

# BINA PURI HOLDINGS BHD

(Company No. 207184-X)  
(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED BALANCE SHEET – 31 DECEMBER 2003

	As at financial period ended 31 Dec 2003	As at preceding financial year ended 31 Dec 2002
	RM'000 (Unaudited)	RM'000 (Audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	89,874	97,936
Investment in associated companies	1,820	1,411
Other investments	1,891	1,786
Land held for development	11,019	11,009
Expressway development expenditure	10,982	9,838
	115,586	121,980
<b>CURRENT ASSETS</b>		
Land under development	-	5,465
Gross amount due from customers	38,286	42,721
Inventories	7,727	4,056
Trade and other receivables	124,237	146,402
Current tax asset	2,900	3,302
Deposits	25,754	28,745
Cash and bank balances	44,580	32,194
	243,484	262,885
<b>CURRENT LIABILITIES</b>		
Gross amount due to customers	23,508	17,794
Contract income received in advance	3,919	13,144
Trade and other payables	127,588	110,748
Hire purchase and finance lease liabilities	4,126	4,650
Current tax liability	6,767	4,384
Bank borrowings	111,705	190,615
	277,613	341,335
<b>NET CURRENT LIABILITIES</b>	(34,129)	(78,450)
	81,457	43,530
<b>SHARE CAPITAL</b>	80,000	40,000
<b>RESERVES</b>		
Share premium	3,288	4,209
Capital reserve (non-distributable)	15,932	15,932
Merger reserve (non-distributable)	40	40
Accumulated loss	(41,900)	(45,012)
	(22,640)	(24,831)
	57,360	15,169
<b>MINORITY INTERESTS</b>	12,579	12,429
<b>LONG TERM BANK BORROWINGS</b>	-	965
<b>HIRE PURCHASE AND FINANCE LEASE LIABILITIES</b>	2,220	4,849
<b>DEFERRED TAX LIABILITY</b>	2,564	3,339
<b>DEFERRED CONTRACT REVENUE</b>	6,027	6,027
<b>RETIREMENT BENEFITS</b>	707	752
	81,457	43,530
<b>Net tangible assets per share (RM)</b>	0.7170	0.3792

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

**BINA PURI HOLDINGS BHD**

(Company No. 207184-X)  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR YEAR ENDED 31 DECEMBER 2003**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31 Dec 2003 RM'000	31 Dec 2002 RM'000	31 Dec 2003 RM'000	31 Dec 2002 RM'000
Revenue	115,888	120,555	437,377	458,450
Cost of sales	(102,325)	(101,328)	(386,599)	(393,673)
Gross profit	13,563	19,227	50,778	64,777
Other operating income	739	2,350	4,241	5,402
Administrative and general expenses	(10,914)	(15,094)	(37,014)	(48,859)
Profit from operations	3,388	6,483	18,005	21,320
Share of profits less losses of associated companies	106	(126)	504	299
Investment income	282	98	758	757
Finance costs	(1,657)	(2,980)	(9,013)	(10,854)
Profit before tax	2,119	3,475	10,254	11,522
Taxation	(481)	(3,369)	(6,129)	(5,829)
Profit after tax	1,638	106	4,125	5,693
Minority interests	(489)	165	(149)	707
Net profit for the period	1,149	271	3,976	6,400
EPS – Basic (sen)	1.44	0.68	7.38	16.00
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)

**BINA PURI HOLDINGS BHD**

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	Share Capital RM'000	Share Premium RM'000	Non-distributable Merger Reserve RM'000	Capital Reserve RM'000	Accumulated Loss RM'000	Total RM'000
Balance at 1 <sup>st</sup> Jan 2002	40,000	4,209	40	15,932	(51,412)	8,769
Net profit for the year					6,400	6,400
Balance at 31 <sup>st</sup> Dec 2002	40,000	4,209	40	15,932	(45,012)	15,169
Issuance of shares	40,000					40,000
Payment of rights issue expenses		(921)				(921)
Net profit for the year					3,976	3,976
Dividend paid					(864)	(864)
Balance at 31 Dec 2003	80,000	3,288	40	15,932	(41,900)	57,360

(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**

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2003**

	31 Dec 2003 RM'000	31 Dec 2002 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	10,254	11,522
<i>Adjustments for:</i>		
Non-cash items	10,076	25,920
Non-operating items	7,809	10,095
Operating profit before changes in working capital	28,139	47,537
Changes in gross amount due from / to customers	21,438	9,618
Changes in inventories	(3,671)	(479)
Changes in receivables	20,793	47,907
Changes in payables	6,862	(30,331)
Cash flows from operating activities	73,561	74,252
Development expenditure	(977)	(80)
Retirement benefits paid	(93)	(59)
Tax paid	(4,071)	(4,757)
Net cash flows from operating activities	68,420	69,356
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equity investments	(381)	(342)
Other investments	2,694	(6,676)
	2,313	(7,018)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(73,876)	(31)
Interest paid	(11,522)	(15,679)
Issuance of shares	40,000	-
Payment of rights issue expenses	(921)	-
Dividend paid	(864)	-
Repayments of hire purchase and finance lease liabilities	(5,164)	(4,106)
Advances from associated companies	-	48
	(52,347)	(19,768)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	18,386	42,570
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	14,973	(27,597)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	33,359	14,973

(The condensed consolidated cash flow statements should be read in conjunction with the annual financial report for year ended 31 Dec 02)

## **Bina Puri Holdings Bhd**

(Company No. 207184-X)

(Incorporated in Malaysia)

### **A : Notes to interim financial reports**

#### **A1. Accounting policies**

These consolidated interim financial statements are prepared in accordance with MASB 26: "Interim Financial Reporting" and Malaysia Securities Exchange Berhad 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 year under review.

#### **A5. Changes in estimates**

There was 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**

During the financial year, the Company increased its issued and paid-up share capital from RM40 million to RM80 million by way of issuance of 40 million ordinary shares of RM1 each at an issue price of RM1 per share.

There were no issuance and repayment of debts, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year ended 31 December 2003.

#### **A7. Dividend paid**

An interim dividend of 3% less tax at 28% amounting to RM864,000 in respect of the financial year ended 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

<b>31 December 2003</b>	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
<b>REVENUE</b>							
External sales	361,656	2,582	5,129	-	68,010	-	437,377
Inter-segment sales	-	-	-	-	25,117	(25,117)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	361,656	2,582	5,129	-	93,127	(25,117)	437,377
	=====	=====	=====	=====	=====	=====	=====
<b>RESULTS</b>							
Segment operating profit/(loss)	19,659	108	(918)	(2,172)	674	654	18,005
Investment income							758
Finance costs							(9,013)
Share of associated companies' profits							
less losses	14				490		504
							-----
Profit before taxation							10,254
							=====

<b>31 December 2002</b>	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
<b>REVENUE</b>							
External sales	405,574	551	3,895	-	48,430	-	458,450
Inter-segment sales	-	-	-	-	11,507	(11,507)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	405,574	551	3,895	-	59,937	(11,507)	458,450
	=====	=====	=====	=====	=====	=====	=====
<b>RESULTS</b>							
Segment operating profit/(loss)	28,320	(3,581)	(1,136)	(1,880)	(691)	288	21,320
Investment income							757
Finance costs							(10,854)
Share of associated companies' profits less losses	71				228		299
							-----
Profit before taxation							11,522
							=====

(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 1<sup>st</sup> January 2004 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**

During the financial year under review:-

- ? The Group acquired 300,000 ordinary shares of RM1.00 each representing 40% equity participation in Rock Processors (Melaka) Sdn Bhd by Sungai Long Industries Sdn Bhd.
- ? The Group has increased its equity participation in Sungai Long Plaster Industries Sdn Bhd from 90% to 100%.

**A12. Changes in contingent liabilities or contingent assets**

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

	<b>31 Dec 02</b> <b>RM'000</b>	<b>Changes</b> <b>RM'000</b>	<b>18 Feb 04</b> <b>RM'000</b>
Guarantees given on behalf of associated company's performance bonds	3,346	-	3,346
Guarantees given to secure hire purchase credit facility of associated companies	-	807	807
Hire purchase facilities utilized by associated companies	-	727	727
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 =====	----- 1,034 =====	----- 5,380 =====

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

During the year ended 31 December 2003, the Group achieved a revenue of RM437.377 million and profit before tax of RM10.254 million as compared to the previous corresponding year of RM458.450 million and RM11.522 million respectively.

The construction division achieved a revenue of RM339.961 million and profit before tax of RM13.308 million as compared to the previous corresponding year of RM395.314 million and RM16.779 million respectively. Delay in start-up of various government and private sector projects have resulted in a shortfall in revenue and lower profit for the financial year under review.

The quarry and ready mix concrete division recorded a revenue of RM89.706 million and profit before tax of RM0.753 million as compared to the previous corresponding year of RM58.690 million and loss before tax of RM1.353 million respectively. The improved performance for this division was mainly due to profit contribution from Sungai Long Bricks Sdn Bhd and the associated company namely, SLM Gabungan Sdn Bhd of RM0.4 million and RM0.528 million respectively. In addition, the reactivation of the quarry operation of KM Quarry Sdn Bhd also contributed to the better performance of this division.



The polyol division recorded a revenue of RM5.129 million and incurred a loss of RM0.960 million for the year ended 31 December 2003 as compared to the previous corresponding year of RM3.895 million and RM1.167 million respectively. 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 4<sup>th</sup> quarter under review, the Group recorded a revenue of RM115.888 million as compared to the preceding quarter of RM115.436 million, a marginal increase of 0.39%.

The Group recorded a profit before tax of RM2.119 million for the 4<sup>th</sup> quarter ended 31 December 2003 as compared to the preceding quarter of RM2.183 million, a marginal decrease of 2.93%.

This was primarily due to finalization of variation order of certain projects.

**B3. Prospects for the current financial year**

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 31 Dec 2003 RM'000	Current Year To Date 31 Dec 2003 RM'000
Malaysian taxation based on the results for the period		
- Current	1,072	6,702
- Deferred	(776)	(821)
	-----	-----
	296	5,881
Underprovision in prior years	102	102
	-----	-----
	398	5,983
	-----	-----
Group's share of taxation of associated companies	83	146
	-----	-----
	481	6,129
	=====	=====

The Group's effective taxation rate for the year 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 31 Dec 2003 RM'000	Current Year To Date 31 Dec 2003 RM'000
Total purchases	-	306
Sale proceeds	-	215
Profit on disposal	-	62

(b) Total investments in quoted securities as at 31 Dec 2003 were as follows:

	As at 31 Dec 2003 RM'000
(i) At cost	216.2
(ii) At carrying value / book value	216.2
(iii) At market value	279.5

**B8. Status of corporate proposals**

(i) The Company has completed its 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"). The Rights Shares have been listed on the Malaysia Securities Exchange Berhad on 20 October 2003.

The employees' share option scheme ("ESOS") was approved by the Securities Commission on 28 January 2003 and the shareholders vide its Extraordinary General Meeting held on 30 June 2003. The ESOS shall commence for a duration of five years with effect from 1 December 2003 to 30 November 2008. On 8 January 2004, options for 7,942,100 new ordinary shares were granted at a price of RM1 pursuant to the ESOS for employees of the Group who meet the criteria of eligibility for participation in the ESOS.

The Rights Issue and ESOS are not inter-conditional upon each other.

(ii) The utilization of proceeds from rights issue as at 18 Feb 2004 are as follows:

	Proposed RM'000	Utilized RM'000
Repayment of bank borrowings	31,200	31,200
Working capital	7,800	7,800
Payment of rights issue expenses	1,000	921
	-----	-----
	40,000	39,921
	-----	-----

**B9. Group borrowings and debt securities**

The group borrowings as at 31 December 2003 are as follows:

	<b>Total outstanding</b>	<b>Repayable within next 12 months</b>	<b>Repayable after next 12 months</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>(a) Long term loan</b>			
- Secured	8,784	8,784	-
- Unsecured	-	-	-
	-----	-----	-----
Total	8,784	8,784	-
	-----	-----	-----
<b>Short term loan</b>			
<b>(b)</b>			
- Secured	30,682	30,682	-
- Unsecured	72,239	72,239	-
	-----	-----	-----
Total	102,921	102,921	-
	-----	-----	-----
<b>(c) Total borrowings</b>	111,705	111,705	-
	=====	=====	=====

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 year ended 31 December 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. Kimpoint's appeal to the judge in chambers on its summary judgement was part heard on 21 November 2002 and the continued hearing date is yet to be fixed by the 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 work done in respect of the construction of a school building. Sribuan's suit based on fraud, misrepresentation and breach of duty of care or undertaking to pay Sribuan. Their claim is for 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 is currently 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. On 9 December 2003, the court dismiss BPSB's application for the declaration with cost and BPSB's solicitor filed a notice of appeal to the court of appeal. In the meantime, the arbitration proceeding for which EP claimed for RM17,002,760, general damages, interest and cost against BPSB and Kris Heavy has been fixed on 20 February, 2004. 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 Arbitration 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 counter claimed 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. Pursuant to exchange of submission, further dispute arises and the arbitrator directed the parties to make further submission to resolve the disputed matters arising out of the submissions made on 20<sup>th</sup> June 2003 and 4<sup>th</sup> August, 2003. On 17<sup>th</sup> November, 2003, upon request of both parties the Arbitrator agreed to suspend the proceedings until 10<sup>th</sup> December, 2003. Currently, the matter is pending amicable settlement. 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 ended 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 basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year.

	Current Year Quarter 31 Dec 2003	Current Year To Date 31 Dec 2003
Net profit for the year (RM'000)	1,149	3,976
Weighted average number of ordinary shares in issue ('000)	80,000	53,882
Basic earnings per share (sen)	1.44	7.38

2. Diluted earnings per share  
Not applicable.

**By Order of the Board**

**Toh Gaik Bee**  
Group Company Secretary

26 February 2004