

BINA PURI HOLDINGS BHD

(Company No. 207184-X)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED BALANCE SHEET – 30 JUNE 2003

	As at financial period ended 30 June 2003	As at preceding financial year ended 31 Dec 2002
	RM'000 (Unaudited)	RM'000 (Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	94,724	97,936
Investment in associated companies	1,698	1,411
Other investments	1,644	1,786
Land held for development	11,009	11,009
Expressway development expenditure	10,423	9,838
	<u>119,498</u>	<u>121,980</u>
CURRENT ASSETS		
Land under development	5,412	5,465
Gross amount due from customers	36,418	42,721
Inventories	3,776	4,056
Trade and other receivables	156,449	146,402
Current tax asset	3,299	3,302
Deposits	25,080	28,745
Cash and bank balances	17,198	32,194
	<u>247,632</u>	<u>262,885</u>
CURRENT LIABILITIES		
Gross amount due to customers	17,454	17,794
Contract income received in advance	8,521	13,144
Trade and other payables	122,330	110,748
Hire purchase and finance lease liabilities	4,788	4,650
Current tax liability	6,464	4,384
Bank borrowings	163,445	190,615
	<u>323,002</u>	<u>341,335</u>
NET CURRENT LIABILITIES	<u>(75,370)</u>	<u>(78,450)</u>
	<u>44,128</u>	<u>43,530</u>
SHARE CAPITAL	40,000	40,000
RESERVES		
Share premium	4,209	4,209
Capital reserve (non-distributable)	15,932	15,932
Merger reserve (non-distributable)	40	40
Accumulated loss	(42,424)	(45,012)
	<u>(22,243)</u>	<u>(24,831)</u>
	17,757	15,169
MINORITY INTERESTS	12,067	12,429
LONG TERM BANK BORROWINGS	330	965
HIRE PURCHASE AND FINANCE LEASE LIABILITIES	4,071	4,849
DEFERRED TAX LIABILITY	3,119	3,339
DEFERRED CONTRACT REVENUE	6,027	6,027
RETIREMENT BENEFITS	757	752
	<u>44,128</u>	<u>43,530</u>
Net tangible assets per share (RM)	0.4439	0.3792

(The condensed consolidated balance sheet should be read in conjunction with the annual financial report for year ended 31 Dec 2002)

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**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR PERIOD ENDED 30 JUNE 2003**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 June 2003 RM'000	30 June 2002 RM'000	30 June 2003 RM'000	30 June 2002 RM'000
Revenue	118,627	126,783	206,053	212,974
Cost of sales	(105,714)	(109,515)	(181,713)	(182,717)
Gross profit	12,913	17,268	24,340	30,257
Other operating income	1,108	1,231	2,577	2,116
Administrative and general expenses	(8,479)	(12,215)	(16,325)	(22,240)
Profit from operations	5,542	6,284	10,592	10,133
Share of profits less losses of associated companies	35	(13)	96	58
Investment income	232	93	333	143
Finance costs	(2,580)	(3,177)	(5,069)	(5,587)
Profit before tax	3,229	3,187	5,952	4,747
Taxation	(2,067)	(1,028)	(3,726)	(1,685)
Profit after tax	1,162	2,159	2,226	3,062
Minority interests	32	141	362	698
Net profit for the period	1,194	2,300	2,588	3,760
EPS – Basic (sen)	2.99	5.75	6.47	9.40
EPS – Diluted (sen)	N/A	N/A	N/A	N/A

(The condensed consolidated income statements should be read in conjunction with the annual financial report for year ended 31 Dec 2002)

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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2003**

	Share Capital	Share Premium	Merger Reserve	Capital Reserve	Accumulated Loss	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 st January 2002	40,000	4,209	40	15,932	(51,412)	8,769
Movements during the year					6,400	6,400
Balance at 31 st December 2002	40,000	4,209	40	15,932	(45,012)	15,169
Movements during the period					2,588	2,588
Balance at 30 th June 2003	40,000	4,209	40	15,932	(42,424)	17,757

(The condensed consolidated statements of changes in equity should be read in conjunction with the annual financial report for year ended 31 Dec 2002)

BINA PURI HOLDINGS BHD

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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD ENDED 30 JUNE 2003**

CASH FLOWS FROM OPERATING ACTIVITIES	RM'000
Net profit before tax	5,952
<i>Adjustments for:</i>	
Non-cash items	4,217
Non-operating items	4,735
Operating profit before changes in working capital	<u>14,904</u>
Changes in gross amount due from / to customers	9,366
Changes in inventories	279
Changes in receivables	(9,632)
Changes in payables	6,417
Cash flows from operating activities	<u>21,334</u>
Retirement benefits paid	(27)
Tax paid	(1,854)
Net cash flows from operating activities	<u>19,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Equity investments	(468)
Other investments	2,619
	<u>2,151</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Bank borrowings	(32,862)
Interest paid	(6,619)
Repayments of hire purchase and finance lease liabilities	(2,440)
	<u>(41,921)</u>
NET CHANGES IN CASH AND CASH EQUIVALENTS	<u>(20,317)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	<u>14,973</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>5,344</u>

Notes:

1. The condensed consolidated cash flow statements should be read in conjunction with the annual financial report for year ended 31 Dec 02
2. No comparatives are shown, as the condensed consolidated cash flow statement was not presented in the preceding year corresponding quarter

Bina Puri Holdings Bhd

(Company No. 207184-X)

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A : Notes to interim financial reports

A1. Accounting policies

This consolidated interim financial statements are prepared in accordance with MASB 26: “Interim Financial Reporting” and Kuala Lumpur Stock Exchange Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2002.

The financial statements of the Group have been prepared using the same accounting policies, method of computation and basis of consolidation as those used in the preparation of the most recent annual financial statements.

A2. Audit qualification

The financial statements of the Group for the year ended 31 December 2002 were not subject to any audit qualification.

A3. Seasonal or cyclical factors

The business operations of the Group are not significantly affected by seasonal or cyclical factors.

A4. Exceptional items

There were no exceptional items for the financial period under review.

A5. Changes in estimates

There were no material changes in estimates of the amounts reported in prior interim period of the current financial year or in prior financial years.

A6. Issuances and repayments of debt and equity securities

There were no issuance and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial period ended 30 June 2003.

A7. Dividend paid

An interim dividend of 3% less tax at 28% amounting to RM864,000 in respect of the financial year ending 31 Dec 2003 has been declared and paid on 18 July 2003.

A8. SEGMENTAL ANALYSIS

(a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

- (i) Construction - contractor of earthworks, building and road construction
- (ii) Property development - property developer
- (iii) Polyol manufacturing - manufacturer of polyol
- (iv) Glassware manufacturing - ceased operations
- (v) Quarry and ready mix concrete - quarry operator and producer of ready mix concrete

30 June 2003	Construction	Property development	Polyol manufacturing	Glassware manufacturing	Quarry and ready mix concrete	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External sales	176,022	723	2,340	-	26,968	-	206,053
Inter-segment sales	-	-	-	-	19,002	(19,002)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	176,022	723	2,340	-	45,970	(19,002)	206,053
	=====	=====	=====	=====	=====	=====	=====
RESULTS							
Segment operating profit/(loss)	12,257	28	(511)	(963)	(440)	221	10,592
Investment income							333
Finance costs							(5,069)
Share of associated companies' profits							
less losses	16				80		96

Profit before taxation							5,952
							=====

30 June 2002	Construction	Property development	Polyol manufacturing	Glassware manufacturing	Quarry and ready mix concrete	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE							
External sales	185,735	273	1,691	-	25,275	-	212,974
Inter-segment sales	1,007	-	-	-	759	(1,766)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	186,742	273	1,691	-	26,034	(1,766)	212,974
	=====	=====	=====	=====	=====	=====	=====
RESULTS							
Segment operating profit/(loss)	12,329	(7)	(596)	(843)	(1,227)	477	10,133
Investment income							143
Finance costs							(5,587)
Share of associated companies' profits less losses	39				19		58

Profit before taxation							4,747
							=====

(b) Secondary reporting – geographical segment

The Company operates mainly in Malaysia.

A9. Valuations of property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The valuations of property, plant and equipment have been brought forward without any amendments from the previous annual financial statements.

A10. Events subsequent to the end of the period

In the opinion of the directors, there has not arisen in the interval between 1st July 2003 and the date of the announcement any item, transaction or event of a material and unusual nature likely to affect substantially the result of the Group.

A11. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial period under review, except for purchase of 40% equity in Rock Processors (Melaka) Sdn Bhd by Sungai Long Industries Sdn Bhd.

A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 Dec 2002 were as follows:

	31 Dec 02	Changes	22 August 03
	RM'000	RM'000	RM'000
Guarantees given on behalf of associated company's performance bonds	3,346	-	3,346
Guarantees given on hire purchase credit facility of associated companies		3,410	3,410
Guarantees given for employees' housing loans	500	-	500
Guarantees given in favour of supplier of goods for credit terms granted to associated company	500	(500)	-
	----- 4,346 =====	----- 2,910 =====	----- 7,256 =====

B : Additional notes to KLSE listing requirements**B1. Review of performance of the company and its principal subsidiaries**

During the period ended 30 June 2003, the construction division achieved a revenue of RM176.022 million and profit before tax of RM8.722 million as compared to the previous corresponding period of RM186.742 million and RM9.201 million respectively. This was primarily due to the delay in start-up of certain projects.

The quarry and ready mix concrete division recorded a revenue of RM45.97 million and a loss before tax of RM0.831 million as compared to the previous corresponding period of RM26.034 million and RM1.782 million respectively. The performance of the division was affected by the increase in raw material price, i.e. bitumen and diesel.

The polyol division recorded a revenue of RM2.340 million and incurred a loss of RM0.534 million for the period ended 30 June 2003. The increase in raw material price, i.e. MDI and the intense competition from the multinational and local competitors had adversely affected the performance of this division.

B2. Material changes in the quarterly results as compared with the immediate preceding quarter

For the 2nd quarter under review, the Group recorded a revenue of RM118.627 million as compared to the preceding quarter of RM87.426 million, an increase of 35.7%.

The Group recorded a profit before tax of RM3.229 million for the 2nd quarter ended 30 June 2003 as compared to the preceding quarter of RM2.723 million, an increase of 18.6%.

This was primarily because of lower billings due to festive seasons in the beginning of the year.

B3. Prospects for the current financial year

The prospect of Malaysia's future growth is optimistic despite a slower global economic recovery. Economic growth was strengthened by an overall positive export performance, which paves a positive path for the Group.

The Group will continue to concentrate on and enhance its main core businesses. Despite the tough challenges within the highly competitive industry, the Group still have substantial amount of book order which are expected to provide a steady stream of revenue for the Group over the next few years. The Group will continue to carry out critical review of its various core businesses to improve operational efficiencies especially in the areas of credit, cost control and cash flow management.

B4. Profit forecast or profit guarantee**(a) Variance of actual profit from forecast profit**

Not applicable

(b) Shortfall in the profit guarantee

Not applicable

B5. Taxation

	Current Year Quarter 30 June 2003 RM'000	Current Year To Date 30 June 2003 RM'000
Malaysian taxation based on the results for the period		
- Current	2,319	3,938
- Deferred	(260)	(220)
	-----	-----
	2,059	3,718
Group's share of taxation of associated companies	8	8
	-----	-----
	2,067	3,726
	=====	=====

The Group's effective taxation rate for the period was high compared to the statutory rate mainly because of the inavailability of group relief for losses incurred by certain subsidiaries and certain expenses had been disallowed in arriving at the chargeable income.

B6. Profit on sale of unquoted investments and / or properties

There were no sales of unquoted investments and properties except for the disposal of unquoted shares which provided sale proceeds of RM550,000, and was equivalent to the cost and carrying amount of the unquoted investments. This resulted in no profit or loss recognised on the disposal.

B7. Quoted securities

(a) Total purchases and disposals of quoted securities for the period under review were as follows:-

	Current Year Quarter 30 June 2003 RM'000	Current Year To Date 30 June 2003 RM'000
Purchase consideration	306,000	306,000
Sale proceeds	-	-
Profit or loss on disposal	-	-

(b) Total investments in quoted securities as at 30 June 2003 were as follows:

	As at 30 June 2003 RM'000
(i) At cost	369.2
(ii) At carrying value / book value	369.2
(iii) At market value	294.3

B8. Status of corporate proposals

Corporate proposals announced on 29 August 2002 but not yet completed are as follows:

- a. Renounceable rights issue of 40,000,000 new ordinary shares of RM1.00 each (“Share”) (“Rights Shares”) at an issue price of RM1.00 per Rights Share on the basis one (1) Rights Share of every one (1) existing Share held in Bina Puri as at 25 August 2003 (“Rights Share”); and
- b. Employees’ share option scheme of up to ten percent (10%) of the issued and paid-up share capital of the Company (“ESOS”).

Collectively known as the Proposals.

The proposals are not inter-conditional upon each other.

The Proposals have been approved by the Securities Commission (“SC”) vide its letter dated 28 January 2003. The SC had also approved an application for an extension of time to implement the Proposals until 27 January 2004 vide its letter dated 29 July 2003.

The proposals were also approved by the shareholders of the Company vide its Extraordinary General Meeting held on 30 June 2003.

Approval-in-principle was obtained from KLSE on 31 July 2003 for permission to deal in and for quotation of the new Shares arising from the Rights Issue.

The abridged prospectus will be despatched on 29 August 2003.

B9. Group borrowings and debt securities

The group borrowings as at 30 June 2003 are as follows:

	Total outstanding RM’000	Repayable within next 12 months RM’000	Repayable after next 12 months RM’000
(a) Long term loan			
- Secured	9,489	9,159	330
- Unsecured	-	-	-
	-----	-----	-----
Total	9,489	9,159	330
	-----	-----	-----
(b) Short term loan			
- Secured	39,735	39,735	-
- Unsecured	114,551	114,551	-
	-----	-----	-----
Total	154,286	154,286	-
	-----	-----	-----
(c) Total borrowings	163,775	163,445	330
	=====	=====	=====

All of the above borrowings are denominated in Ringgit Malaysia.

B10. Off balance sheet financial instruments

There were no material financial instruments with off balance sheet risk during the current financial period ended 30 June 2003.

B11. Changes in material litigation

The Group is involved in the following litigations:

- (1) A writ action was filed against the Company in the Shah Alam High Court by Kimpoint Sdn Bhd (“Kimpoint”) for a sum of RM8,773,437.50 purportedly owed under a contract. The Company has in turn filed a counter claim against Kimpoint for the return of a sum of RM1,226,562.50. Kimpoint has filed an appeal to the Judge in Chambers against the refusal of the Registrar to order summary judgement in favour of Kimpoint. This suit is scheduled to resume hearing of the aforementioned appeal. At this juncture the Company’s solicitors are unable to provide an opinion as to the outcome of this suit with certainty. There is no change in the status of this case other than Kimpoint’s application for summary judgment has been adjourned to a date to be notified by court.
- (2) On 10 July 2002, a subsidiary company, namely, Bina Puri Construction Sdn Bhd (“BPCSB”) filed its defence against a suit initiated by Sribuan Jaya Sdn Bhd (“Sribuan”) in the High Court for workdone in respect of the construction of a school building. Sribuan’s suit is based on fraud, misrepresentation and breach of duty of care or undertaking to pay Sribuan and claims from BPCSB inter alia the sum of RM775,961.17 and general damages to be assessed by the Court. On 13 February 2003, Sribuan obtained the order for summons for directions and the suit in pending trial. The directors are advised that BPCSB has a fairly good chance of defending this suit.
- (3) On 27 October 2000, an originating summons was filed in the Kuala Lumpur High Court by a subsidiary company, namely, Bina Puri Sdn Bhd (“BPSB”) against EP Engineering Sdn Bhd (“EP”) and Kris Heavy Engineering & Construction Sdn Bhd (“Kris Heavy”) seeking an injunction/declaration that BPSB is not a party to arbitration proceedings commenced by EP against BPSB and Kris Heavy. In the arbitration proceedings, which have been stayed pending the disposal of the hearing of the originating summons which is fixed for continued hearing, EP claimed for RM17,002,760, general damages, interest and cost against BPSB and Kris Heavy. The matter is now fixed for decision on 28 October 2003. The directors are advised that BPSB has an even chance of success.
- (4) On 26 February 1999, a subsidiary company, namely BPSB, together with a third party, namely, DPBS Holdings Sdn Bhd (collectively "the Plaintiffs") filed a writ of summons in the High Court against KKIP Sdn Bhd (“KKIP”) for the payment of a sum of RM514,407.02 under a progress claim for work done. The Plaintiffs, meanwhile, stopped work due to non-payment. KKIP has in turn counter-claimed against the Plaintiffs for wrongful termination and loss and damages for defective work of an unspecified sum. This suit is currently fixed for hearing of summons for directions. The order for summons for direction was obtained on 7 October 2002. Currently parties are in the process of exchanging documents and are awaiting a trial date to be fixed by the court. The directors are advised that the Plaintiffs have a fair chance of success in the suit.
- (5) EP had on 8 August 1998 issued a Notice of Arbitrate to BPSB claiming the sum of RM4,439,036.48 or such amount as may be found due by the Arbitrator, general damages, interest and costs in relation to the carrying out of Domestic Water Supply and External Fire Water works for the Kuala Lumpur International Airport Project (“the Works”). BPSB has counterclaimed against EP for the sum of RM912,093.40, general damages, interest and costs for failure to complete the Works.

The Arbitrator has issued an Interim Award on the issue of liability for the claim and counterclaim. He has dismissed the counterclaim and requested further clarification on the issue. The parties are now in the process of exchanging written submission on the issue.

At this juncture, the amount of the ultimate liability under the interim award is not ascertainable, but the directors are of the view that it should not exceed the amount already recognised in the financial statements.

Save for the above, there was no material litigation that might adversely and materially affect the position of the Group.

B12. Dividend

For the financial year ending 31 Dec 2003, an interim dividend of 3% less tax at 28% amounting to RM864,000 has been declared and paid on 18 July 2003 (2002 : nil).

B13. Earnings per share

1. Basic earnings per share
The earnings per share is calculated by dividing the Group profit for the period of RM2.588 million by the 40,000,000 ordinary share in issue during the financial period ended 30 June 2003.
2. Diluted earnings per share
Not applicable.

By Order of the Board

Toh Gaik Bee
Group Company Secretary

29 August 2003