

# BINA PURI HOLDINGS BHD

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

## CONDENSED CONSOLIDATED BALANCE SHEET – 30 SEPTEMBER 2004

	As at financial period ended 30 Sep 2004	As at preceding financial year ended 31 Dec 2003
	RM'000 (Unaudited)	RM'000 (Audited)
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	85,504	88,375
Investment in associated companies	2,878	1,916
Other investments	2,627	1,889
Land held for development	10,540	11,019
Expressway development expenditure	12,551	10,982
	114,100	114,181
<b>CURRENT ASSETS</b>		
Land under development	4,790	-
Gross amount due from customers	51,022	38,271
Inventories	7,194	7,612
Trade and other receivables	137,971	124,548
Current tax asset	4,444	2,862
Deposits	11,899	25,754
Cash and bank balances	10,824	44,586
	228,144	243,633
<b>CURRENT LIABILITIES</b>		
Gross amount due to customers	19,444	23,507
Contract income received in advance	409	3,919
Trade and other payables	129,141	126,745
Hire purchase and finance lease liabilities	3,071	3,985
Current tax liability	4,839	6,666
Bank borrowings	97,271	111,705
	254,175	276,527
<b>NET CURRENT LIABILITIES</b>	(26,031)	(32,894)
	88,069	81,287
<b>SHARE CAPITAL</b>	80,668	80,000
<b>RESERVES</b>		
Share premium	3,288	3,288
Capital reserve (non-distributable)	15,932	15,932
Merger reserve (non-distributable)	40	40
Accumulated loss	(38,472)	(41,768)
	(19,212)	(22,508)
	61,456	57,492
<b>MINORITY INTERESTS</b>	12,422	12,400
<b>HIRE PURCHASE AND FINANCE LEASE LIABILITIES</b>	1,716	2,360
<b>LONG TERM LOAN</b>	3,554	-
<b>DEFERRED TAX LIABILITY</b>	2,894	3,008
<b>DEFERRED CONTRACT REVENUE</b>	6,027	6,027
	88,069	81,287
<b>Net tangible assets per share (RM)</b>	0.7618	0.7187

(The condensed consolidated balance sheet should be read in conjunction with the annual financial report for year ended 31 Dec 2003)

**BINA PURI HOLDINGS BHD**

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

**CONDENSED CONSOLIDATED INCOME STATEMENTS  
FOR PERIOD ENDED 30 SEPTEMBER 2004**

	Individual Period		Cumulative Period	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	30 Sep 2004 RM'000	30 Sep 2003 RM'000	30 Sep 2004 RM'000	30 Sep 2003 RM'000
Revenue	97,509	115,436	285,746	321,489
Cost of sales	(86,019)	(102,561)	(254,589)	(284,274)
Gross profit	11,490	12,875	31,157	37,215
Other operating income	1,214	925	4,825	3,502
Administrative and general expenses	(10,901)	(9,775)	(28,363)	(26,100)
Profit from operations	1,803	4,025	7,619	14,617
Share of profits less losses of associated companies	238	302	365	398
Investment income	(42)	143	111	476
Finance costs	(1,577)	(2,287)	(4,750)	(7,356)
Profit before tax	422	2,183	3,345	8,135
Taxation	1,237	(1,922)	(233)	(5,648)
Profit after tax	1,659	261	3,112	2,487
Minority interests	(31)	(22)	184	340
Net profit for the period	1,628	239	3,296	2,827
EPS – Basic (sen)	2.02	0.60	4.10	7.07
EPS – Diluted (sen)	1.99	N/A	4.05	N/A

(The condensed consolidated income statements should be read in conjunction with the annual financial report for year ended 31 Dec 2003)

**BINA PURI HOLDINGS BHD**

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

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	---Non-distributable---					
	Share Capital	Share Premium	Merger Reserve	Capital Reserve	Accumulated Loss	Total
<b>30 SEPTEMBER 2004</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 Jan 2004	80,000	3,288	40	15,932	(41,768)	57,492
Net profit for the period					3,296	3,296
Issue of shares from exercise of share options	668					668
Balance at 30 Sep 2004	80,668	3,288	40	15,932	(38,472)	61,456
<b>30 SEPTEMBER 2003</b>						
Balance at 1 Jan 2003	40,000	4,209	40	15,932	(45,012)	15,169
Net profit for the period					2,827	2,827
Dividend paid					(864)	(864)
Balance at 30 Sep 2003	40,000	4,209	40	15,932	(43,049)	17,132

(The condensed consolidated statements of changes in equity should be read in conjunction with the annual financial report for year ended 31 Dec 2003)

**BINA PURI HOLDINGS BHD**

(Company No. 207184-X)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
FOR THE PERIOD ENDED 30 SEPTEMBER 2004**

	Current year To date 30 Sep 2004 RM'000	Preceding year corresponding period 30 Sep 2003 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit before tax	3,345	8,135
<i>Adjustments for:</i>		
Non-cash items	10,090	6,587
Non-operating items	4,405	6,944
Operating profit before changes in working capital	17,840	21,666
Changes in gross amount due from / to customers	(16,452)	671
Changes in inventories	417	687
Changes in receivables	(17,971)	5,365
Changes in payables	(1,038)	6,947
Cash flows from operating activities	(17,204)	35,336
Tax paid	(3,744)	(2,063)
Net cash flows from operating activities	(20,948)	33,273
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Equity investments	(1,033)	(553)
Other investments	7,118	2,818
	6,085	2,265
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank borrowings	(21,509)	(46,758)
Interest paid	(5,337)	(9,313)
Issuance of shares	668	24,695
Dividend paid		(864)
Repayments of hire purchase and finance lease liabilities	(3,350)	(3,745)
	(29,528)	(35,985)
<b>NET CHANGES IN CASH AND CASH EQUIVALENTS</b>	(44,391)	(447)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	28,346	9,954
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	(16,045)	(9,507)

(The condensed consolidated cash flow statements should be read in conjunction with the annual financial report for year ended 31 Dec 03)

## **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 Bursa Malaysia Securities Berhad Listing Requirements, and should be read in conjunction with the Group’s financial statements for the year ended 31 December 2003.

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 2003 contain audit qualifications, which are summarized as follows:

- (i) The auditors were unable to ascertain the recoverability of trade receivables totaling RM4,384,000 and non-trade receivables totaling RM950,000 included as part of “Receivables, deposits and prepayments” on the consolidated balance sheet.

Of the amount of the receivables qualified by the auditors, the Group has since collected RM46,626 and provided RM4,260,487 as doubtful debts in the consolidated financial statements for the period ended 30 September 2004. Barring unforeseen circumstances, the Directors are of the opinion that the remaining trade receivables are recoverable.

- (ii) The auditors were unable to reasonably estimate the outcome of projects that have been deferred and the recoverability of the costs incurred as follows: -
  - a) The cost incurred on the construction contract totaling RM7,354,000 included as part of “Gross amount due from customers” on the consolidated balance sheet
  - b) The cost incurred on a highway concession totaling RM3,263,000 included as part of “Expressway development expenditure” on the consolidated balance sheet

- c) The carrying value totaling RM15,487,000 of a piece of leasehold land alienated by a state government to a subsidiary pursuant to a privatization and development agreement included as part of “Property, plant and equipment” on the consolidated balance sheet

Barring unforeseen circumstances, the Directors are of the opinion that the cost incurred on the construction contract and highway concession of RM10,617,000 and the carrying amount of the leasehold land of RM15,487,000 are recoverable after commencement of the projects.

**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 was no material changes in estimates of the amounts reported in prior interim period of the current financial period or in prior financial years.

**A6. Issuances and repayments of debt and equity securities**

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current financial period except for the issuance of 668,400 new ordinary shares of RM1 each, pursuant to the exercise of the Employees’ Share Option Scheme.

**A7. Dividend paid**

No dividend has been paid since the end of the previous financial year.

**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>30 September 2004</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	217,016	1,958	6,754	-	60,018	-	285,746
Inter-segment sales	583	-	1,186	-	11,055	(12,824)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	217,599	1,958	7,940	-	71,073	(12,824)	285,746
	=====	=====	=====	=====	=====	=====	=====
<b>RESULTS</b>							
Segment operating profit/(loss)	7,818	272	12	(1,195)	(54)	766	7,619
Investment income							111
Finance costs							(4,750)
Share of associated companies' profits							
less losses							365
							-----
Profit before taxation							3,345
							=====

<b>30 September 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	268,555	1,868	3,636	-	47,430	-	321,489
Inter-segment sales	-	-	-	-	22,901	(22,901)	-
	-----	-----	-----	-----	-----	-----	-----
Total revenue	268,555	1,868	3,636	-	70,331	(22,901)	321,489
	=====	=====	=====	=====	=====	=====	=====
<b>RESULTS</b>							
Segment operating profit/(loss)	17,362	83	(721)	(1,699)	(672)	264	14,617
Investment income							476
Finance costs							(7,356)
Share of associated companies' profits less losses							398
							-----
Profit before taxation							8,135
							=====

(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> October 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 period under review, the Group

- 1) acquired 600 ordinary shares of RM1.00 each representing 60% of the total issued and paid-up share capital in DPBS-BPHB Sdn Bhd for a total consideration of RM600 on 30 July 2004
- 2) acquired 550 ordinary shares of RM1.00 each representing 55% of the total issued and paid-up share capital in Konsortium DPBSH-BPHB-AGSB Sdn Bhd for a total consideration of RM550 on 5 August 2004
- 3) acquired 240,000 ordinary shares of RM1.00 each representing 60% of the total issued and paid-up share capital in Bina Puri Development Sdn Bhd for a total consideration of RM240,000 on 25 August 2004
- 4) invested Baht 538,500 for 5,385 ordinary shares of Baht 100 each representing 49% of the total issued and paid-up shares capital in Bina Puri Holdings (Thailand) Ltd as at 19 March 2004
- 5) invested Baht 4,899,400 for 48,994 ordinary shares of Baht 100 each representing 49% of the total issued and paid-up shares capital in Bina Puri (Thailand) Ltd as at 27 August 2004

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

The changes in contingent liabilities since 31 Dec 2003 were as follows:

	<b>31 Dec 03</b>	<b>Changes</b>	<b>22 Nov 04</b>
	<b>RM'000</b>	<b>RM'000</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	884	(423)	461
Hire purchase facilities utilized by associated companies	270	479	749
Guarantees given in favour of the Government of Malaysia for financial assistance under the Industry Research and Development Grant Scheme to a subsidiary company	1,003	-	1,003
Guarantees given for employees' housing loans	39	(2)	37
	-----	-----	-----
	5,542	54	5,596
	=====	=====	=====

## **B : Additional notes to Bursa Malaysia Securities Berhad listing requirements**

### **B1. Review of performance of the company and its principal subsidiaries**

For the financial period ended 30 September 2004, the Group achieved a revenue of RM285.746 million and profit before tax of RM3.345 million as compared to the previous corresponding period of RM321.489 million and RM8.135 million respectively.

The construction division achieved a revenue of RM217.599 million and profit before tax of RM4.813 million as compared to the previous corresponding period of RM268.555 million and RM12.038 million respectively. The decrease in profit was mainly due to allowance for doubtful debts of RM3.5 million and delay in start-up of certain projects.

The quarry and ready mix concrete division recorded a revenue of RM71.073 million and profit before tax of RM0.112 million as compared to the previous corresponding period of RM70.331 million and loss before tax of RM0.826 million respectively. The improved performance of this division was mainly due to profit contribution from the associated companies of RM0.307 million and reactivation of the quarry operation of KM Quarry Sdn Bhd. The performance of this division was affected by the increase in raw material price, i.e. bitumen and diesel.

The polyol division recorded a revenue of RM7.940million and incurred a loss of RM43,255 for the period ended 30 September 2004 as compared to the previous corresponding period of RM3.636 million and RM0.763 million respectively. The performance of this division had improved significantly as compared to the previous corresponding period. The results would be better if not for the increase in raw material price, ie; MDI.

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

For the 3<sup>rd</sup> quarter under review, the Group recorded a revenue of RM97.509 million as compared to the preceding quarter of RM79.508 million, an increase of 23%. The revenue is expected to improve with the procurement of new projects in the next few months.

The Group recorded a profit before tax of RM0.422 million for the 3<sup>rd</sup> quarter ended 30 September 2004 as compared to the preceding quarter of RM0.851 million, a decrease of 50%. This was mainly due to allowance for doubtful debts of RM2.0 million as compared to RM1.260 million in 2<sup>nd</sup> quarter 2004.

### **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 has successfully secured several new projects. The current value of contract work in progress is approximately RM500 million, which is 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**

	Individual Quarter 30 Sep 2004 RM'000	Cumulative Quarter 30 Sep 2004 RM'000
Malaysian taxation based on the results for the period		
- Current	(1,280)	469
- Deferred	37	(144)
	-----	-----
	(1,243)	325
Overprovision in prior years	-	(102)
	-----	-----
	(1,243)	223
Group's share of taxation of associated companies	6	10
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	(1,237)	233
	-----	-----

The Group's effective taxation rate for the period was lower than the statutory rate mainly due to tax exempt income from foreign country.

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

There were no sales of unquoted investments and / or properties during the financial period under review.

**B7. Quoted securities**

- (a) There were no acquisitions of quoted securities for the financial period ended 30 September 2004
- (b) Total investments in quoted securities as at 30 September 2004 were as follows:

	RM'000
(i) At cost	216.2
(ii) At carrying value / book value	216.2
(iii) At market value	164.4

**B8. Status of corporate proposals**

There were no pending corporate proposals.

**B9. Group borrowings and debt securities**

The group borrowings as at 30 September 2004 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>
(a) <b>Long term loan</b>			
- Secured	7,788	4,234	3,554
- Unsecured	-	-	-
	-----	-----	-----
Total	7,788	4,234	3,554
	-----	-----	-----
(b) <b>Short term loan</b>			
- Secured	14,058	14,058	-
- Unsecured	78,979	78,979	-
	-----	-----	-----
Total	93,037	93,037	-
	-----	-----	-----
(c) <b>Total borrowings</b>	100,825	97,271	3,554
	=====	=====	=====

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 September 2004.

**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. On 30 September 2004, the Judge in Chambers dismissed Kimpoint's appeal. Pending date for trial to be fixed. At this juncture the Company's solicitors are unable to provide an opinion as to the outcome of this suit with certainty.

- (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 19<sup>th</sup>. April, 2004 a pre-trial case management was held and the trial date fixed on 30<sup>th</sup>. August, 2006. 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. The arbitration proceeding by EP is for the sum of RM17,002,760, general damages, interest and cost against BPSB and Kris Heavy.

On 9 December 2003, the court dismissed BPSB’s application for the declaration with cost. The appeal is pending hearing date to be fixed by Court. On 30<sup>th</sup>. September, 2004, BPSB filed notice to change solicitor and on 15<sup>th</sup>. October, the Judge in chambers directed for a meeting with both counsel. Meeting date have yet to be fixed. 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. Currently the 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 on 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 denied the claim and has counterclaimed against EP for the sum of RM912,093.40, general damages, interest and costs for failure to complete the Works.

BPSB and EP has achieved a settlement of the dispute which is recorded in a consent Award. Under the consent Award, BPSB is to pay a total of RM3,300,000.00 in 9 monthly instalments.

- (6) Selesa Timur Sdn Bhd (“Plaintiff”) brought an action against BPCSB for the sum of RM351,147.66 for non payment of contract claims. BPCSB has in turn filed a counter claim of RM94,569 against the Plaintiff and had served further and better particulars to the Plaintiff. Plaintiff’s application to strike out BPCSB’s further and better particulars was heard on 27.05.04. At the hearing on the judge in chambers allowed the Plaintiff’s application and ordered for BPCSB to serve on the Plaintiff a second further and better particulars by 26.06.04. Therefore, the Judgement in default of Plaintiff’s defence obtained and filed by BPCSB was rendered nugatory. The second further and better particulars have been filed in court.

On 10<sup>th</sup>. June, 2004, was suppose to be hearing on Plaintiff's application to set aside BPCSB's Judgement in Default of defence. But as there was an order to serve on the Plaintiff a Second Further and better particulars the hearing has been adjourned indefinitely. On 7<sup>th</sup> October 2004, the Judge in chambers ordered for the Plaintiff to provide written submission on their application to set aside our Judgement in default of defence for which the decision was fixed on 9<sup>th</sup>. November, 2004. At the hearing, the Judge in Chambers allowed the Plaintiff's application to set aside BPCSB's Judgement in default of defence and BPCSB is ordered to provide written submission within 14 days. At this juncture, BPCSB's solicitors are unable to provide an opinion as to the outcome of this suit with certainty.

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

## **B12. Dividend**

No dividend has been declared for this financial quarter.

## **B13. Earnings per share**

	Individual Period		Cumulative Period	
	Current Year Quarter 30 Sep 2004	Preceding Year Corresponding Quarter 30 Sep 2003	Current Year To Date 30 Sep 2004	Preceding Year Corresponding Period 30 Sep 2003
<b>a Basic earnings per share</b>				
Net profit for the year (RM'000)	1,628	239	3,296	2,827
Weighted average number of ordinary shares in issue ('000)	80,590	40,000	80,342	40,000
Basic earnings per share (sen)	2.02	0.60	4.10	7.07
<b>b Diluted earnings per share</b>				
Net profit for the year (RM'000)	1,628	N/A	3,296	N/A
Weighted average number of ordinary shares in issue ('000)	80,590	N/A	80,342	N/A
Adjustment for share option ('000)	1,322	N/A	1,067	N/A
Weighted average number of ordinary shares for diluted earnings per share ('000)	81,912	N/A	81,409	N/A
Diluted earnings per share (sen)	1.99	N/A	4.05	N/A

**By Order of the Board**

**Toh Gaik Bee**  
Group Company Secretary

**29 November 2004**