran
Likas Industrial Estate, Inanam
Kota Kinabalu, Sabah
Tel : 088-420543
Fax : 088-429330

B. I. G. COMMUNICATIONS SDN. BHD.

Lot 21, 23, 25, 27, 2nd Floor
Likas Plaza, Jalan Tuaran, Likas
88400 Kota Kinabalu, Sabah
Tel : 088-437422
Fax : 088-437430



No. of shares held

I/We.....
(FULL NAME IN BLOCK LETTERS)

of.....
(FULL ADDRESS)

being a member of **B.I.G. INDUSTRIES BERHAD (195285-D)**, hereby appoint,
.....
(FULL NAME IN BLOCK LETTERS)

of.....
(FULL ADDRESS)

or failing him/her, the Chairperson of the meeting as my/our proxy to attend and vote for me/us on my/our behalf at the Fourteenth Annual General Meeting of the Company to be held at The Sarawak Club, Jalan Taman Budaya, 93000 Kuching, Sarawak on Tuesday, 15 June 2004 at 11.00 a.m.

My/our proxy is to vote as indicated below:-

No.	Ordinary Resolutions	For	Against
1.	Adoption of Reports and Financial Statements		
2.	Declaration of a final tax exempt dividend		
3.	Approval of Directors' Fees		
4.	Re-election of Y. Bhg. Tan Sri Dato' Dr. Lau Ban Tin pursuant to Article 106		
5.	Re-election of Y. H. Dato' Long Ahmad Zainal Abidin Bin Mohd Tahir pursuant to Article 106		
6.	Re-election of Encik Khairil Annas Bin Jusoh pursuant to Article 106		
7.	Re-appointment of Auditors and authorising Directors to fix their remuneration		
8.	Authority to issue shares pursuant to Section 132D of the Companies Act 1965		

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

Dated thisday of2004.

.....
Signature of Member/Common Seal

Notes:

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

Please fold along this line (1)

Postage
Stamp

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

Please fold along this line (2)