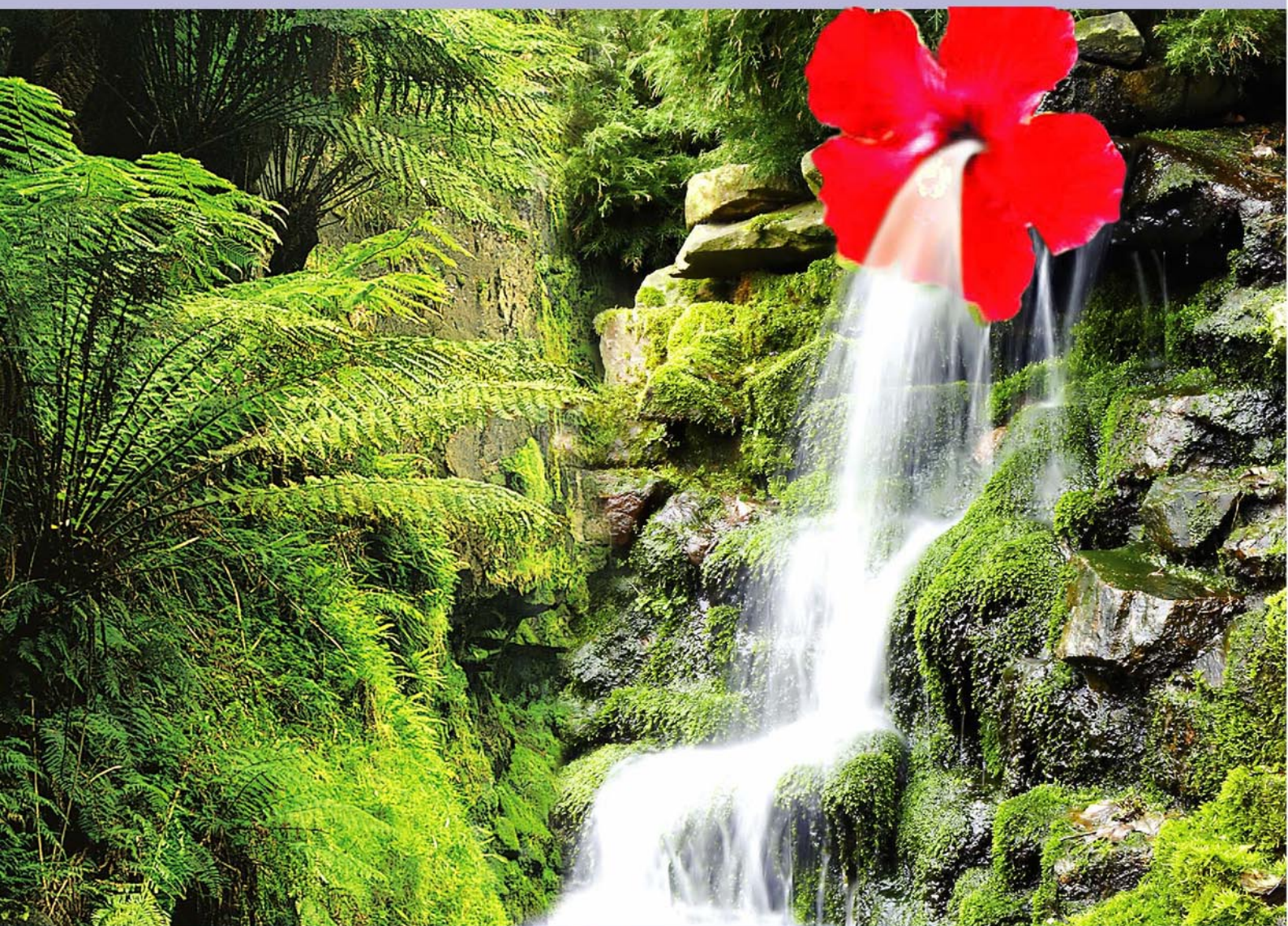




Since 1975

**BINA PURI HOLDINGS BHD**

(207184-X)



ANNUAL REPORT 2005



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### VISION

We will be the leading global corporation in all our core business attaining regional excellence in our added commercial in our high-tech investment, recognised for our high standards of quality product and services.

### MISSION

To be a world class organisation achieving corporate excellence.

- To be the best in our industry, committed to nation building, adding values to our resources and processes with innovative technology.

- To be a responsible corporate citizen committed to the highest quality standards with dedication, loyalty and integrity from our people stakeholders.

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# Notice of Annual General Meeting

for the year ended 31 December 2005

NOTICE IS HEREBY GIVEN that the Fifteenth Annual General Meeting of the Company will be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, 68100 Selayang, Selangor Darul Ehsan on Thursday, 22 June 2006 at 11.00 a.m. to transact the following business:

## Agenda

1. To receive the Audited Accounts for the year ended 31 December 2005 and the Report of Directors and Auditors thereon. **Resolution 1**
2. To re-elect the following Directors who retire pursuant to Article 80 of the Company's Articles of Association:
  - 2.1 Dr. Tony Tan Cheng Kiat **Resolution 2**
  - 2.2 Mr. Henry Tee Hock Hin **Resolution 3**
  - 2.3 En. Yusuf Khan bin Ghows Khan **Resolution 4**
3. To approve the final dividend of 2% less 28% income tax in respect of the financial year ended 31 December 2005. **Resolution 5**
4. To ratify and approve directors' annual fees of RM258,000.00. **Resolution 6**
5. To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**
6. As special business, to consider and if thought fit, pass the following ordinary resolutions:

### **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS**

"THAT, subject to the Listing Requirements of the Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies be and are hereby authorised to enter into recurrent related party transactions of a revenue or trading nature set out in Paragraph 2.5 of the Circular to Shareholders of the Company dated 31 May 2006 which are necessary for their day-to-day operations with:

- 6.1 Sea Travel and Tours Sdn. Bhd. and New Hoong Wah Holdings Sdn. Bhd. **Resolution 8**
- 6.2 Perkasa Sutera Sdn. Bhd. **Resolution 9**
- 6.3 Kumpulan Melaka Berhad **Resolution 10**

subject further to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable than those generally available to the public;

# Notice of Annual General Meeting

for the year ended 31 December 2005 (Cont'd)

## PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS (Cont'd)

- (b) appropriate disclosure is made in the annual report in accordance with Paragraph 4.1.5 of Practice Note 12/2001 of the Listing Requirements of the Bursa Malaysia Securities Berhad, which requires an actual breakdown of the aggregate value of the recurrent related party transactions entered into during the financial year, including amongst others, the type of recurrent related party transactions and the names of the related parties involved in each type of the recurrent related party transactions entered into and their respective relationships with the Company and that such approval shall, subject to annual renewal, continue to be in force until :
    - i. the conclusion of the next annual general meeting of the Company (unless by a resolution or resolutions passed at the said annual general meeting, the authority is renewed);
    - ii. the expiry of the period within which the next annual general meeting of the Company following the forthcoming annual general meeting at which this mandate is approved, is required to be held pursuant to Section 143 (1) of the Companies Act, 1965, without regard to such extension as may be allowed pursuant to Section 143 (2) of the said Act; or
    - iii. revoked or varied by a further resolution or resolutions passed by shareholders of the Company in general meeting, whichever is the earliest; and
  - (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by these ordinary resolutions” .
7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

## Notice of Dividend Entitlement and Payment

NOTICE IS ALSO HEREBY GIVEN that the final dividend, if approved, will be paid on 18 July 2006 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 28 June 2006.

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 28 June 2006 in respect of 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

**TOH GAIK BEE**

MAICSA 7005448

Group Company Secretary

Selangor Darul Ehsan  
31 May 2006

# Notice of Annual General Meeting

for the year ended 31 December 2005 (Cont'd)

## NOTES :

1. A proxy may but need not be a member of the Company and the provision of Section 149(1)(b) of the Act shall not apply to the Company.
2. If the appointor is a corporation, this form must be executed under its Common Seal or under the hand of its attorney.
3. In the event the member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149(1)(c) of the Act shall not apply to the Company.
5. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint more than one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. To be valid this form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.

## Explanatory Note on Special Business:

### Proposed renewal of shareholders' mandate for recurrent related party transactions

The ordinary resolutions 8, 9 and 10, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Paragraph 2.5 of the Circular to Shareholders of the Company dated 31 May 2006 despatched together with the Annual Report.

# Statement Accompanying Notice of Annual General Meeting

(pursuant to paragraph 8.28(2) of the listing requirements of Bursa Malaysia Securities Berhad)

1. Fifteenth Annual General Meeting of Bina Puri Holdings Bhd.

Date : 22 June 2006  
Time : 11.00 a.m.  
Place : Wisma Bina Puri  
88, Jalan Bukit Idaman 8/1  
Bukit Idaman  
68100 Selayang  
Selangor Darul Ehsan

2. Directors standing for re-election at the Fifteenth Annual General Meeting

- (i) Dr. Tony Tan Cheng Kiat
- (ii) Mr. Henry Tee Hock Hin
- (iii) En. Yusuf Khan Bin Ghows Khan

The profile of the above Directors who are standing for re-election and their shareholdings are set out on pages 8 to 11 of the Annual Report.

3. Attendance of Directors at Board Meetings

A total of four (4) Board Meetings were held during the financial year ended 31 December 2005. The attendance of the Directors who are standing for re-election are set out on page 26 of the Annual Report.

## Group Corporate Structure



# BINA PURI HOLDINGS BHD



## BOARD OF DIRECTORS

Dato' Mohamed Feisal bin Ibrahim  
Tan Sri Datuk Tee Hock Seng, JP  
Dr. Tony Tan Cheng Kiat  
Henry Tee Hock Hin  
Tay Hock Lee  
Yusuf Khan bin Ghows Khan  
Khalid bin Sufat  
Dato' Anad Krishnan a/l Muthusamy

Executive Chairman  
Group Managing Director  
Founder Director  
Non-Executive Director  
Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director  
Independent Non-Executive Director

## BOARD COMMITTEES

### Group Executive Committee

Dato' Mohamed Feisal bin Ibrahim	(Chairman)
Tan Sri Datuk Tee Hock Seng, JP	(Member)
Dr. Tony Tan Cheng Kiat	(Member)

### Audit Committee

Khalid bin Sufat	(Chairman)
Yusuf Khan bin Ghows Khan	(Member)
Dato' Anad Krishnan a/l Muthusamy	(Member)

### Remuneration Committee

Khalid bin Sufat	(Chairman)
Yusuf Khan bin Ghows Khan	(Member)
Dato' Anad Krishnan a/l Muthusamy	(Member)
Dato' Mohamed Feisal bin Ibrahim	(Member)
Tan Sri Datuk Tee Hock Seng, JP	(Member)

### Nomination Committee

Khalid bin Sufat	(Chairman)
Yusuf Khan bin Ghows Khan	(Member)
Dato' Anad Krishnan a/l Muthusamy	(Member)

## GROUP COMPANY SECRETARY

Toh Gaik Bee  
MAICSA 7005448

## REGISTERED OFFICE

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
Selangor Darul Ehsan  
Tel : 03 6136 3333  
Fax : 03 6136 9999  
E-mail : [bphb@po.jaring.my](mailto:bphb@po.jaring.my)  
Website : [www.binapuri.com.my](http://www.binapuri.com.my)

## DOMICILE

Malaysia

## LEGAL FORM & PLACE OF INCORPORATION

Public listed company limited by way of shares  
Incorporated in Malaysia under the Companies Act, 1965

## SHARE REGISTRAR

Systems & Securities Sdn. Bhd. (17394-P)  
Wisma Selangor Dredging  
6<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang, 50450 Kuala Lumpur  
Tel: 03 2161 5466  
Fax: 03 2163 6968

## AUDITORS

Messrs. Moores Rowland  
Wisma Selangor Dredging  
7<sup>th</sup> Floor, South Block  
142-A, Jalan Ampang, 50450 Kuala Lumpur  
Tel: 03 2161 5222  
Fax: 03 2161 3909

## PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)  
RHB Bank Berhad (6171-M)  
Affin Bank Berhad (25046-T)  
Bumiputra-Commerce Bank Berhad (13491-P)

## STOCK EXCHANGE LISTING

The Main Board of Bursa Malaysia  
Securities Berhad  
Stock name: BPuri  
Stock code : 5932  
Listing date: 6 January 1995



## **Dato' Mohamed Feisal Bin Ibrahim** *(Executive Chairman)*

Dato' Mohamed Feisal Bin Ibrahim, Malaysian, aged 56, was appointed Executive Chairman of Bina Puri Holdings Bhd. ("BPHB") on 1 November 1998. He has been a member of the Board since 1 July 1996. He graduated in 1974 with a Bachelor of Economics (Hons) from the University of Malaya. He had an established career with the Ministry of International Trade and Industry ("MITI") for 16 years from 1974 to 1990. He held several key positions in MITI. He was also the Malaysian Trade Commissioner based in Austria from 1982 to 1989. In 1990, he ventured into private business. He is a director of Aliran Ihsan Resources Bhd., Gula Padang Terap Bhd. and also sits on the Board of various companies.

As at 28 April 2006, he held 5,238,000 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

There were no recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of BPHB and its subsidiaries and for which he is deemed to be interested and no other business arrangements with BPHB in which he has personal interests for the financial year ended 31 December 2005.

He is the Chairman of the Group Executive Committee and a member of the Remuneration Committee.

He attended all four (4) Board meetings held during the financial year ended 31 December 2005.



## **Tan Sri Datuk Tee Hock Seng, JP** *(Group Managing Director)*

Tan Sri Datuk Tee Hock Seng, JP, Malaysian, aged 57, was appointed to the Board on 5th November 1990 and was subsequently appointed as the Group Managing Director on 22nd November 1994. He is an experienced entrepreneur with more than 30 years business acumen in trading, construction and development. He is responsible for the day-to-day operations of the Group.

Presently, he is the Country Director for Cambodia, Laos and Micronesia representing Malaysian South-South Corporation Berhad, Exco member of Malaysia South-South Association, Vice President of Master Builders Association Malaysia, President of the Selangor & Federal Territory Builder Association and member of the Board of Trustee of Perdana Leadership Foundation.

He serves as the Executive Advisor of the Malaysian Chinese Association, Federal Territory State Liaison Committee and Division Chairman of MCA, Bahagian Cheras. He is the Chairman of Chinese Maternity Hospital (KL), Confucian Secondary School, ELIM Rehabilitation Centre, The International Friendship of Eng Choon Associations, The Associated Eng Choon Societies of Malaysia and the Federation of Xing Yang Associations of Malaysia and a Director of Tung Shin Hospital. He is also the Honorary Chairman of Young Malaysians Movement and Xiang Lian Youth Association as well as a Council Member of Malaysian Bible Seminary. He is also an Elder of Elim Chapel.

He was accorded by the Construction Industry Development Board the 2005 "Most Prominent Player" award, the highest individual accolade recognised by the industry.

As at 28 April 2006, he held 13,295,978 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

Except for recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of BPHB and its subsidiaries and for which he is deemed to be interested as disclosed on page 89 of the Annual Report, there are no other business arrangements with BPHB in which he has personal interests.

He is a member of the Group Executive Committee and Remuneration Committee. He attended all four (4) Board meetings held during the financial year ended 31 December 2005.



**Dr Tony Tan Cheng Kiat** (*Founder Director*)

Dr Tony Tan Cheng Kiat, Malaysian, aged 58, founded Bina Puri Sdn Bhd in 1975 and has been the Executive Chairman since its inception. He was appointed to the Board of BPHB on 5 November 1990. He is responsible for the growth and ongoing development of the company's business. He was instrumental in the development of a number of major projects throughout Malaysia for the group. He holds a doctorate in Business Administration and is also a licensed builder. He has been successful as a private property developer in Australia. With his wide experience, he has brought much progress to the group.

As at 28 April 2006, he held 9,078,902 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

There were no recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of BPHB and its subsidiaries and for which he is deemed to be interested and no other business arrangements with BPHB in which he has personal interests for the financial year ended 31 December 2005.

He is a member of the Group Executive Committee and attended three (3) of the four (4) Board meetings held during the financial year ended 31 December 2005.



**Henry Tee Hock Hin** (*Non-Executive Director*)

Henry Tee Hock Hin, Malaysian, aged 48, was appointed to the Board of BPHB on 5 November 1990. He has held the position of Managing Director of Bina Puri Construction Sdn Bhd since 22 August 1996. He is responsible for the overall management of projects and operations. He has wide exposure and experience in the management of civil and building construction overseas and in both East and West Malaysia. He represents the company on the Board of a number of its subsidiaries.

As at 28 April 2006, he held 4,833,768 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

There were no recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of BPHB and its subsidiaries and for which he is deemed to be interested and no other business arrangements with BPHB in which he has personal interests for the financial year ended 31 December 2005.

He attended all four (4) Board meetings held during the financial year ended 31 December 2005.



## **Tay Hock Lee** *(Non-Executive Director)*

Tay Hock Lee, Malaysian, aged 52, was appointed to the Board of BPHB on 5 November 1990. He has more than 20 years experience in building and civil engineering industry. He also holds directorships in several other companies.

As at 28 April 2006, he held 1,596,707 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

There were no recurrent related party transactions of a revenue or trading nature which are necessary for day-to-day operations of BPHB and its subsidiaries and for which he is deemed to be interested and no other business arrangements with BPHB in which he has personal interests for the financial year ended 31 December 2005.

He attended three (3) of the four (4) Board meetings held during the financial year ended 31 December 2005.



## **Khalid Bin Sufat** *(Independent Non-Executive Director)*

Khalid Bin Sufat, Malaysian, aged 50, was appointed to the Board of BPHB on 15 August 2001. He is a Chartered Accountant by profession and a member of the Malaysian Institute of Accountants (MIA). He is also a Fellow of the Association of Chartered Certified Accountants, UK and also a member of the Malaysian Institute of Certified Public Accountants (MICPA).

He had considerable experience in the banking industry having held several senior positions, namely Managing Director of Bank Kerjasama Rakyat Malaysia Berhad from June 1998 to June 2000, General Manager, Consumer Banking of Malayan Banking Berhad and Executive Director of United Merchant Finance Berhad.

He had previously managed two listed companies, namely as Executive Director of Tronoh Mines Malaysia Berhad in 2002 and Furqan Business Organisation Berhad as their Managing Director/ Deputy Executive Chairman from Feb 2003 to Dec 2003.

His directorships in other public listed company include Amtek Holdings Bhd., Syarikat Kayu Wangi Bhd., VTI Vintage Bhd. and Malaysia Building Society Bhd. He does not have any securities holdings in BPHB or in any subsidiaries of BPHB. He is currently the Chairman of Audit Committee, Remuneration Committee and Nomination Committee.

He attended all four (4) Board meetings held during the financial year ended 31 December 2005.



**Yusuf Khan bin Ghows Khan** *(Independent Non-Executive Director)*

Yusuf Khan bin Ghows Khan P.P.T., Malaysian, aged 64, was appointed to the Board of BPHB on 2 February 1994. A lawyer by profession, he obtained his Barrister-at-Law (Middle Temple) in 1970. He has held numerous positions in the Legal and Judicial Services as Magistrate, Senior Assistant Registrar High Court, Senior President Sessions Court, Assistant Treasury Solicitor (Housing Loan Division), Senior Federal Counsel and Chief Legal Adviser, Ministry of Defence, Malaysia cum Principal Legal Officer Armed Forces Malaysia.

He is currently in private practice. He is a director of several private limited companies. He does not have any securities holdings in BPHB or in any subsidiaries of BPHB. He is a member of the Audit Committee, Remuneration Committee and Nomination Committee.

He attended three (3) of the four (4) Board meetings held during the financial year ended 31 December 2005.



**Dato' Anad Krishnan a/l Muthusamy** *(Independent Non-Executive Director)*

Dato' Anad Krishnan a/l Muthusamy, Malaysian, aged 52, was appointed to the Board of BPHB on 1 May 2005. A lawyer by profession, Dato' Anad graduated from the University of Singapore with a Bachelor of Law (Hons) in 1978 and was subsequently called to the Malaysian Bar. Dato' Anad is currently in private practice. He is a director of several private limited companies.

As at 28 April 2006, he held 10,000 ordinary shares of BPHB and did not have any securities holdings in any subsidiaries of BPHB.

He is a member of the Audit Committee, Remuneration Committee and Nomination Committee. He attended two (2) of the four (4) Board meetings held during the financial year ended 31 December 2005 after his appointment on 1 May 2005.



**Dato' Mohamed Feisal Bin Ibrahim**  
Executive Chairman

Dear Shareholders,

On behalf of the Board of Directors of Bina Puri Holdings Bhd, I am pleased to present the annual report and audited financial statements of the company and the Group for the financial year ended 31 December 2005.

## FINANCIAL RESULTS

Bina Puri Group closed 2005 with a commendable revenue of RM 464.768 million and a pre-tax profit of RM 4.994 million. For 2006, we expect to achieve better results by pursuing more construction overseas and locally to replenish our current unbuilt book order which stands at RM1.0 billion and together with the growth of our Polyol division.

## ECONOMIC ENVIRONMENT

Year 2005 proved to be an exciting and challenging year for Bina Puri Group of Companies. However, we have risen to the occasion even though we faced tough business environment. The Malaysian economic environment remained resilient despite moderation in the global economy amidst high oil prices and less accommodative monetary policy. Overall, Malaysia still managed to sustain its growth momentum and registered an encouraging 5.3% growth rate in 2005.

## CONSTRUCTION INDUSTRY

Even though the construction sector has shrank by 1.6% for the whole year in 2005, the industry recorded an improvement of 0.6% in the 4th quarter as compared to the 3rd quarter of the same year. This indicates that more construction activities were implemented in our country. As stipulated in the Ninth Malaysian Plan, the Government would spend more than RM 200 billion for development expenditure for the next five years. This would definitely stimulate the local construction industry.

The environment of our core business was indeed challenging, yet interesting. We are proud to celebrate our 30th anniversary in 2005 and we are grateful to have experienced this milestone. We are strongly confident with our future, as we are committed to further improve our competitiveness in the rapid national and global changes. All our efforts are geared towards a solid objective, to be a major player in the industry.

## LOCAL OPERATIONS

Bina Puri Group is an established construction company locally with twelve (12) on-going projects. We have completed several projects such as Nangoh to Paitan road project in Sabah, The East-West Road Phase II West Section Package IV (Kupang-Gerik), construction of Perkeso Building in Kota Kinabalu, the road project from Jalan Simpang Lee Rubber to UIA in Selangor and the Felda Bentong bungalows project in Pahang.

## INTERNATIONAL OPERATIONS

We are strategically positioning ourselves in Thailand and Vietnam. Currently, we have on-going projects abroad, among them are construction of about 27,000 units of low cost houses valued equivalent to about RM750 million under the 'Aau Arthon housing project development' by the National Housing Authority of Thailand in Bangkok Province, Thailand.

The performance of our Polyol division has contributed positively to the overall performance of the Group. Through its aggressive marketing, it has now successfully exported its products to Australia, Pakistan, Thailand, Indonesia, Iceland and many other countries.

## BUSINESS DEVELOPMENT

With regard to business development, we have successfully secured a contract to build the Selangor Islamic University College in Bangi, Selangor. We also look forward ambitiously for more overseas projects such as in the Middle East countries, mostly in Saudi Arabia and U.A.E. This is in line to realise our corporate vision to

be the leading global corporation in all our core business, attaining regional excellence in our investments and being recognised for our high standard of quality products and services.

## HUMAN CAPITAL

We are committed to continuously improve our human capital, as this is one of the important pillars in the Ninth Malaysia Plan. Staff training and development are conducted throughout the year, enabling the staff to be multi-tasked and well equipped to handle more advanced technology and information. On the other hand, we placed strong emphasis on safety and health. Hazard prevention measures, OSH training and other steps were taken to ensure our employees work in secured and safe environment.

New recruitments have been carried out throughout the year to provide job opportunities to Malaysians, helping the economy to reduce the unemployment rate of 3.8%. At the same time, the existing employees are kept motivated by giving them recognition through awarding of the Best Employee Award. In 2005, 13 employees were awarded as the Best Employees of the Group.

## OUTLOOK AND PROSPECT

Under the Ninth Malaysia Plan, we are confident that we will be able to remain sustainable and even achieving growth in the local construction sector. In transforming the Group to be a global construction player, we look forward to explore new markets such as Middle East countries and at the same time, position ourselves in the existing markets such as Thailand and Vietnam to secure more projects.

## DIVIDEND

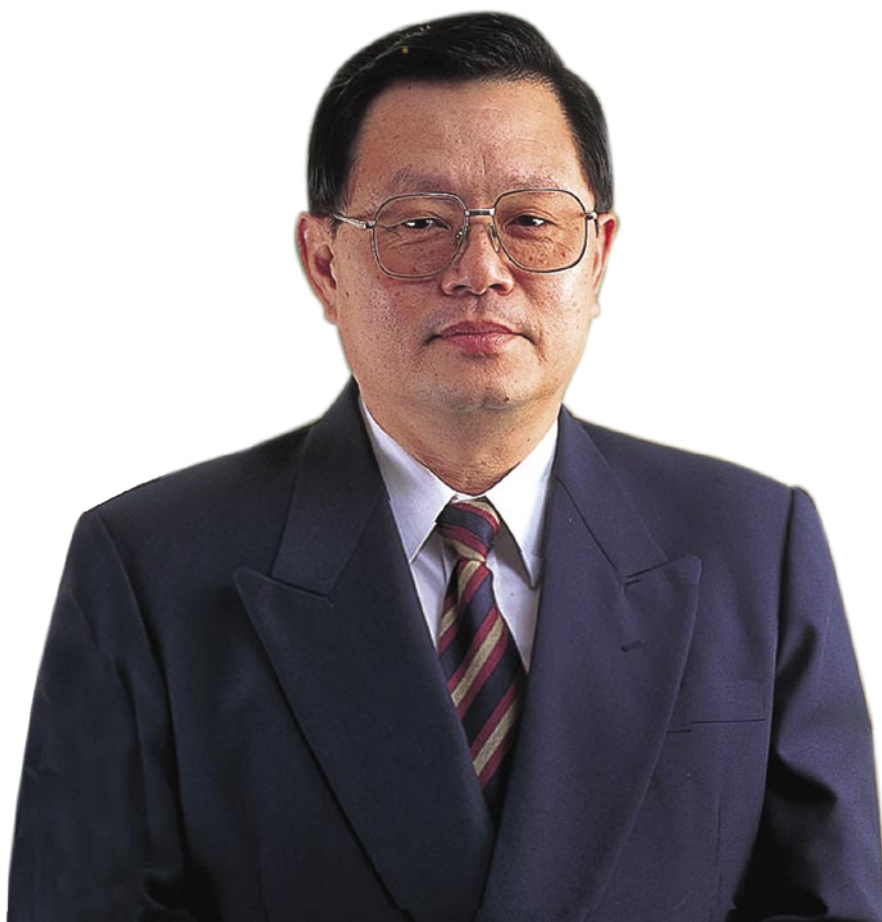
An interim dividend of 3% per share less 28% income tax was paid on 29 September 2005. The Board of Directors recommends a final dividend of 2% per share less 28% income tax for the current financial year ended 31 December 2005 making the total dividend declared for the current financial year to date 5% per share less 28% income tax, subject to the approval of the shareholders at the forth coming annual general meeting.

## ACKNOWLEDGEMENTS

I also take this opportunity on behalf of the Board Members and staff to Congratulate our Group Managing Director, Tan Sri Datuk Tee Hock Seng, JP who has been awarded the Prominent Player by CIDB during the Malaysian Construction Industry Excellent Awards (MCIEA) on 25 Nov 2005. We consider this to be part of the achievements by Bina Puri Group of Companies. Congratulations.

Lastly, I would like to express my utmost gratitude to the Board of Directors for their guidance and wisdom, the management and staff for their good cooperation and to all our shareholders, customers, business partners, media and the financial community for their great and continued support and loyalty to the Group.

**DATO' MOHAMED FEISAL IBRAHIM, D.P.M.P**  
Executive Chairman



**Tan Sri Datuk Tee Hock Seng, JP**  
Group Managing Director

The year 2005 proved to be a turnaround year for Bina Puri as we managed to replenish our unbuilt book order of around RM540 million in 2004 to RM 1.0 billion. This was achieved despite the adverse conditions that the construction industry faced, whereby the sector contracted by 1.9% in 2004 and 0.6% in 2005. This is in line with the Government's policy to reduce the budget deficit.

The Group's business divisions also took up the gauntlet and worked harder to secure projects and sales. The hard work shown by these divisions resulted in profits that contributed towards the financial performance of the Group.

## MILESTONES

The Group celebrated its 30th Anniversary this year which was graced by Yang Berhormat Dato' Seri S. Samy Vellu, Minister of Works, Malaysia. This celebration was made even sweeter because of the various positive developments that we experienced throughout the year.

In attesting to the emphasis we place on quality of our products and services through our team of dedicated employees, whereby they are most precious assets, our bricklaying team did the Group proud by winning the 15th Malaysia Skill Competition Bricklaying Category organized by the Construction Industry Development Board (CIDB) in 2005.

## CONSTRUCTION

The Construction Division continues to be the largest contributor to the Group's performance in 2005. The division has recorded an 18% increase in turnover, amounting to RM383.320 million. As mentioned earlier, our current unbuilt book order stands at RM 1.0 billion.

Our Construction Division successfully completed many projects all across Malaysia and in Bangkok, Thailand. Most notable amongst the completed projects are the completion of the Samutprakan Factory and renovation works undertaken for the Malaysian Embassy in Bangkok, the construction of the East West Road, Phase II, West Section, Package IV (Kupang-Gerik), and the completion of the Perkeso Building in Kota Kinabalu, Sabah.

On the notable new projects, the division managed to secure the New Dewan Undangan Negeri Complex at Petra Jaya, Kuching, Sarawak with contract value of RM228.9 million and The Proposed Third Lane Widening Between Rawang and Tanjung Malim (Package 3A 1) with a total contract amount of RM 58.3 million.

Our Construction Division has also done well on the regional front. Bina Puri (Thailand) Ltd has established itself well and is currently engaged in four on-going building projects and one civil project. In 2005, it secured from the National Housing Authority in Thailand the construction of 27,000 low-cost units in Bangkok and the Samutprakan Province of Thailand with our group's portion of the project valued at estimated THB 7.50 billion. Not content to rest on our laurels, Bina Puri is also actively looking to penetrate markets in the Middle Eastern Countries such as Saudi Arabia and the U.A.E.

## QUARRY AND READY MIX CONCRETE DIVISION

This division contributed revenue amounting to RM58.701 million and a pre tax profit of RM0.348 million as compared to the preceding corresponding year of RM 90.023 million and RM 0.989 million. This was due to the decrease in projects on offer and the stiff competition faced by this division. We envisage a better year ahead in 2006.

## POLYOL DIVISION

This division recorded a revenue growth of 41%, amounting to RM16.355 million and more than 100% pre tax profit growth of RM0.277 million. The turnaround of this division since 2004 looks promising with exports accounting more than 40% of its sales, mainly to countries such as Indonesia, Singapore, Vietnam, Kuwait, Australia and many more. We hope that this division can sustain their growth in the coming year.

## GOING FORWARD

The Group finds it imperative that we strive to work at a faster pace in implementing projects so that we do not incur unforeseen costs such as price escalation of fuel and raw materials and increase in land premiums. I am looking forward to see the launch of our Jesselton Condominium in Kota Kinabalu.

The successful implementation of the Low-Cost Housing Project in Thailand will be crucial in determining the growth of the Group within the next two years due to the size of the project and the tight completion period.

## ACKNOWLEDGEMENT

I would like to take this opportunity to express the Board's sincere appreciation to all of our valued clients, both in the public and private sectors, our sub-contractors as well as consultants, both of whom we have had the pleasure of working with in all our various projects.

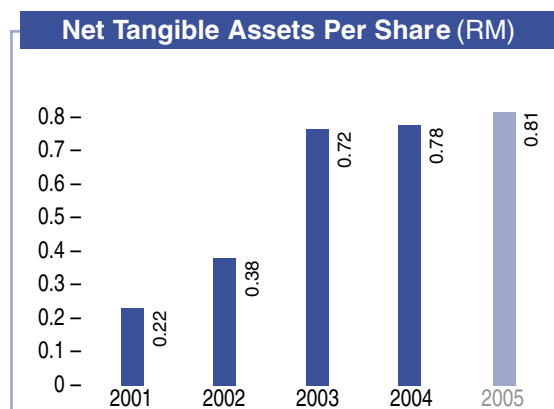
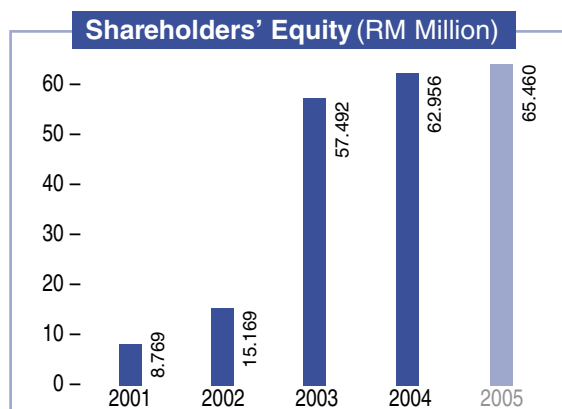
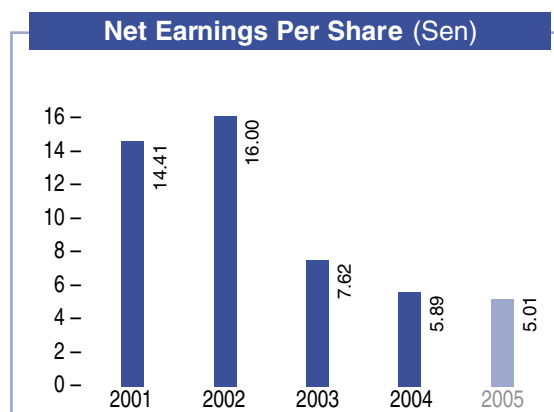
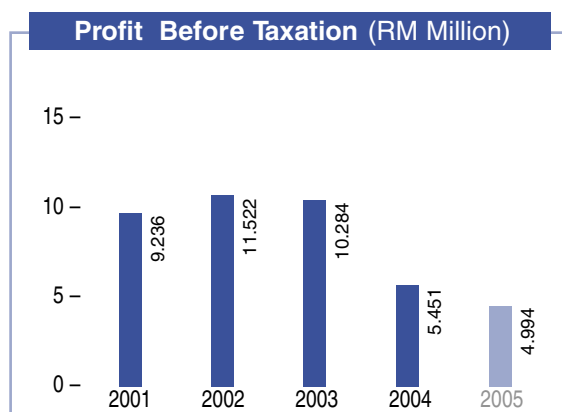
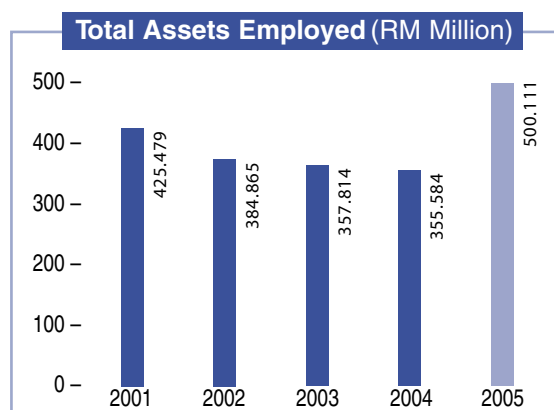
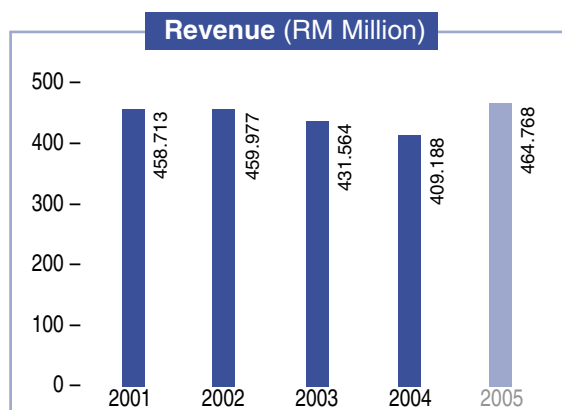
My gratitude also goes out to my fellow Board Members, the Management, and all employees for their unwavering commitment and effort throughout the year.

Last but not least, I would also like to thank all our shareholders for your undivided support and commitment that has seen us through yet another successful financial year. The Group will work towards making 2006 an even better year.

**TAN SRI DATUK TEE HOCK SENG, PSM, PGDK, ASDK, JP**  
Group Managing Director

# Group Financial Highlights

	2005 RM'000	2004 RM'000	2003 RM'000	2002 RM'000	2001 RM'000
Revenue	<b>464,768</b>	409,188	431,564	459,977	458,713
Profit before taxation	<b>4,994</b>	5,451	10,284	11,522	9,236
Profit for the year	<b>4,054</b>	4,737	4,108	6,400	5,765
Dividend ( Net )	<b>1,748</b>	-	864	-	-
Issued share capital	<b>80,925</b>	80,727	80,000	40,000	40,000
Shareholders' equity	<b>65,460</b>	62,956	57,492	15,169	8,769
Total assets employed	<b>500,111</b>	355,584	357,814	384,865	425,479
Net earnings per share ( sen )	<b>5.01</b>	5.89	7.62	16.00	14.41
Net tangible assets per share ( RM )	<b>0.81</b>	0.78	0.72	0.38	0.22
Share price (RM)					
- High	<b>1.23</b>	1.63	1.33	1.95	1.14
- Low	<b>0.66</b>	1.01	0.72	0.91	0.605





Wisma Perkeso, Kota Kinabalu, Sabah.

# Calendar of Events 2005-2006



14 May 2005



20 June 2005



14 July 2005

## May 2005

### 14 May 2005

Visit by The Honorable Mr N Batbayar, Minister of Construction and Urban Development of Mongolia and his delegation to Malaysia. The delegation also made a courtesy visit to the office of Yang Berhormat Datuk Seri Ong Ka Ting, Minister of Housing and Local Government Malaysia and to the Bank Negara.

## June 2005

### 20 June 2005

Bina Puri Holdings Bhd held its 14th Annual General Meeting at Wisma Bina Puri, Selayang, Selangor Darul Ehsan.

## July 2005

### 4-14 July 2005

Our project team from Capital Square project participated in the 15th Malaysia Construction Skills Competition organized by Construction Industry Development Board Malaysia (CIDB) and Master Builders Association of Malaysia (MBAM).



5 August 2005



8 August 2005

## AUGUST 2005

### 5 August 2005

Bina Puri Sdn Bhd received the 15th Year Excellent Service Award from Master Builders Association of Malaysia (MBAM) in conjunction with MBAM's 51st Anniversary Celebration.

### 8 August 2005

Bina Puri Sdn Bhd was awarded the Construction and Completion of the Proposed New Dewan Undangan Negeri Complex at Petra Jaya, Kuching Sarawak with a total project value of RM228.9 million.

### 15 August 2005

Bina Puri Construction Sdn Bhd has been awarded the construction of proposed Tanjung Aru & Sembulan Urban Renewal Scheme, 4-Storey Condominium Apartment, Grace Garden Kota Kinabalu, Sabah.

### 18 August 2005

Bina Puri (Thailand) Ltd has successfully completed the Morakot Factory Expansion Project for the Main and Auxiliary Building Works in Bangkok, Thailand.

## SEPTEMBER 2005

### 19 September 2005

Bina Puri Construction Sdn Bhd has successfully completed the Perkeso Building for Ministry of Human Resources, in Kota Kinabalu, Sabah. The building was completed ahead of scheduled.

### 28 September 2005

Bina Puri (Thailand) Ltd, a member company of Bina Puri Holdings Bhd has entered into project agreements with the National Housing Authority and Deva Property Public Co. Ltd for the construction and development of Low Cost Housing in Bangkok, Thailand.



18 August 2005





19 November 2005

## OCTOBER 2005

### 31 October 2005

The Road Upgrading of Federal Route 68 from Simpang Lee Rubber to UIA was successfully completed by Bina Puri Construction Sdn Bhd.

## NOVEMBER 2005

### 19 November 2005

Bina Puri Group of Companies celebrated its 30th Anniversary Celebration at Sunway Lagoon Resort. Yang Berhormat Dato' Seri S. Samy Vellu, Minister of Works Malaysia officiated the celebration.

### 25 November 2005

Y. Bhg. Tan Sri Datuk Tee Hock Seng, JP, Group Managing Director of Bina Puri Holdings Bhd received the CIDB PROMINENT PLAYER AWARD at The Malaysian Construction Industry Excellent Awards (MCIEA) 2005. The award was presented by Yang Berhormat Dato' Seri S. Samy Vellu, Minister of Works, Malaysia at the Kuala Lumpur Convention Centre (KLCC).



25 November 2005

# Calendar of Events 2005-2006



20 December 2005



27 December 2005



9 March 2006

## DECEMBER 2005

### 20 December 2005

Bina Puri Construction Sdn Bhd's new building in Kota Kinabalu, Sabah was graciously officiated by Y. Bhg. Dato' Mohamed Feisal Ibrahim, Executive Chairman, Bina Puri Holdings Bhd and Y. Bhg. Tan Sri Datuk Tee Hock Seng, JP, Group Managing Director, Bina Puri Holdings Bhd.

### 27 December 2005

The completion of At-Grade Roads & South & North East Approach Bridges of Landside Road System for Suvarnabhumi International Airport, Bangkok, Thailand by Bina Puri (Thailand) Ltd.

## JANUARY 2006

### 16 January 2006

Bina Puri Sdn Bhd, a wholly-owned subsidiary of Bina Puri Holdings Bhd has accepted the sub-contractor works from UEM Construction Sdn Bhd for "The Proposed Third Lane Widening Between Rawang and Tanjung Malim (Package 3A-1)".

## FEBRUARY 2006

### 27 February 2006

13 most outstanding staff were conferred the 'Best Employee Award 2005' and Maskimi Polyol Sdn Bhd was awarded the 'Best Plant Award for 2005'. Perkoso project was awarded the 'Best Site Award 2005'. Yang Berhormat Datuk Ong Tee Keat, Deputy Minister of Higher Education, Malaysia presented the award to the winners.

### 21 February 2006

Bina Puri (Thailand) Ltd. successfully secured a Housing Projects duly executed with the National Housing Authority of Thailand (NHA) and Deva Property Public Co. Ltd for total of 5,640 units of low cost apartment for the construction of "Aua-Arthon Muang Mai Bangplee (Samutprakan) Housing Projects" in Thailand.

## MARCH 2006

### 9 March 2006

Bina Puri (Thailand) Ltd. secured a Housing Projects duly executed with the National Housing Authority of Thailand (NHA) and Deva Property Public Co. Ltd for total of 6,024 units of 4-storey low cost apartment for the construction of "Aua-Arthon Housing Romklao 2", Bangkok, Thailand.



Best Employee, Best Site and Best Plant Award 2005.

# Audit Committee Report

Member of the Committee	Designation in the Company
Khalid bin Sufat (Chairman)	Independent Non-Executive Director
Yusuf Khan bin Ghows Khan	Independent Non-Executive Director
Dato' Anad Krishnan a/l Muthusamy	Independent Non-Executive Director

## COMPOSITION

- (a) The Audit Committee shall be appointed by the Directors from amongst their numbers via a Directors' resolution and shall consist of not less than three (3) members of whom a majority shall be Independent Directors.
- (b) At least one member of the Audit Committee must be or have the following:
- a member of the Malaysian Institute of Accountants; or
  - at least three (3) years' working experience and have passed the examinations specified in Part One of the First Schedule of the Accountants Act 1967 or be a member of one of the associations of accountants specified in Part Two of the First Schedule of the Accountants Act 1967; or
  - a degree/masters/doctorate in accounting or finance with at least three (3) years' post qualification experience in accounting or finance; or
  - at least (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.
- (c) In the event of any vacancy in the Audit Committee, the Directors shall within (3) months of that event, appoint such new members to make up the minimum number of three (3) members.
- (d) An alternative Director shall not be appointed as a member of the Audit Committee.

## CHAIRMAN

The members of the Audit Committee shall elect a Chairman from amongst themselves who shall be an Independent Director. All members of the Audit Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company.

## ATTENDANCE AT MEETINGS

The quorum of the Audit Committee shall consist of a majority of Independent Directors and shall not be less than (2). The Committee may require the attendance of any management staff from Finance/Accounts department or other departments as it may deem necessary together with a representative or representatives from the External Auditors.

## SECRETARY

The Group Company Secretary shall be the Secretary of the Committee.

# Audit Committee Report

## FREQUENCY OF MEETINGS

Meetings shall be held not less than four (4) times a year. The external auditors may request a meeting if they consider it necessary.

During the financial year ended 31 December 2005, the Committee met a total five (5) times. The following is the attendance record of the Audit Committee members:

Audit Committee members	Designation	No. of meetings attended
Khalid bin Sufat	Independent Non-Executive Director	5/5
Yusuf Khan bin Ghows Khan	Independent Non-Executive Director	5/5
Dato' Anad Krishnan a/l Muthusamy	Independent Non-Executive Director	2/3

## AUTHORITY

The Committee is authorised by the Board to investigate any activities within its terms of reference. It is also authorised to seek any information it requests from any employees and all employees are directed to co-operate upon requests made by the Committee.

The Committee is authorised by the Board to obtain outside legal or independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

## FUNCTIONS

The functions of the Committee shall be:

- (a) to review with the external auditor, the audit plan and reports;
- (b) to review with the external auditor, his evaluation of the system of internal controls;
- (c) to review the assistance given by the Company's officers to the external auditor;
- (d) to review the financial statements of the Company and of the Group before submitting to the Board for approval;
- (e) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
- (f) to review the quarterly results and year end financial statements, prior to the approval by the board of directors, focusing particularly on:
  - i. changes in or implementation of major accounting policy changes;
  - ii. significant and unusual events; and
  - iii. compliance with accounting standards and other legal requirements;
- (g) to review any related party transactions that may arise within the Company or Group;
- (h) to recommend and consider the nomination and appointment of external auditors, the audit fee and any questions of resignation or dismissal;
- (i) to consider any other functions as may be agreed to by the Committee and the Board of Directors.

## REPORTING PROCEDURE

The Secretary shall circulate the minutes of the meetings of the Committee to all members of the Board.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

- (a) Reviewed the external auditor's audit plan and report for the year;
- (b) Reviewed the external auditor's evaluation of the system of internal controls;
- (c) Reviewed the internal audit reports, recommendations, programmes and plans for the year under review and management's response;
- (d) Reviewed the annual report and audited financial statements of the Company and the Group prior to the submission to the Board for the consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the applicable accounting standards approved by MASB and other legal requirements;
- (e) Reviewed the quarterly unaudited financial results announcements before recommending them for Board approval;
- (f) Reviewed related party transactions that may arise within the Company or the Group;
- (g) Considered and recommended to the Board for approval of the audit fees payable.

## INTERNAL AUDIT FUNCTION

The Company has outsourced the internal audit function to a professional firm to develop a strategic Internal Audit Plan covering years 2006 to 2008, subject to review annually. The role of the internal audit is to develop an overall risk policy and risk management framework for the Group. It is also involved in the recommendation of control activities to manage such identified risk.

## REVIEW OF THE AUDIT COMMITTEE

The board of a directors of a listed issuer must review the term of office and performance of an audit committee and each of its members at least once every three (3) years to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

The Board recognises the need for companies to be more efficient and well-managed and continues to implement the recommendations of the Malaysian Code on Corporate Governance ("the Code"). The code sets out principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework. The Board realises that good governance practices are important to safeguard the interests of all stakeholders and enhance shareholders' value. The Group has complied with the best practices in the Code and will continue to apply its principles.

## 1. DIRECTORS

An effective Board comprising members with a wide range of business, legal, financial and technical experience leads and controls the Group.

### (a) Composition

The Board's composition represents a mix of knowledge, skills and expertise vital to the successful direction of the Group.

The Board has a balance of Executive and Non-Executive Directors. It consists of an Executive Chairman, a Group Managing Director, a Founder Director and five (5) Non-Executive Directors, three (3) of whom are independent. There is a clear division of duties between the Executive Chairman and Group Managing Director of the Company. The presence and participation of Independent Non-Executive Directors will bring independent judgement in Board decisions. Any one (1) of the three (3) independent directors would be available to act as the Senior Independent Non-Executive Director.

### (b) Board Meetings

The Board meets ordinarily four (4) times per year with additional meetings being convened where necessary. For the financial year 2005, the Board met four (4) times. Details of attendance of Directors at the Board Meetings are as follows:

#### Attendance at Board Meetings

Directors	No. of meetings attended
Dato' Mohamed Feisal bin Ibrahim	4/4
Tan Sri Datuk Tee Hock Seng, JP	4/4
Dr. Tony Tan Cheng Kiat	3/4
Henry Tee Hock Hin	4/4
Tay Hock Lee	3/4
Yusuf Khan bin Ghows Khan	3/4
Khalid bin Sufat	4/4
Dato' Anad Krishnan a/l Muthusamy	2/3

### (c) Appointments and Re-Election of the Board of Directors

The Board is responsible for the appointments of Directors. It has formulated the terms of reference of the Nomination Committee and has identified the composition of the Committee members.

All the directors shall retire from office at least once every three (3) years at each Annual General Meeting but shall be eligible for re-election pursuant to the Bursa Malaysia Securities Berhad Listing Requirements.

## 1. DIRECTORS (Cont'd)

### (d) Group Executive Committee

The Group Executive Committee was established in January 1997 and its members consist of Executive Directors. The Group Executive Committee facilitates timely and appropriate decision-making within the framework of achieving the Corporate Vision and Mission of Bina Puri Group.

### (e) Audit Committee

The Audit Committee was established in June 1995. Please refer to the Audit Committee report on pages 23 to 25.

### (f) Nomination Committee

The Board has set up a Nomination Committee represented by Non-Executive Directors, all of whom are independent. The Nomination Committee would be responsible to nominate to the Board individuals as Directors and assess the directors on an ongoing basis to exercise effectiveness in the decision making of the Directors.

### (g) Remuneration Committee

The Board has set up a Remuneration Committee comprising Non-Executive Directors as majority. The Remuneration Committee would be responsible to recommend to the Board the remuneration packages of the Directors. The Directors concerned shall abstain from voting in respect of the individual's remuneration.

The details of remuneration of Directors during the financial year ended 31 December 2005 are as follows:

#### i Aggregate remuneration of directors categorised into appropriate components :

In RM '000	Salaries	Fees	Bonus	EPF / Socso	Benefits-in-kind	Total
Executive Directors	1,086	37	246	117	29	1,515
Non-Executive Directors	324	221	47	48	25	665
	1,410	258	293	165	54	2,180*

\* Includes proportionate remuneration of a director who resigned during the year.

#### ii. Aggregate remuneration of each Director

Range of remuneration	No. of Directors	
	Executive	Non-Executive
RM0 to RM50,000		2
RM50,001 to RM100,000		2
RM150,001 to RM200,000		1
RM300,001 to RM350,000		1
RM350,001 to RM400,000	1	
RM500,001 to RM550,000	1	
RM 600,001 to RM650,000	1	
Total	3	6

## 1. DIRECTORS (Cont'd)

### (h) ESOS Committee

The ESOS Committee was established on 20 November 2003 and is responsible for administering the ESOS of the Company.

### (i) Directors' Training

All members of the Board have completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Securities Berhad. During the year, all the directors attended trainings endorsed by Bursa Malaysia Securities Berhad.

## 2. SUPPLY OF INFORMATION

All Board Members are provided with Board Papers, which include operational, financial and corporate information to enable the Board to discharge its duties effectively.

The Directors have access to members of the senior management team and the advice and services of the Group Company Secretary.

## 3. ACCOUNTABILITY AND AUDIT

### (a) Financial Reporting

The Board aims to present a balanced and understandable assessment of the Group's position and prospects. The Company has used appropriate accounting policies, consistently applied and supported by reasonable judgements and estimates.

### (b) Internal Control

The statement on internal control is set out on page 30 of the Annual Report.

### (c) Relationship with Auditors

The functions of the Audit Committee in relation to the external auditors are disclosed in pages 23 to 25 of the Annual Report.

## 4. SHAREHOLDERS' COMMUNICATION AND INVESTOR RELATIONS

### (a) Dialogues with Investors

The Board recognises the importance of effective communications with its shareholders and investors. The information of the Company is communicated to them through the following :

i. The Annual Report

ii. The various disclosures and announcements made to the Bursa Malaysia Securities Berhad including the Quarterly Results and Annual Results; and

iii. BPHB's website at [www.binapuri.com.my](http://www.binapuri.com.my)

### (b) Annual General Meeting

The notice of Annual General Meeting is sent out to the shareholders at least 21 days before the date of the meeting.

The Annual General Meeting serves as a principal forum for dialogues with shareholders. Extraordinary General Meetings are held as and when required.

## 5. ADDITIONAL COMPLIANCE INFORMATION

- (a) There were no proceeds raised by the Company from any corporate proposals which required Securities Commission's approval during the financial year.
- (b) There has been no share buy-backs in the financial year.
- (c) There are no American Depositary Receipt or Global Depositary Receipt Programmes sponsored by the Company.
- (d) There were no sanctions and/or penalties imposed on the Company or its subsidiaries, directors or management by the relevant regulatory bodies.
- (e) The amount of non-audit fees paid to the external auditors by the Company and its subsidiaries for the financial year ended 31 December 2005 was RM36,000.
- (f) The results for the financial year do not differ by 10% or more from the unaudited results previously released. The Company has not released or announced any estimated profit, financial forecast or projection during the financial year.
- (g) The Company has not issued any profit guarantee in the financial year.
- (h) None of the Directors and major shareholders has any material contract with the Company and/or its subsidiaries during the financial year under review.

# Statement On Internal Controls

## 1. Introduction

The Malaysian Code on Corporate Governance stipulates that the Board of Directors of listed companies should maintain a sound system of internal controls to safeguard shareholder's investments and the Group's assets. The Board of Directors is taking appropriate initiatives to further strengthen the transparency, accountability and efficiency of the Group's operations. This Statement of Internal Control has been prepared in accordance with the Guidance for Directors of Public Listed Companies issued by the Bursa Malaysia Securities Berhad Task Force on Internal Control.

## 2. Responsibility for risk and internal controls

The Board of Directors and the senior management recognised the importance of ensuring a sound system of internal controls and effective risk management practices are in place in the organisation. The Board acknowledges its overall responsibility for maintaining the Group's system of internal control and has established processes for identifying, evaluating and managing the significant risks faced by the Group. The Board of Directors endeavours to maintain an adequate system of internal controls organisation-wide with consistent integrity designed to manage rather than eliminate risk to achieve business objectives. However, it is recognised that evaluation and implementation of the system can only provide reasonable assurance of the Group achieving its objectives. The system will not provide absolute assurance against any material loss occurrence. The Board of Directors confirms that the system of internal controls with the key elements highlighted above was in place during the financial year. The system is subject to regular reviews by the Board of Directors to ensure continued effectiveness in accordance with the "Statement on Internal Controls: Guidance for Directors of Public Listed Companies". However, material joint ventures and associated companies have not been dealt with as part of the Group for purposes of applying the above guidance.

## 3. Internal audit function

BDO Governance Advisory Sdn Bhd ("BDOGA") provides the Board with much of the assurance it requires regarding the adequacy and integrity of the system of internal controls. BDOGA independently reviews the system of internal controls and reports to the Audit Committee on a quarterly basis, following the establishment of the risk management framework. BDOGA's review of the internal controls in the key activities of the Group's business is based on internal audit strategy and a detailed annual audit plan presented to the Audit Committee for approval. A risk-based approach is adopted and the audit strategy and plan are based on the risk profiles of the major business units of the Group.

BDOGA has completed eight (8) internal control reviews according to the annual internal audit plan and the overall opinion on the areas reviewed is satisfactory.

## 4. Other key elements of internal control

The following are other key elements of the Group's internal control systems:-

- The Board of Directors has put in place an organisation structure, which formally defines lines of responsibility and delegation of authority.
- Internal control procedures are set out in a series of policies and procedures. These procedures are the subject of regular reviews and improvements to reflect changing risks or to resolve operational deficiencies.
- Regular information provided to management on key business indicators, such as sales performance, staff turnover and cash flow performance.
- Scheduled operations and management meetings.
- Centralised procurement function that ensures approval procedures are adhered to as well as to leverage on the Group's purchasing power.

## 5. Weaknesses in internal controls that result in material losses

There were no material losses incurred during the current financial year as a result of weaknesses in internal control. The Management of the Group continues to take measures to strengthen the internal control environment.

# Responsibility Statement by the Board of Directors

The Directors are collectively responsible for ensuring that the financial statements are drawn up in accordance with the requirements of the applicable Approved Accounting Standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Malaysia Securities Berhad.

The Directors have to ensure that the financial statements for each financial year present a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company.

In preparing the financial statements, the Directors have:

1. selected suitable accounting policies and applied them consistently;
2. made judgements and estimates that are reasonable and prudent;
3. ensure that all applicable accounting standards have been followed; and
4. prepared financial statements on the going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and Company have adequate resources to continue in operational existence for the foreseeable future and that the Group and Company have secured significant projects.

The Directors have also taken the necessary steps, as are reasonably open to them, to ensure that appropriate systems are in place for the assets of the Group and the Company to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.



East West, Titi Karangan, Gerik, Package IV (Kupang - Gerik)

## **Financial**

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# Directors' Report

for the year ended 31 December 2005

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2005.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are provision of project management services and investment holding. The principal activities of the subsidiary companies are indicated in Note 3 to the financial statements.

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

## RESULTS

	Group RM'000	Company RM'000
Profit after tax	3,255	5,532
Minority interests	799	-
Net profit for the year	4,054	5,532

## DIVIDEND

Dividend paid or declared by the Company since the end of the previous financial year was as follows:

In respect of the financial year ended 31 December 2005

- Interim dividend of 3% less 28% tax paid on 29 September 2005

RM1,748,000

The directors now recommend the payment of a final dividend of 2% less 28% tax amounting to RM1,165,000 for the financial year ended 31 December 2005, subject to the approval of the shareholders at the forthcoming annual general meeting.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 197,400 new ordinary shares of RM1 each at par for cash from the exercise of Options under the Employees' Share Option Scheme ("ESOS").

No debentures were issued by the Company during the financial year.

## EMPLOYEES' SHARE OPTION SCHEME

In 2004, the Company granted options to eligible employees including executive directors of the Group to subscribe up to 10% of the issued and paid-up share capital of the Company under the Scheme approved by the shareholders of the Company at the Extraordinary General Meeting held on 30 June 2003 and the relevant authorities. The Scheme became operative on 1 December 2003 for a period of five years and the options may be exercised between 1 December 2003 and 30 November 2008.

The option price for each share shall be at a discount of not more than ten percent (10%) from the weighted average market price of the shares of the five (5) market days immediately preceding the date of offer or the par value of the shares, whichever is higher.

The consideration is payable in full on application and the options granted do not confer any rights to participate in any share issue of any other companies of the Group.

The movements in the options during the financial year to take up unissued new ordinary shares of RM1 each at an exercise price of RM1.00 per share are as follows:

	Number of options over ordinary shares
At 1 January 2005	6,459,200
Exercised	(197,400)
Lapsed	(640,400)
At 31 December 2005	5,621,400

## DIRECTORS

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

Dato' Mohamed Feisal bin Ibrahim

Tan Sri Datuk Tee Hock Seng, JP

Dr Tony Tan Cheng Kiat

Tee Hock Hin

Tay Hock Lee

Yusuf Khan bin Ghows Khan

Khalid bin Sufat

Dato' Anad Krishnan A/L Muthusamy (appointed on 1-5-2005)

Lim Joo Kiat (resigned on 1-5-2005)

In accordance with the Company's Articles of Association, Dr Tony Tan Cheng Kiat, Tee Hock Hin and Yusuf Khan Bin Ghows Khan retire from the board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

## DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings required to be kept under section 134 of the Companies Act, 1965, none of the directors who held office at the end of the financial year, held any shares or had any interests in shares in the Company and its related corporations during the financial year except as follows :

	Number of ordinary shares of RM1 each			
	At 1-1-2005/ Date of appointment	Bought	Sold	At 31-12-2005
The Company				
Dato' Mohamed Feisal bin Ibrahim	4,608,000	630,000	-	5,238,000
Tan Sri Datuk Tee Hock Seng, JP	12,334,878	1,111,100	150,000	13,295,978*
Dr Tony Tan Cheng Kiat	8,738,902	340,000	-	9,078,902*
Tee Hock Hin	4,503,768	330,000	-	4,833,768*
Tay Hock Lee	1,596,707	-	-	1,596,707
Dato' Anad Krishnan A/L Muthusamy	10,000	-	-	10,000*

\* includes beneficial interest held under nominee companies

By virtue of their interests in shares in the Company, all the abovenamed directors except Dato' Anad Krishnan A/L Muthusamy are deemed to be interested in shares of the subsidiary companies to the extent the Company has an interest.

	Number of options over ordinary shares			At 31-12-2005
	At 1-1-2005	Granted	Exercised	
Dato' Mohamed Feisal bin Ibrahim	192,000	-	-	192,000
Tan Sri Datuk Tee Hock Seng, JP	192,000	-	-	192,000
Dr Tony Tan Cheng Kiat	240,000	-	-	240,000
Tee Hock Hin	192,000	-	-	192,000

Additionally, the following director was also indirectly interested in shares in Sungai Long Industries Sdn Bhd, a subsidiary company, as follows:

	Number of ordinary shares of RM1 each			At 31-12-2005
	At 1-1-2005	Bought	Sold	
Tan Sri Datuk Tee Hock Seng, JP	1,820,000	-	-	1,820,000

## DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than as disclosed in Notes 25 and 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## 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 the action taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that there were no known bad debts but that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had 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:
- (i) which would render it necessary to write off any debt or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent, or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or
  - (iii) 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.
- (c) At the date of this report, there does not exist:
- (i) any charge on the assets of the Company or its subsidiary companies which has arisen since the end of the financial year which secures the liabilities of any other person, or
  - (ii) any contingent liability of the Company or its subsidiary companies which has arisen since the end of the financial year.
- (d) No contingent or other liability of the Company or its subsidiary companies has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may affect the ability of the Company or its subsidiary companies to meet their obligations as and when they fall due.
- (e) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.
- (f) In the opinion of the directors:
- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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, Moores Rowland, Chartered Accountants, have expressed their willingness to continue in office.

Signed on behalf of the directors in accordance  
with a resolution of the directors

**DATO' MOHAMED FEISAL BIN IBRAHIM**  
Director

**TAN SRI DATUK TEE HOCK SENG, JP**  
Director  
25 April 2006

# Report Of The Auditors To The Members

We have audited the financial statements of the Company set out on pages 41 to 100. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards issued by the Malaysian Institute of Accountants. These 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 an assessment of the accounting principles used and significant estimates made by the directors as well as an evaluation of the overall presentation of the financial statements. We believe our audit has provided us with a reasonable basis for our opinion.

In our opinion:

- (a) the financial statements have been 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 state of affairs of the Group and of the Company at 31 December 2005 and of their results and cash flows for the year ended on that date; and
  - (ii) the matters required by section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- (b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by the subsidiaries of which we acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 3 to the financial statements.

We are satisfied that the financial statement of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the 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 subsidiaries were not subject to any qualification, and in respect of subsidiaries incorporated in Malaysia, did not include any comment made under section 174(3) of the Act.

## **MOORES ROWLAND**

No. AF: 0539

Chartered Accountants

## **GAN MORN GHUAT**

No. 1499/5/07 (J)

Partner

25 April 2006

# Balance Sheets

31 December 2005

	Note	Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
PROPERTY, PLANT AND EQUIPMENT	2	66,030	75,355	20,377	20,259
SUBSIDIARY COMPANIES	3	-	-	40,619	40,559
ASSOCIATED COMPANIES	4	2,539	2,431	790	233
OTHER INVESTMENTS	5	1,505	2,129	465	1,089
LAND HELD FOR PROPERTY DEVELOPMENT	6	10,257	20,807	-	-
EXPRESSWAY DEVELOPMENT EXPENDITURE		18,625	14,577	5,909	5,163
DEFERRED TAX ASSET	7	2,000	-	-	-
<b>CURRENT ASSETS</b>					
Inventories	8	6,871	7,422	-	-
Property development costs	9	6,692	4,841	936	1,561
Gross amount due from customers	10	70,711	49,438	11,653	9,669
Trade and other receivables	11	278,773	132,939	1,337	1,239
Amount owing by subsidiary companies	12	-	-	32,683	39,866
Amount owing by associated companies	13	6,517	3,395	3,382	1,216
Tax recoverable		2,900	3,374	2,543	2,034
Fixed and time deposits	14	14,415	17,042	108	108
Cash and bank balances	15	12,276	21,834	214	1,171
		399,155	240,285	52,856	56,864
Less:					
<b>CURRENT LIABILITIES</b>					
Gross amount due to customers	10	1,085	15,506	-	-
Trade and other payables	16	177,641	134,535	5,251	2,470
Amount owing to subsidiary companies	12	-	-	20,645	31,341
Amount owing to associated companies	13	1,088	1,827	-	-
Hire purchase liabilities	17	2,213	2,792	31	-
Bank borrowings	18	127,537	99,183	9,853	8,925
Tax payable		5,353	5,146	-	-
		314,917	258,989	35,780	42,736
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<b>84,238</b>	<b>(18,704)</b>	<b>17,076</b>	<b>14,128</b>
		185,194	96,595	85,236	81,431
Financed by:					
SHARE CAPITAL	19	80,925	80,727	80,925	80,727
SHARE PREMIUM, non-distributable		3,288	3,288	3,288	3,288
MERGER RESERVE	40	40	40	-	-
OTHER CAPITAL RESERVES	20	15,932	15,932	-	-
ACCUMULATED LOSS		(34,725)	(37,031)	(2,532)	(6,316)
<b>SHAREHOLDERS' EQUITY</b>		<b>65,460</b>	<b>62,956</b>	<b>81,681</b>	<b>77,699</b>
MINORITY INTERESTS		10,779	12,002	-	-
<b>LONG TERM AND DEFERRED LIABILITIES</b>					
Hire purchase liabilities	17	3,242	1,954	219	-
Bank term loans	21	104,490	17,251	3,191	3,489
Deferred tax liabilities	22	1,223	2,432	145	243
		108,955	21,637	3,555	3,732
		185,194	96,595	85,236	81,431

Notes to and forming part of the financial statements are set out on pages 48 to 100

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# Income Statements

for the year ended 31 December 2005

	Note	Group 2005 RM'000	2004 RM'000	Company 2005 RM'000	2004 RM'000
Gross revenue	23	<b>464,768</b>	409,188	<b>5,282</b>	5,424
Cost of sales	24	<b>(426,443)</b>	(366,751)	<b>(2,410)</b>	(2,354)
Gross profit		<b>38,325</b>	42,437	<b>2,872</b>	3,070
Other operating income		<b>3,483</b>	11,045	<b>3,681</b>	739
Selling and distribution expenses		<b>(2,280)</b>	(4,292)	-	-
Administrative and general expenses		<b>(28,392)</b>	(38,159)	<b>(12,756)</b>	(8,905)
Profit/(Loss) from operations	25	<b>11,136</b>	11,031	<b>(6,203)</b>	(5,096)
Finance costs	26	<b>(6,381)</b>	(6,270)	<b>(937)</b>	(570)
Investment income	27	<b>511</b>	442	<b>16,771</b>	18,467
Share of results of associated companies		<b>(272)</b>	248	-	-
Profit before tax		<b>4,994</b>	5,451	<b>9,631</b>	12,801
Tax expense					
- Company and its subsidiaries	28	<b>(1,662)</b>	(546)	<b>(4,099)</b>	(1,280)
- Associated companies		<b>(77)</b>	(66)	-	-
Profit after tax		<b>3,255</b>	4,839	<b>5,532</b>	11,521
Minority interests		<b>799</b>	(102)	-	-
Net profit for the year		<b>4,054</b>	4,737	<b>5,532</b>	11,521
Net dividend per share (sen)		<b>2.16</b>	-	<b>2.16</b>	-
Earnings per share (sen)	29				
- basic		<b>5.01</b>	5.89		
- fully diluted		-	5.80		

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2005

	Share capital RM'000	Share premium RM'000	Merger reserve RM'000	Other capital reserves RM'000	Accumulated loss RM'000	Total RM'000
At 1 January 2004	80,000	3,288	40	15,932	(41,768)	57,492
Issue of share capital - ESOS	727	-	-	-	-	727
Net profit for the year	-	-	-	-	4,737	4,737
At 31 December 2004	80,727	3,288	40	15,932	(37,031)	62,956
Issue of share capital - ESOS	198	-	-	-	-	198
Net profit for the year	-	-	-	-	4,054	4,054
Dividend paid (Note 30)	-	-	-	-	(1,748)	(1,748)
At 31 December 2005	80,925	3,288	40	15,932	(34,725)	65,460

# Statement of Changes In Equity

for the year ended 31 December 2005

	Share capital RM'000	Share premium RM'000	Accumulated loss RM'000	Total RM'000
At 1 January 2004	80,000	3,288	(17,837)	65,451
Issue of share capital - ESOS	727	-	-	727
Net profit for the year	-	-	11,521	11,521
At 31 December 2004	80,727	3,288	(6,316)	77,699
Issue of share capital - ESOS	198	-	-	198
Net profit for the year	-	-	5,532	5,532
Dividend paid (Note 30)	-	-	(1,748)	(1,748)
At 31 December 2005	80,925	3,288	(2,532)	81,681

# Cash Flow Statements

for the year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before tax	<b>4,994</b>	5,451	<b>9,631</b>	12,801
Adjustments for:				
Depreciation	<b>10,379</b>	10,889	<b>674</b>	666
Property, plant and equipment written off	<b>10</b>	195	<b>1</b>	24
Loss/(Gain) on disposal of property, plant and equipment	<b>2,474</b>	(846)	<b>(114)</b>	2
Impairment loss on land held for development written back	<b>(1,500)</b>	-	-	-
Gain on disposal of investments in subsidiary companies	<b>(62)</b>	(42)	-	(10,865)
Loss/(Gain) on disposal of other investments	<b>43</b>	(28)	<b>43</b>	(28)
Share of results of associated companies	<b>272</b>	(248)	-	-
Bad debts written off	-	3,500	-	-
Allowance for doubtful debts	105	1,643	<b>6,856</b>	1,916
Allowance for doubtful debts written back	<b>(240)</b>	(1,116)	<b>(3,005)</b>	-
Deferred project expenditure written off	-	1,036	-	1,036
Unrealised gain on foreign exchange	<b>(18)</b>	(14)	-	-
Dividend income	(5)	(17)	<b>(16,809)</b>	(7,562)
Interest income	<b>(552)</b>	(3,776)	<b>(5)</b>	(12)
Interest on bank term loan waived	<b>(46)</b>	(1,558)	-	-
Interest expenses	<b>7,400</b>	6,666	<b>937</b>	570
Hire purchase term charges	<b>664</b>	466	-	-
Operating profit/(loss) before working capital changes	<b>23,918</b>	22,201	<b>(1,791)</b>	(1,452)
Changes in inventories	<b>551</b>	190	-	-
Changes in property development costs	<b>(1,851)</b>	(2,597)	<b>625</b>	683
Changes in receivables	<b>(155,535)</b>	(28,284)	<b>247</b>	(2,984)
Changes in payables	<b>27,184</b>	(2,046)	<b>2,781</b>	321
Cash (utilised in)/generated from operations	<b>(105,733)</b>	(10,536)	<b>1,862</b>	(3,432)
Development costs incurred on land held for property development	-	(9,788)	-	-
Expressway development expenditure	<b>(4,048)</b>	(3,595)	<b>(746)</b>	(1,900)
Interest paid	<b>(7,143)</b>	(6,666)	<b>(937)</b>	(570)
Tax paid	<b>(4,190)</b>	(3,154)	-	(699)
Net cash(used in)/from operating activities	<b>(121,114)</b>	(33,739)	<b>179</b>	(6,601)

# Cash Flow Statements (Cont'd)

for the year ended 31 December 2005

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant and equipment	(6,200)	(6,997)	(546)	(54)
Purchase of new subsidiary companies, net of cash (Note 31)	-	161	*	-
Purchase of additional investments in subsidiary companies	-	-	(60)	(4,035)
Purchase of investments in associated companies	-	(333)	-	(233)
Purchase of additional investment in an associated company	(557)	-	(557)	-
Purchase of other investments	(16)	(1,040)	(16)	(1,040)
Proceeds from disposal of property, plant and equipment	6,815	3,875	117	6
Disposal of subsidiary company, net of cash (Note 31)	99	-	-	-
Proceeds from disposal of other investments	597	828	597	828
Dividends received from subsidiary companies	-	-	12,100	-
Dividends received from associated company	100	-	-	-
Dividends received from other investments	5	17	4	15
Interest received	552	3,776	5	12
Repayment from/(Advances to) subsidiary companies	-	-	963	(6,776)
(Advances to)/Repayment from associated companies	(2,531)	282	(2,127)	(47)
(Placement)/Withdrawal of fixed and time deposits	(1,373)	12,764	-	7,723
Net cash (used in)/from investing activities	(2,509)	13,333	10,480	(3,601)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of shares	198	727	198	727
Shares issued to minority shareholders	40	899	-	-
(Repayment to)/Advances from subsidiary companies	-	-	(10,696)	6,062
Advances from/(Repayment to) associated companies	100	(141)	-	-
Dividend paid to shareholders of the Company	(1,748)	-	(1,748)	-
Dividend paid to minority interests	(464)	(1,641)	-	-
Net drawdown/(Repayment) of bank borrowings	112,912	169	(277)	1,391
Payment of hire purchase instalments	(2,990)	(3,959)	-	-
Hire purchase term charges paid	(664)	(466)	-	-
Net cash from/(used in) financing activities	107,384	(4,412)	(12,523)	8,180
NET CHANGES IN CASH AND CASH EQUIVALENTS	(16,239)	(24,818)	(1,864)	(2,022)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	3,528	28,346	(4,423)	(2,401)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	(12,711)	3,528	(6,287)	(4,423)

# Cash Flow Statements (Cont'd)

for the year ended 31 December 2005

	Group		Company	
	2005	2004	2005	2004
	RM'000	RM'000	RM'000	RM'000
Represented by:				
TIME DEPOSITS	52	4,052	52	52
CASH AND BANK BALANCES	12,276	21,834	214	1,171
BANK OVERDRAFTS	(25,039)	(22,358)	(6,553)	(5,646)
	(12,711)	3,528	(6,287)	(4,423)

During the financial year, the Group and the Company acquired property, plant and equipment amounting to RM10,353,000 (2004 : RM9,409,000) and RM796,000 (2004 : Nil) respectively, of which RM3,699,000 (2004 : RM2,360,000) for the Group and RM250,000 (2004 : Nil) for the Company were financed under hire purchase. An amount of RM6,200,000 (2004 : RM6,997,000) and RM546,000 (2004 : RM54,000) respectively for the Group and the Company were paid by cash and the balance of RM454,000 (2004 : RM52,000) of the Group remained unpaid and included in other payables.

\* Represents RM2

# Notes To And Forming Part Of The Financial Statements

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements comply with applicable approved accounting standards issued or adopted by the Malaysian Accounting Standards Board ("MASB") and the provisions of the Companies Act, 1965.

The measurement bases applied in the preparation of the financial statements include cost, amortised cost, recoverable value, realisable value and fair value as indicated in the accounting policies set out below. Accounting estimates are used in measuring these values.

### (b) Subsidiary companies

A subsidiary company is a company in which the Company has the power to control the financial and operating policies so as to obtain benefits from its activities.

The Company's interests in subsidiary companies are stated at cost less accumulated impairment loss. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

### (c) Basis of consolidation

The consolidated financial statements include the audited financial statements of the Company and all its subsidiary companies made up to the end of the financial year. All material inter-company transactions are eliminated on consolidation and the consolidated financial statements reflect external transactions only. Unrealised gains on transactions are eliminated in full and unrealised losses are also eliminated in full unless cost cannot be recovered. The financial statements of the subsidiary companies are consolidated on the acquisition method of accounting except for Bina Puri Sdn Bhd, which is consolidated on the merger method of accounting in accordance with the provisions of Malaysian Accounting Standard ("MAS") No. 2 - Accounting for Acquisitions and Mergers. The Group has chosen to adopt the provisions of MASB 21 - Business Combinations prospectively, as permitted under the transitional provisions of MASB 21. Accordingly, the effects of the merger method of accounting under MAS No. 2 have been retained.

Under the acquisition method of accounting, the results of the subsidiary companies acquired or disposed of are included in the consolidated financial statements from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiary companies' net assets are determined and these values are reflected in the consolidated financial statements.

Under the merger method of accounting, the results of the subsidiary companies acquired during the year are accounted for on a full year basis irrespective of the date of merger. The difference between the nominal value of shares issued plus any cash paid as consideration for the merger and the nominal value of the share capital of the subsidiary company acquired is reflected as merger reserve.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (d) Associated companies

Associated companies are defined as those companies in which the Group holds a long term equity interest, has representation on the board of directors and is in a position to exercise significant influence in their management, but not control, over the financial and operating policies.

Investments in associated companies are stated at cost less accumulated impairment loss. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

The Group's share of the results of the associated companies is accounted for in the consolidated income statement using the equity method of accounting in place of dividends received. On the consolidated balance sheet, the Group's share of post-acquisition results and reserves of the associated companies is added to the cost of investments which reflects the Group's share of the net assets of the associated companies.

Equity accounting is discontinued when the carrying amount of the investment in an associated company diminishes by virtue of losses to zero, unless the Group has incurred or guaranteed obligations in respect of the associated company.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred. When necessary, in applying the equity method, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with the Group.

The post-acquisition results and reserves of the associated companies accounted for are based on the latest audited financial statements made up to the end of the financial year.

### (e) Goodwill or discount on acquisition

The difference, if any, between the acquisition cost and the fair values of attributable net assets acquired is reflected in the financial statements as either goodwill or discount on acquisition. Where goodwill is considered to be capable of generating future economic benefits it is capitalised in the financial statements and amortised on the straight line basis over its estimated useful life or 25 years, whichever is shorter. However, if the amount is immaterial, it is written off in the income statement in the year of acquisition. Discount on acquisition is retained in the consolidated balance sheet and will be credited to the income statement over a suitable period decided in relation to the particular circumstances which give rise to it, otherwise, it is credited to the income statement in the year of acquisition. Goodwill is stated at cost less accumulated amortisation and accumulated impairment loss. The carrying amount and amortisation periods are reviewed annually, and goodwill is written down when its value has deteriorated or when it ceases to have a useful life. The policy for the recognition and measurement of impairment loss is in accordance with Note 1(p).

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Property, plant and equipment

#### (i) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

#### (ii) Depreciation

Freehold land and capital work-in-progress are not amortised while leasehold land and buildings are amortised on the straight line basis over the remaining lease periods of between 16 and 95 years.

Depreciation is calculated to write off the cost of other property, plant and equipment on a straight line basis over their expected economic useful lives at the following annual rates:

Buildings	2%
Quarry face development	12%
Plant, machinery, moulds and factory equipment	10% - 50%
Tractors and motor vehicles	12% - 20%
Renovation, electrical installations and furniture and fittings	10% - 20%
Office equipment	10%

Capital work-in-progress will only be depreciated when the assets are ready for its intended use.

### (g) Assets acquired under hire purchase agreements

Assets financed by hire-purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group, are capitalised as property, plant and equipment and the corresponding obligations are treated as liabilities. On initial recognition, assets acquired by way of hire-purchase are stated at an amount equal to the lower of their fair values and the present values of the minimum hire purchase payment at the inception of the hire purchase agreements. The property, plant and equipment capitalised are depreciated on the same basis as owned assets.

In calculating the present value of the minimum hire purchase payments, the discount rate is the interest rate implicit in the hire purchase agreements, if this is practicable to determine, if not, the Group's incremental borrowing rates are used.

### (h) Other investments

Other investments which are held for long term, are stated at cost less accumulated impairment loss. The investments are written down when there is an impairment loss on the value of such investments. The impairment loss is charged to the income statement.

#### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified under non-current assets and is stated at cost less accumulated impairment loss. The policy for the recognition and measurement of impairment loss is in accordance with Note 1(p).

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (j) Expressway development expenditure

Expressway development expenditure comprises development expenditure incurred by the Group in connection with highway concessions. Upon completion of the construction works of the expressway and commencement of tolling operations, the cumulative expenditure incurred is amortised to the income statement over the concession period.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined principally on the weighted average and specific identification bases appropriate to the type of inventory. In the case of work-in-progress and finished goods, cost comprises direct materials, direct labour, other direct charges and an appropriate proportion of factory overheads. The net realisable value is considered to be the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated selling expenses.

### (l) Property development costs

Property development costs comprise land and development costs which includes cost directly attributable to the development activities and other costs that can be allocated on a reasonable basis to such activities as well as interest expenses incurred during the period of development.

Property development revenue and expenses are recognised in the income statement using the percentage of completion method, which is applied in circumstances where the outcome of the development activities can be reliably estimated. The stage of completion is estimated by the proportion of cost incurred to-date bear to estimated total costs, and for this purpose only those costs that reflect actual development work performed are included as costs incurred to-date.

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

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

Property development costs which is not recognised as an expense, are recognised as an asset and are measured at the lower of cost and net realisable value.

### (m) Gross amount due from/to customers

On the balance sheet, contracts work-in-progress are reflected either as gross amounts due from or due to customers, where a gross amount due from customers is the surplus of (i) costs incurred plus profits recognised under the percentage of completion method over (ii) recognised foreseeable losses plus progress billings. A gross amount due to customers is the surplus of (ii) over (i).

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (n) Receivables

Receivables are stated at their nominal values and an allowance is made for any receivables considered to be doubtful of collection. Known bad debts are written off.

### (o) Payables

Payables are stated at their nominal values which are the fair values of the consideration to be paid in the future for goods and services received.

### (p) Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of the estimated net selling price of the asset and its value in use. Value in use is measured by discounted future cash flows expected to be generated from continuing use of the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or the cash generating unit to which it belongs exceeds its recoverable amount. The impairment loss, if any, is charged to the income statement.

Any subsequent increase in the recoverable amount of an asset is recognised as reversal of previous impairment loss and should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

### (q) Share capital

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Cost directly attributable to the issuance of the shares is accounted for as a deduction from share premium, otherwise, it is charged to the income statement.

Dividends on ordinary shares, when declared or proposed by the directors of the Company are disclosed in the notes to the financial statements. Upon approval and when paid, such dividends will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividends are paid.

### (r) Foreign currencies

#### (i) Foreign currency transactions

Transactions in foreign currencies during the financial year are converted to Ringgit Malaysia at the rates of exchange ruling at the date of transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Ringgit Malaysia at foreign exchange rates ruling at that date. Foreign exchange differences arising from translation are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated to Ringgit Malaysia at the foreign exchange rates at the date of the transactions.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (r) Foreign currencies (Cont'd)

#### (ii) Financial statements of foreign operations

The Group's foreign operations are not considered an integral part of the Company's operations. Accordingly, the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Ringgit Malaysia at closing rates. The revenue and expenses of foreign operations are translated to Ringgit Malaysia at average exchange rates applicable throughout the year. Foreign exchange differences arising on translation are recognised directly in equity under exchange translation reserve. On disposal of the foreign operations, such translation differences are recognised in the income statement as part of the gain or loss on disposal.

The closing rates used in translation are as follows:

	2005 RM	2004 RM
USD1	3.80	3.80
SGD1	2.20	2.20
NR1	0.06	0.06
IR1	0.08	0.08
BAHT100	9.09	9.09
VND100	41.48	-

#### (s) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and the Company and when the revenue can be measured reliably, on the following bases:

#### (i) Construction contracts

The Group's construction contracts are all fixed price contracts and where their outcome can be reasonably estimated, revenue is recognised on the percentage of completion method. The stage of completion is determined by the proportion that contract costs incurred to date bear to estimated total costs, and for this purpose only those costs that reflect actual contract work performed are included as costs incurred to date.

When the outcome of a construction contract cannot be reasonably estimated, revenue is recognised only to the extent of contract costs incurred that are expected to be recoverable. At the same time, all contract costs incurred are recognised as an expense in the period in which they are incurred.

Where it is probable that the total costs will exceed total revenue, the foreseeable loss is immediately recognised in the income statement irrespective of whether contract work has commenced or not, or the stage of completion of contract activity, or the amounts of profits expected to arise on other unrelated contracts.

Revenue from construction contracts represents the proportionate contract value on construction contracts attributable to the percentage of contract work performed during the financial year.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (s) Revenue recognition (Cont'd)

#### (ii) Sale of development properties

Revenue from sale of development properties is recognised on the percentage of completion method and represents the proportionate sales value of development properties sold attributable to the percentage of development work performed during the financial year.

#### (iii) Sale of goods

Sale of goods is recognised when significant risks and rewards of ownership have been transferred to customers.

#### (iv) Management fee

Management fee is recognised on an accrual basis when services are rendered.

#### (v) Dividend income

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

#### (vi) Interest income

Interest income is recognised on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable. If the collectability of the interest income is in doubt, the recognition of interest income is deferred until prospect of collection becomes certain.

#### (vii) Hiring and rental income

Hiring and rental income is recognised on a time proportion basis over the lease term.

### (t) Operating leases

Operating leases are those leases other than finance leases. Lease payments under operating leases are charged to the income statement on a time proportion basis over the lease term.

### (u) Employee benefits

#### (i) Short term benefits

Salaries, wages, allowances, bonuses and social security contributions are recognised as an expense in the financial year in which the services are rendered by the 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 entitlements to future compensated absences and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur. Non-monetary benefits such as medical care, housing and other staff related expenses are charged to the income statement as and when incurred.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (u) Employee benefits (Cont'd)

#### (ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the income statement in the financial year to which they relate.

#### (iii) Equity compensation benefits

The Company operates an ESOS which allows full time employees (including full time executive directors) of the Company and its subsidiaries to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

#### (iv) Termination benefits

Employee termination benefits are recognised only either after an agreement is in place with the appropriate employee representatives specifying the terms of redundancy or after individual employees have been advised of the specific terms.

### (v) Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is expensed to the income statement as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products, is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment loss.

Capitalised development expenditure is amortised over its commercial production period or 5 years, whichever is lower, on a straight line basis.

### (w) Borrowing costs

All interest and other costs incurred in connection with borrowings are expensed as incurred as part of finance costs except to the extent that they are directly attributable to the acquisition and construction of development properties or construction contracts, in which case, they are capitalised as part of the property development costs or contract costs.

Finance costs comprise interest paid and payable on borrowings. Borrowing costs incurred on construction contracts and development properties that take a substantial period of time for completion are capitalised into the carrying value of the assets. Capitalisation of borrowing costs will cease when the assets are completed or during extended periods in which active development is interrupted. The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on borrowings obtained specifically for the purpose of the project.

The interest component of hire purchase payments is charged to the income statement over the hire purchase periods so as to give a constant periodic rate of interest on the remaining hire purchase liabilities.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (x) Tax expense

The tax expense in the income statement comprises current tax and deferred tax. Current tax is an estimate of tax payable at current tax rate based on profit earned during the year. Deferred taxation is recognised in full, based on the liability method for taxation deferred in respect of all material temporary differences arising from differences between the tax bases of the assets and the liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised 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 calculated at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. Current and deferred tax is recognised as an income or an expense in the income statement.

### (y) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, time deposits, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

### (z) Rounding of amounts

Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand. The currency used is Ringgit Malaysia ("RM").

### (aa) Financial instruments

#### (i) Financial instruments recognised in the balance sheet

The recognised financial instruments of the Group comprise cash and cash equivalents, long term investments, receivables, payables, bank borrowings, hire purchase liabilities as well as ordinary share capital. These financial instruments are recognised when a contractual relationship has been established. All the financial instruments are denominated in Ringgit Malaysia, unless otherwise stated. The accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied, are disclosed above. The information on the extent and nature of these recognised financial instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows are disclosed in the respective notes to the financial statements.

#### (ii) Financial instruments not recognised in the balance sheet

The Group has provided unsecured guarantees in respect of banking facilities which represent present obligations existed at the balance sheet date but are not recognised in the financial statements at inception because it is not probable that an outflow of economic benefits will be required to settle the obligations.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 2. PROPERTY, PLANT AND EQUIPMENT

Group 2005	Freehold land and buildings RM'000	Long term leasehold land and buildings RM'000	Short term leasehold land and buildings RM'000	Quarry face development RM'000	Plant, machinery, moulds and factory equipment RM'000	Tractors and motor vehicles RM'000	Renovation, electrical installations and furniture and fittings RM'000	Office equipment RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Cost</b>										
At 1 January	6,362	43,523	3,571	1,941	50,963	44,281	8,365	9,845	-	168,851
Additions	-	350	36	-	2,011	4,063	226	963	2,704	10,353
Disposals	(2,934)	(3,853)	-	-	(12,823)	(2,721)	(957)	(75)	-	(23,363)
Write-off	-	-	-	-	(110)	-	(3)	(21)	-	(134)
Reclassification	(324)	324	-	-	-	-	-	-	-	-
At 31 December	3,104	40,344	3,607	1,941	40,041	45,623	7,631	10,712	2,704	155,707
<b>Accumulated depreciation</b>										
At 1 January	214	2,752	1,607	1,290	38,861	34,730	5,604	6,201	-	91,259
Charge for the year	74	693	128	450	2,990	4,282	680	1,082	-	10,379
Disposals	(105)	(998)	-	-	(9,551)	(2,603)	(764)	(53)	-	(14,074)
Write-off	-	-	-	-	(110)	-	(3)	(11)	-	(124)
Reclassification	(31)	31	-	-	-	-	-	-	-	-
At 31 December	152	2,478	1,735	1,740	32,190	36,409	5,517	7,219	-	87,440

**Group  
2005**

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# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

	Long leasehold land and buildings RM'000	Electrical installation and furniture and fittings RM'000	Office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Company 2005</b>					
<b>Cost</b>					
At 1 January	20,025	3,094	1,308	904	25,331
Additions	350	7	53	386	796
Disposals	-	-	(23)	(684)	(707)
Write-off-	-	-	(9)	-	(9)
<b>At 31 December</b>	<b>20,375</b>	<b>3,101</b>	<b>1,329</b>	<b>606</b>	<b>25,411</b>
<b>Accumulated depreciation</b>					
At 1 January	1,532	1,855	781	904	5,072
Charge for the year	218	313	137	6	674
Disposals	-	-	(20)	(684)	(704)
Write-off	-	-	(8)	-	(8)
<b>At 31 December</b>	<b>1,750</b>	<b>2,168</b>	<b>890</b>	<b>226</b>	<b>5,034</b>
<b>Net book value at 31 December</b>	<b>18,625</b>	<b>933</b>	<b>439</b>	<b>380</b>	<b>20,377</b>
<b>2004</b>					
Net book value at 31 December	18,493	1,239	527	-	20,259
Depreciation charge for the year	217	313	136	-	666

The title deeds to certain land and buildings of the Group and the Company with net book value of RM19,745,000 and RM2,547,000 (2004 : RM22,057,000 and RM2,222,000) respectively, have yet to be issued by the relevant authorities.

Included in property, plant and equipment of the Group is freehold land with a net book value of RM911,000 (2004 : RM911,000) held in trust by directors of certain subsidiary companies.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 2. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

The net book values of property, plant and equipment of the Group charged to licensed financial institutions for banking facilities granted to the Group are as follows:

	2005 RM'000	2004 RM'000
Freehold land and buildings	2,018	5,215
Long term leasehold land and buildings	287	1,566
Short term leasehold land and buildings	184	218
Plant, machinery, moulds and factory equipment	2,121	1,475
Tractors and motor vehicles	459	4,489
Renovation, electrical installations and furniture and fittings	549	802
Office equipment	172	-
	<b>5,790</b>	<b>13,765</b>

The net book values of property, plant and equipment acquired under hire purchase are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Plant, machinery, moulds and factory equipment	1,198	1,208	-	-
Tractors and motor vehicles	6,180	6,905	380	-
Office equipment	338	152	-	-
	<b>7,716</b>	<b>8,265</b>	<b>380</b>	<b>-</b>

## 3. SUBSIDIARY COMPANIES

	2005 RM'000	2004 RM'000
Unquoted shares		
- at cost	40,829	40,769
- at valuation	4,264	4,264
	<b>45,093</b>	<b>45,033</b>
Less:		
Accumulated impairment losses	4,474	4,474
	<b>40,619</b>	<b>40,559</b>

The unquoted shares stated at valuation were revalued by the directors in 1994 based on the value of the underlying net tangible assets of the subsidiary company concerned.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The 1994 valuation was a one-off exercise. It is not the Group's policy to carry out regular revaluations of its investments in subsidiary companies, and accordingly, the carrying amount of the revalued investment has been retained on the basis of this one-off revaluation as surrogate cost.

The subsidiary companies, all of which are incorporated in Malaysia except where indicated, are as follows:

	Gross equity interest		Principal activities
	2005 %	2004 %	
<b>Subsidiaries of the Company</b>			
Bina Puri Sdn Bhd	100	100	Contractor of earthworks, building and road construction
Aksi Bina Puri Sdn Bhd	70	70	Property developer
Maskimi Sdn Bhd	100	100	Investment holding
Bina Puri Plantation Sdn Bhd	100	100	Investment holding
*Bina Puri Infrastructure Pte Ltd (Incorporated in India)	100	100	Contractor of road construction
Lebuhraya Assamjawa Taman Rimba Berhad	60	60	Builder of an expressway
Bina Puri HG Corporation Sdn Bhd	60	60	Investment holding
Konsortium Bina Puri-Panzana Enterprise Sdn Bhd	51	51	Inactive
Gugusan Murni Sdn Bhd	100	100	Property developer (no active development)
Bina Puri Mining Ventures Sdn Bhd	60	60	Dormant
*DPBS-BPHB Sdn Bhd	60	60	Investment holding and contractors of earthworks, building and road construction
Bina Puri Juara Sdn Bhd (formerly known as Darjat Juara Sdn Bhd)	100	-	Investment holding
<b>Subsidiary companies of Bina Puri Sdn Bhd</b>			
Bina Puri Machinery Sdn Bhd	100	100	Provision of maintenance services for plant and machinery and as contractors for earthworks projects
Bina Puri Construction Sdn Bhd	100	100	Contractors of earthworks, building and road construction and property development
Easy Mix Sdn Bhd	100	100	Producer of readymix concrete
Karseng Industries & Engineering Sdn Bhd	70	70	Property developer (no active development)

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 1. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Subsidiaries of the Company	Gross equity interest		Principal activities
	2005 %	2004 %	
<b>Subsidiary companies of Maskimi Sdn Bhd</b>			
Sungai Long Industries Sdn Bhd	51	51	Quarry operator and contractor of road paving projects
K M Quarry Sdn Bhd	70	70	Quarry operator and contractor of road paving projects
Maskimi Polyol Sdn Bhd	90	90	Manufacturer of polyol
Maskimi Venture Sdn Bhd	100	100	Commission agent
Hamay Glass Sdn Bhd	60	60	Inactive
<b>Subsidiary company of Bina Puri HG Corporation Sdn Bhd</b>			
Bumi Pipeline Services Sdn Bhd	-	60	Dormant
<b>Subsidiary company of DPBS-BPHB Sdn Bhd</b>			
*Konsortium DPBSH-BPHB-AGSB Sdn Bhd	55	55	Contractor of earthworks, building and road construction
<b>Subsidiary companies of Bina Puri Construction Sdn Bhd</b>			
Latar Project Management Sdn Bhd	60	60	Provision of project management services (operations suspended)
*Bina Puri Cambodia Ltd (Incorporated in Cambodia)	100	100	Inactive
*Bina Puri Development Sdn Bhd	60	60	Inactive
*Bina Puri Vietnam Co. Ltd (Incorporated in Vietnam)	100	-	Inactive
<b>Subsidiary company of Easy Mix Sdn Bhd</b>			
Bina Puri Properties Sdn Bhd	100	100	Trading of building materials
<b>Subsidiary company of Sungai Long Industries Sdn Bhd</b>			
Sungai Long Bricks Sdn Bhd	100	100	Manufacturer of bricks
<b>Subsidiary company of Sungai Long Bricks Sdn Bhd</b>			
Sungai Long Plaster Industries Sdn Bhd	100	100	Manufacturer of plaster cement

\* Subsidiary companies not audited by Moores Rowland or its associates.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 4. ASSOCIATED COMPANIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Unquoted shares, at cost	1,240	683	790	233
Group's share of post acquisition results	1,299	1,748	-	-
	2,539	2,431	790	233
Represented by:				
Share of net assets of associated companies	2,539	2,431		

The associated companies, all of which are incorporated in Malaysia except where indicated, are as follows:

	Gross equity interest		Principal activities
	2005 %	2004 %	
<hr/>			
<b>Associated companies of the Company</b>			
Konsortium Bina Puri-Panzana (Nilai) Sdn Bhd	40	40	Contractor of road construction
Bina Puri Holdings (Thailand) Ltd (Incorporated in Thailand)	49	49	Investment holding
Bina Puri (Thailand) Ltd (Incorporated in Thailand)	49	49	Contractor of earthworks, building and road construction
<b>Associated companies of Sungai Long Industries Sdn Bhd</b>			
SLM Gabungan Sdn Bhd	50	50	Quarry operator and contractor of road paving projects
Rock Processors (Melaka) Sdn Bhd	40	40	Quarry operator and contractor of road paving projects
Sungai Long Properties Sdn Bhd	50	50	Inactive

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 5. OTHER INVESTMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Shares quoted in Malaysia, at cost	216	216	-	-
Unquoted shares, at cost	1,068	1,059	629	620
Less:				
Accumulated impairment loss	281	281	281	281
	787	778	348	339
Mutual funds and unit trusts quoted in Malaysia, at cost	107	740	107	740
Transferable corporate membership in golf and country resorts, at cost	395	395	10	10
	1,505	2,129	465	1,089
Market value				
- shares quoted in Malaysia	87	150	-	-
- mutual funds and unit trusts quoted in Malaysia	107	722	107	722
	194	872	107	722

Included in the unquoted shares stated at cost of the Group is an amount of RM439,000 (2004 : RM439,000) representing 12% equity interest in the issued and paid-up share capital of Ideal Heights Properties Sdn Bhd ("IHPSB"), a company in which certain directors of the Company have substantial financial interests.

## 6. LAND HELD FOR PROPERTY DEVELOPMENT

	Group	
	2005 RM'000	2004 RM'000
Long leasehold land, at cost		
At 1 January	15,457	5,200
Addition during the year	-	10,257
Disposal during the year	(5,200)	-
At 31 December	10,257	15,457
Add:		
Development costs		
At 1 January	6,850	7,319
Disposal during the year	-	(469)
Overestimated in prior year	-	6,850
At 31 December	-	6,850
	10,257	22,307
Less:		
Accumulated impairment loss		
At 1 January	1,500	1,500
Impairment loss written back	(1,500)	-
At 31 December	-	1,500
Net carrying value at 31 December	10,257	20,807

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 7. DEFERRED TAX ASSET

	Group	
	2005 RM'000	2004 RM'000
At 1 January	-	-
Transfer from income statement	2,000	-
At 31 December	2,000	-
The deferred tax asset comprises:		
Deductible temporary differences on		
- unused tax losses	1,345	-
- unabsorbed capital allowances	992	-
	2,337	-
Less:		
Taxable temporary differences		
- between net book value and tax written down value of property, plant and equipment	331	-
- on unrealised gain on foreign exchange	6	-
	2,000	-

At 31 December 2005, the Group has not recognised deferred tax assets arising from the following temporary differences as it is not probable that future taxable profit will be available against which the assets can be utilised.

	2005 RM'000	2004 RM'000
Deductible temporary differences on		
- unused tax losses	7,479	8,817
- unabsorbed capital allowances	7,911	9,028
	15,390	17,845
Less:		
Taxable temporary differences between net book value and tax written down value of property, plant and equipment	335	1,599
	15,055	16,246

## 8. INVENTORIES

	Group	
	2005 RM'000	2004 RM'000
At cost		
Inventories of completed development units	2,970	3,338
Raw materials and consumables	1,676	1,662
Finished goods	2,210	2,386
	6,856	7,386
At net realisable value		
Finished goods	15	36
	6,871	7,422

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 9. PROPERTY DEVELOPMENT COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 January				
Land cost	2,244	-	2,244	-
Cost of land transferred from property, plant and equipment	-	2,244	-	2,244
Development costs	5,569	-	-	-
	7,813	2,244	2,244	2,244
Add:				
Development costs incurred during the year	10,034	5,569	-	-
	17,847	7,813	2,244	2,244
Less:				
Cost recognised as an expense in the income statement				
Recognised in previous financial years	2,972	-	683	-
Recognised during the year	8,183	2,972	625	683
	11,155	2,972	1,308	683
At 31 December	6,692	4,841	936	1,561

## 10. GROSS AMOUNTS DUE FROM/TO CUSTOMERS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Cost of contracts	1,110,670	865,765	11,653	9,669
Attributable profit recognised to date	92,674	76,442	-	-
	1,203,344	942,207	11,653	9,669
Less:				
Progress billings	(1,133,718)	(908,275)	-	-
	69,626	33,932	11,653	9,669
Represented by:				
Gross amount due from customers	70,711	49,438	11,653	9,669
Gross amount due to customers	(1,085)	(15,506)	-	-
	69,626	33,932	11,653	9,669
Retention sums receivable from customers included in trade receivables (Note 11)	21,292	14,282	-	-
Advances received for contract work not yet performed included in other payables (Note 16)	11,388	6,317	103	212

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Gross trade receivables	262,031	133,602	-	-
Less:				
Allowance for doubtful debts	15,473	15,608	-	-
	246,558	117,994	-	-
Accrued billings on property development projects	505	254	505	254
Gross other receivables	33,043	17,078	972	1,128
Less:				
Allowance for doubtful debts	6,347	6,347	183	183
	26,696	10,731	789	945
Deposits	2,215	1,211	10	10
Prepayments	2,799	2,749	33	30
	278,773	132,939	1,337	1,239

Trade receivables comprise amounts receivable from progress billings made to customers on contract works performed, sale of development properties, sale of goods, services rendered to customers and retention sums receivable. Other receivables, deposits and prepayments are from the normal business transactions of the Group.

Trade receivables are granted credit periods of between 14 and 90 days while retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 6 and 15 months.

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Included in trade receivables is an amount owing by IHPSB	2,785	2,876	-	-
Included in other receivables are the following:				
Amounts owing by IHPSB	572	572	2	2
Amount owing by a corporate shareholder of a subsidiary company	-	186	-	-

# Notes To And Forming Part Of The Financial Statement (Cont'd)

for the year ended 31 December 2005

## 11. TRADE AND OTHER RECEIVABLES (Cont'd)

The currency profiles of the receivables are as follows:

	Group	
	2005 RM'000	2004 RM'000
Trade receivables		
- Ringgit Malaysia	261,130	132,757
- US Dollar	475	556
- Singapore Dollar	426	253
- Indian Rupee	-	36
	<b>262,031</b>	<b>133,602</b>

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other receivables				
- Ringgit Malaysia	32,330	16,354	290	404
- Indian Rupee	618	618	618	618
- Thai Baht	64	106	64	106
- Vietnam Dong	31	-	-	-
	<b>33,043</b>	<b>17,078</b>	<b>972</b>	<b>1,128</b>

## 12. AMOUNT OWING BY/TO SUBSIDIARY COMPANIES

The amount owing by the subsidiary companies comprises:

	Company	
	2005 RM'000	2004 RM'000
Trade receivables	310	2,678
Non-trade receivables	61,861	62,904
	<b>62,171</b>	<b>65,582</b>
Less:		
Allowance for doubtful debts	29,488	25,716
	<b>32,683</b>	<b>39,866</b>

Trade receivables are granted normal credit periods of between 30 and 90 days.

The non-trade receivables and payables owing by/to the subsidiary companies are unsecured, interest free and have no fixed terms of repayment.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 13. AMOUNT OWING BY/TO ASSOCIATED COMPANIES

The amount owing by the associated companies comprises:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade receivables	3,637	3,046	1,152	1,113
Non-trade receivables	2,880	349	2,230	103
	6,517	3,395	3,382	1,216

Trade receivables are granted normal credit periods of between 30 and 90 days.

The amount owing to the associated companies comprises:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	945	1,784	-	-
Non-trade payables	143	43	-	-
	1,088	1,827	-	-

The normal credit periods granted by the associated companies on trade payables range from 30 to 90 days.

The non-trade receivables and payables owing by/to the associated companies are unsecured, interest free and have no fixed terms of repayment.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 14. FIXED AND TIME DEPOSITS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Fixed and time deposits placed with licensed banks	9,752	10,928	108	108
Fixed deposits placed with insurance companies	4,663	6,114	-	-
	14,415	17,042	108	108

Included in fixed and time deposits are an amount of RM14,363,000 and RM56,000 (2004 : RM12,990,000 and RM56,000) for the Group and the Company respectively, which have been pledged to secure performance bonds and bank guarantee facilities issued on behalf of the Group.

The fixed and time deposits earn effective interest rates of between 2.0% and 3.7% (2004 : 2.0% and 3.7%) per annum and they have maturity periods of not more than one year.

## 15. CASH AND BANK BALANCES

Included in cash and bank balances of the Group are:

- an amount of RM249,000 (2004 : RM4,978,000) held in special projects bank account from which withdrawals are restricted to contract expenditure incurred in respect of specific projects, and
- an amount of RM298,000 (2004 : RM31,000) maintained in a housing development account in accordance with the Housing Developers (Housing Development Account) Regulations 1991. Withdrawals from the Housing Development Account are restricted to property development expenditure incurred in respect of the specific development project.

## 16. TRADE AND OTHER PAYABLES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trade payables	135,653	100,926	-	-
Progress billings	581	1,882	-	-
Other payables	33,647	19,582	4,717	2,278
Accruals	7,418	11,892	454	112
Sundry deposits	342	253	80	80
	177,641	134,535	5,251	2,470

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 16. TRADE AND OTHER PAYABLES (Cont'd)

Trade payables comprise amounts outstanding from trade purchases, sub-contractors claim on contract works performed and retention sums payable. Progress billings represent excess of billings to purchasers of development units over revenue recognised in the income statement. Other payables, accruals and deposits are from the normal business transactions of the Company.

The normal credit periods granted by trade suppliers and sub-contractors range from 30 to 90 days whereas retention sums are payable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 6 and 15 months.

Included in trade payables of the Group is an amount of RM913,000 (2004 : RM641,000) owing to IHPSB. The amount owing is unsecured, interest free and has no fixed terms of repayment.

The currency exposure profiles of payables are as follows:

	Group	
	2005 RM'000	2004 RM'000
Trade payables		
- Ringgit Malaysia	135,102	99,946
- US Dollar	551	980
	135,653	100,926

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Other payables				
- Ringgit Malaysia	33,257	19,129	4,614	2,066
- Nepalese Rupee	218	218	-	-
- Thai Baht	103	212	103	212
- Indian Rupee	38	6	-	-
- US Dollar	16	17	-	-
- Vietnam Dong	15	-	-	-
	33,647	19,582	4,717	2,278

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 17. HIRE PURCHASE LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Outstanding hire purchase instalments due:				
- not later than one year	2,475	3,023	41	-
- later than one year and not later than five years	3,423	2,055	166	-
- later than five years	125	-	83	-
	6,023	5,078	290	-
Less:				
Unexpired term charges	568	332	40	-
Outstanding principal amount due	5,455	4,746	250	-
Less:				
Outstanding principal amount due not later than one year (included in current liabilities)	2,213	2,792	31	-
Outstanding principal amount due later than one year	3,242	1,954	219	-

The effective interest rates of the hire purchase liabilities are between 4% and 12% (2004 : 4% and 12%) per annum.

## 18. BANK BORROWINGS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Trust receipts, secured	1,849	988	-	-
Bankers' acceptances, unsecured	10,714	-	-	-
Revolving credits				
- secured	42,301	71,626	-	-
- unsecured	47,167	3,000	3,000	3,000
	89,468	74,626	3,000	3,000
Bank overdrafts				
- secured	-	16,895	-	-
- unsecured	25,039	5,463	6,553	5,646
	25,039	22,358	6,553	5,646
Current portion of bank term loans	127,070	97,972	9,553	8,646
(Note 21)	467	1,211	300	279
	127,537	99,183	9,853	8,925

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 18. BANK BORROWINGS (Cont'd)

The effective interest rates per annum of the bank borrowings are as follows:

	Group		Company	
	2005 %	2004 %	2005 %	2004 %
Bankers' acceptances, revolving credits and trust receipts	3.00 to 8.50	4.51 to 9.00	4.75 to 4.95	4.75
Bank overdrafts	7.00 to 9.50	7.25 to 9.50	8.25	7.25 to 8.90

The bank borrowings are secured by the following:

- (a) Fixed charges over those charged property, plant and equipment referred to in Note 2 and floating charges over the entire assets of certain subsidiary companies,
- (b) A negative pledge over the assets of the Company
- (c) Deeds of assignment over the proceeds of contracts awarded to subsidiary companies.

The unsecured bankers' acceptances, revolving credits and bank overdrafts are guaranteed by the Company.

## 19. SHARE CAPITAL

	2005		2004	
	Number of shares	Nominal value RM'000	Number of shares	Nominal value RM'000
Authorised Ordinary shares of RM1 each	100,000	100,000	100,000	100,000
Issued and fully paid Ordinary shares of RM1 each				
At 1 January	80,727	80,727	80,000	80,000
Issue of shares under ESOS at RM1 per share	198	198	727	727
At 31 December	80,925	80,925	80,727	80,727

In December 2003, the Company implemented a Bina Puri Holdings Bhd's Employees Share Option Scheme ("Scheme") for eligible employees of the Group which is governed by the Bye-Laws of the Scheme and was approved by the shareholders of the Company and the relevant authorities.

## 19. SHARE CAPITAL (Cont'd)

The salient features of the Scheme are:

- (a) The maximum number of shares to be offered and allotted under the Scheme shall not exceed 10% of the issued and paid-up share capital of the Company at any point in time during the duration of the Scheme.
- (b) The following persons are eligible to participate in the Scheme:
  - (i) They must be at least eighteen (18) years of age on the Date of Offer;
  - (ii) They must have been employed for a continuous period of at least one (1) year in the Group, including probation period and his employment as an Eligible Employee must have been confirmed in writing on the Date of Offer;
  - (iii) If an Eligible Employee is employed by a company which is acquired by the Group during the duration of the Scheme and becomes a subsidiary of the Company upon such acquisition, the Eligible Employee must have completed a continuous period of at least one (1) year in the Group following the date such company becomes or is deemed to be a subsidiary;
  - (iv) If an employee is not a Malaysian citizen, he must, in addition to the conditions stipulated in paragraphs (i) to (iii) above, also fulfil the following conditions:
    - (aa) the employee must be serving the Group on a full time basis; and
    - (bb) in the event that the employee is serving under an employment contract, the contract should be for a duration of at least three (3) years.
  - (v) If an employee is serving under an employment contract for a fixed duration, he must have been in the service for a continuous period of one (1) year in the Group.
- (c) An employee who during the tenure of the Scheme becomes an Eligible Employee may be eligible to a grant of an Option under the Scheme which shall be decided by the Option Committee.
- (d) No Option shall be granted for more than 500,000 new ordinary shares to any Eligible Employee. The maximum number of Options granted to Executive Directors and senior management of the Group shall not exceed 50% of the total number of options available under the Scheme, and the number of options granted to any individual Executive Director or selected employee who, either singly or collectively through his/her associates (as defined in the Companies Act, 1965), hold 20% or more of the issued and paid-up share capital of the Company, shall not exceed 10% of the total number of Options available under the Scheme.
- (e) The Option price for each share shall be at a discount of not more than ten percent (10%) from the weighted average market price of the shares for the five (5) market days immediately preceding the date of offer or the par value of the shares, whichever is higher.
- (f) An offer shall be valid for a period of sixty (60) days from the date of offer or such longer period as may be determined by the Option Committee on a case-by-case basis at its discretion. An offer shall be accepted by an Eligible Employee within the offer period by written notice to the Option Committee accompanied by a non-refundable sum of RM1 as consideration. If the offer is not accepted in the manner aforesaid, such offer shall automatically lapse upon the expiry of the offer period and become null and void and be of no further force and effect.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 19. SHARE CAPITAL (Cont'd)

- (g) The new ordinary shares to be allotted upon any exercise of Options under the Scheme shall, upon allotment and issue, rank pari passu in all respects with the then existing ordinary shares. However, the new ordinary shares so issued shall not be entitled to any dividend or other distributions declared, made or paid prior to the date of exercise of the Options
- (h) The Scheme shall continue to be in force for a duration of up to five (5) years commencing the date of lodgement. Upon the expiry of the Scheme, all unexercised Options shall become null and void unless the Scheme is extended for a further five (5) years upon recommendation of the Option Committee.
- (i) These Options may be exercised at any date during the Option Period not later than 30 November 2008 subject to the following maximum limits:

No. of options granted	% to be exercised year 1	% to be exercised year 2	% to be exercised year 3	% to be exercised year 4	% to be exercised year 5
10,000 and below	50	50	-	-	-
10,001 to 50,000	30	30	40	-	-
above 50,000	20	20	20	20	20

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years but not later than 30 November 2008. All unexercised Options shall be exercisable in the last year of the Option Period. Any Options which remain unexercised at the expiry of the Option Period shall be automatically terminated.

An Eligible Employee serving under an employment contract may exercise any remaining Options exercisable in the year (the particular year of which his contract is expiring) within sixty (60) days before the expiry of the employment contract if the remaining duration of the contract as at the date on which the Options are granted is less than the Option Period.

The movements in the Options during the financial year to take up unissued new ordinary shares of RM1 each in the Company were as follows:

Number of options over ordinary shares	
At 1 January 2005	6,459,200
Exercised	(197,400)
Lapsed	(640,400)
At 31 December 2005	5,621,400

The terms of the share options outstanding at year end were as follows:

Exercise period	Exercise price RM	Number of share options outstanding 2005
1-12-2003 to 30-11-2008	1.00	5,621,400

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 20. OTHER CAPITAL RESERVES (non-distributable)

Other capital reserves represent retained earnings of subsidiaries which have been capitalised for the issue of bonus shares to the Company. As a result of this capitalisation, these retained earnings are no longer available for distribution, and as such, have been transferred from retained earnings to other capital reserves and considered non-distributable.

## 21. BANK TERM LOANS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Bank term loan bearing effective interest rate of 7.25% (2004 : 7.25%) per annum, repayable by 120 monthly instalments commencing September 2004	3,491	3,768	3,491	3,768
Bank term loan bearing effective interest rate of 5% (2004 : 5%) per annum	99,816	13,762	-	-
Bank term loan bearing effective interest rate of 7% per annum, repayable by 108 monthly instalments commencing November 2005	1,650	-	-	-
Bank term loan bearing effective interest rate of 8% per annum, repayable on demand	-	932	-	-
	104,957	18,462	3,491	3,768
Less:				
Repayments due within 12 months (included in current liabilities, Note 18)	467	1,211	300	279
Repayments due after 12 months	104,490	17,251	3,191	3,489

The bank term loan of the Company is secured by a first party legal charge over the leasehold land of the Company.

The bank term loan of RM932,000 in the previous financial year was secured by way of legal charges over the leasehold land and building of a subsidiary company and a debenture incorporating fixed and floating charges over the entire assets of the said subsidiary company. It was also guaranteed by the Company.

The bank term loan of RM99,816,000 (2004 : RM13,762,000) is secured by assignment of contract proceeds from a project of a subsidiary company. The loan is repayable in 2 instalments as follows:

- 50% of the principal and interest one month after the construction completion date of the project as stipulated in the certificate of practical completion ("CPC") for the project; and
- the remaining 50% of the principal and interest one year after the issuance of CPC or on the 36th month from 28 December 2004, whichever is earlier.

The bank term loan of RM1,650,000 of a subsidiary company is secured by a first party legal charge over the leasehold land and building of the said subsidiary company.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 22. DEFERRED TAX LIABILITIES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
At 1 January	2,432	3,008	243	353
Transfer to income statement	(1,209)	(576)	(98)	(110)
At 31 December	1,223	2,432	145	243

The deferred tax liabilities comprise:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Taxable temporary differences				
- between net book value and tax written down value of property, plant and equipment	1,521	2,404	281	335
- relating to revaluation of leasehold land held for property development	-	1,258	-	-
	1,521	3,662	281	335
Less:				
Deductible temporary differences on				
- unused tax losses	-	889	-	-
- unabsorbed capital allowances	136	109	136	92
- other temporary differences	162	232	-	-
	298	1,230	136	92
	1,223	2,432	145	243

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 23. GROSS REVENUE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Contract revenue	<b>382,973</b>	323,470	<b>3,418</b>	3,259
Sale of goods	<b>60,735</b>	81,588	-	-
Property development revenue from sale of development units	<b>10,260</b>	4,130	<b>1,058</b>	1,156
Sale of development land	<b>10,800</b>	-	-	-
Management fees	-	-	<b>806</b>	1,009
	<b>464,768</b>	409,188	<b>5,282</b>	5,424

## 24. COST OF SALES

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Contract costs	<b>354,520</b>	290,337	<b>1,785</b>	1,671
Cost of goods sold	<b>51,942</b>	72,745	-	-
Property development costs relating to development units sold	<b>8,551</b>	3,669	<b>625</b>	683
Cost of development land sold	<b>11,430</b>	-	-	-
	<b>426,443</b>	366,751	<b>2,410</b>	2,354

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 25. PROFIT/(LOSS) FROM OPERATIONS

Profit/(Loss) from operations is stated after charging:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Allowance for doubtful debts	105	1,643	6,856	1,916
Auditors' remuneration				
- statutory audit				
- current year	176	146	25	20
- under/(over)estimated in prior year	24	(3)	5	-
- special audit	-	5	-	-
Bad debts written off	-	3,500	-	-
Deferred project expenditure written off	-	1,036	-	1,036
Depreciation	10,379	10,889	674	666
Directors' fees				
- directors of the Company	258	286	258	286
- directors of subsidiary company	48	48	-	-
Directors' remuneration other than fees				
- directors of the Company	1,868	1,719	1,092	991
- directors of subsidiary companies	560	320	-	-
Loss on disposal of property, plant and equipment	2,474	-	-	2
Property, plant and equipment written off	10	195	1	24
Realised loss on foreign exchange	-	4	-	-
Rental expenses				
- operating leases	300	300	-	-
- land and premises	530	520	-	5
- motor vehicles	47	36	-	-
- machinery and equipment	4,753	10,481	-	-
Research and development expenditure	176	210	-	-
and crediting:				
Allowance for doubtful debts written back	240	1,116	3,005	-
Bad debts recovered	-	200	-	200
Gain on disposal of property, plant and equipment	-	846	114	-
Gain on foreign exchange				
- realised	70	-	-	-
- unrealised	18	14	-	-
Hire of motor vehicles and machinery	520	976	-	-
Impairment loss on land held for development written back	1,500	-	-	-
Interest income	65	3,421	-	-
Interest on bank term loan waived	46	1,558	-	-
Rental income	1,256	1,010	449	455
Estimated monetary value of benefits-in-kind received by the directors otherwise than in cash are as follows:				
- directors of the Company	54	47	10	10
- directors of subsidiary companies	17	2	-	-

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 26. FINANCE COSTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Finance costs incurred during the year comprise:				
Hire purchase term charges	664	466	-	-
Interest expenses on bank borrowings	7,142	6,663	937	570
Other interest expenses	258	3	-	-
	8,064	7,132	937	570
Less:				
Finance costs classified in contract costs under cost of sales				
Hire purchase term charges	445	324	-	-
Interest expenses on bank borrowings	1,238	538	-	-
	6,381	6,270	937	570

## 27. INVESTMENT INCOME

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Dividend income from:				
- shares quoted in Malaysia	1	2	-	-
- mutual funds and unit trusts	4	15	4	15
- subsidiary company	-	-	16,805	7,547
	5	17	16,809	7,562
Interest income	487	355	5	12
Gain on disposal of investment in a subsidiary company	62	42	-	10,865
(Loss)/Gain on disposal of other investments	(43)	28	(43)	28
	511	442	16,771	18,467

## 28. TAX EXPENSE

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Current tax expense				
- current year	3,974	1,797	4,197	1,490
- under/(over)estimated in prior years	897	(675)	-	(100)
	4,871	1,122	4,197	1,390
Deferred tax income relating to origination and reversal of temporary differences during the year	(3,212)	(529)	(98)	(110)
Deferred tax expense under/(over) estimated in prior year	3	(47)	-	-
	(3,209)	(576)	(98)	(110)
	1,662	546	4,099	1,280

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 28. TAX EXPENSE (Cont'd)

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Accounting profit (excluding share of results of associated companies)	5,266	5,203	9,631	12,801
Tax at the average tax rate of 27.8% (2004 : 27.6%) for the Group and 28% (2004 : 28%) for the Company	1,464	1,436	2,697	3,584
Add:				
Tax effect of expenses not deductible in determining taxable profit:				
Depreciation of non-qualifying property, plant and equipment	526	516	86	84
Loss on disposal of non-qualifying property, plant and equipment	85	-	-	-
Other non-deductible expenses	2,408	5,437	2,560	2,037
	4,483	7,389	5,343	5,705
Less:				
Tax effect of income not taxable in determining taxable profit:				
Gain on disposal of non-qualifying property, plant and equipment	26	13	26	-
Tax exempt dividend income	1	-	1	386
Other non-taxable income	1,243	4,335	1,217	3,939
Deferred tax income relating to reversal of temporary differences not recognised in prior year	884	1,437	-	-
Realisation of deferred tax liability on disposal of land held for development	1,258	-	-	-
Tax effect on utilisation of deferred tax assets during the year not previously recognised	309	336	-	-
	2,451	1,773	-	-
	762	1,268	4,099	1,380
Add/(Less):				
Current tax expense				
under/(over)estimated in prior years	897	(675)	-	(100)
Deferred tax expense				
under/(over)estimated in prior year	3	(47)	-	-
Tax expense for the year	1,662	546	4,099	1,280

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 29. EARNINGS PER SHARE

### (i) Basic earnings per share

The basic earnings per share have been calculated based on the consolidated net profit for the year of RM4,054,000 (2004 : RM4,737,000) and on 80,881,000 (2004 : 80,432,000) weighted average number of ordinary shares in issue during the year calculated as follows:

	2005 '000	2004 '000
Number of ordinary shares at 1 January	80,727	80,000
Effects of shares issued from ESOS between		
- March 2004 and December 2004	-	432
- January 2005 and July 2005	154	-
Weighted average number of ordinary shares	80,881	80,432

### (ii) Diluted earnings per share

The diluted earnings per share for the current financial year is not disclosed as the potential ordinary shares arising from the exercise of options under the ESOS at fair value, has anti-dilutive effect.

The diluted earnings per share in the previous financial year had been calculated based on the consolidated net profit for the year of RM4,737,000 and on the weighted average number of ordinary shares that would had been issued upon full exercise of the remaining 6,459,200 options under ESOS at RM1 per share and adjusted for the shares that would had been issued at fair value calculated as follows:

	2004 '000
Weighted average number of ordinary shares as in (i)	80,432
Number of ordinary shares under ESOS	
- based on exercise price	6,459
- based on average fair value	(5,209)
Weighted average number of ordinary shares that would had been in issue after exercise of ESOS at fair value	81,682

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 30. DIVIDEND PAID

	2005 RM'000	2004 RM'000
Interim dividend of 3% less 28% tax for the financial year ended 31 December 2005 (2004 : Nil)	1,748	-

At the forthcoming annual general meeting, a final dividend of 2% less 28% tax amounting to RM1,165,000 in respect of the financial year ended 31 December 2005 will be proposed for approval by the shareholders of the Company. The proposed final dividend is payable in respect of all ordinary shares in issue at the date of the financial statements. These financial statements do not reflect this final dividend which will be accounted for in the shareholders' equity as an appropriation of unappropriated profit in the financial year in which the dividend is paid.

## 31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

### (a) Acquisition of subsidiary companies

During the financial year, the Group acquired the following subsidiary companies:

#### (i) Bina Puri Juara Sdn Bhd (formerly known as Darjat Juara Sdn Bhd)

On 3 January 2005, the Company acquired 2 ordinary shares of RM1 each, representing 100% equity interest in Bina Puri Juara Sdn Bhd at a cash consideration of RM2. The principal activity of the newly acquired subsidiary is investment holding. The acquisition was accounted for using the acquisition method of accounting. There was no goodwill or discount on acquisition arising from the acquisition.

#### (ii) Bina Puri Vietnam Co. Ltd

On 23 December 2005, Bina Puri Construction Sdn Bhd, a wholly-owned subsidiary of Bina Puri Sdn Bhd, acquired 100% equity interest in Bina Puri Vietnam Co. Ltd at a cash consideration of RM191,000. The newly acquired subsidiary was inactive during the financial year under review. The acquisition was accounted for using the acquisition method of accounting. There was no goodwill or discount on acquisition arising from the acquisition.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (Cont'd)

The effects of acquisition of subsidiary companies on the consolidated net profit, the consolidated financial position and consolidated cash flow statement are as follows:

### (i) Effect on consolidated net profit for the year

	----- Subsidiaries ----- acquired in	
	2005 RM'000	2004 RM'000
Gross revenue	-	16,031
Cost of sales	-	(16,031)
Loss before tax	(4)	(262)
Tax expense	-	-
Loss after tax	(4)	(262)
Minority interest	-	102
Decrease in Group's net profit	(4)	(160)

### (ii) Effect on consolidated financial position

	----- Subsidiaries ----- acquired in	
	2005 RM'000	2004 RM'000
Non-current assets	-	1,184
Current assets	527	20,492
Non-current liabilities	-	(13,761)
Current liabilities	(340)	(5,776)
Minority interest	-	(957)
Increase in Group's share of net assets	187	1,182

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (Cont'd)

### (iii) Effect on consolidated cash flow statement

	----- Subsidiaries ----- acquired in	
	2005 RM'000	2004 RM'000
Net assets acquired		
Current assets	191	402
Minority interest	-	(161)
Total purchase consideration	191	241
Less:		
Cash and cash equivalents	191	402
Net cash flows on acquisition	-	(161)

### (b) Disposal of a subsidiary company during the financial year

During the financial year, the Group disposed of Bumi Pipeline Services Sdn Bhd, a wholly-owned subsidiary company of Bina Puri HG Corporation Sdn Bhd, at a consideration of RM100,000.

The effects of disposal of subsidiary company on the consolidated net profit, the consolidated financial position and consolidated cash flow statement are as follows:

#### (i) Effect on consolidated net profit for the year

	----- Subsidiary ----- disposed in 2005		Subsidiary disposed in 2004
	2005 RM'000	2004 RM'000	in 2004 RM'000
Gross revenue	-	-	-
Loss before tax	-	(2)	-
Tax expense	-	-	-
Decrease in Group's net profit	-	(2)	-

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 31. ANALYSIS OF ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (Cont'd)

### (ii) Effect on consolidated financial position

	----- Subsidiary ----- disposed in 2005 2005                      2004 RM'000                      RM'000		Subsidiary disposed in 2004 RM'000
Current assets	39	39	-
Current liabilities	(1)	(1)	(42)
Decrease/(Increase) in Group's share of net assets	38	38	(42)

### (iii) Effect on consolidated cash flow statement

	Subsidiary disposed in 2005 RM'000	Subsidiary disposed in 2004 RM'000
Net assets disposed:		
Current assets	39	-
Current liabilities	(1)	(42)
Gain on disposal of subsidiary company	62	42
Sale proceeds	100	*
Less:		
Cash and cash equivalents	(1)	-
Net cash flows on disposal	99	*

\*Represents RM2

## 32. EMPLOYEE INFORMATION

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Staff costs				
Salaries, wages, allowances and bonuses	28,430	27,382	2,686	2,195
Defined contribution plan				
- EPF contributions	3,113	2,878	317	240
Social security costs				
- SOCSO contributions	281	247	12	7
Other staff related expenses	5,067	4,902	197	157
	36,891	35,409	3,212	2,599

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 32. EMPLOYEE INFORMATION (Cont'd)

	2005	Group 2004	2005	Company 2004
Number of employees including 13 (2004 : 12) and 2 (2004 : 2) executive directors of the Group and the Company respectively	778	770	28	27

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS

The Group has a controlling related party relationship with its subsidiary companies.

The Group also has related party relationship with the following related parties:

### (a) Associated companies of the Company:

- Konsortium Bina Puri-Panzana (Nilai) Sdn Bhd
- Bina Puri Holdings (Thailand) Ltd
- Bina Puri (Thailand) Ltd

### (b) Associated companies of Sungai Long Industries Sdn Bhd

- SLM Gabungan Sdn Bhd
- Sungai Long Properties Sdn Bhd
- Rock Processors (Melaka) Sdn Bhd

### (c) Subsidiary companies of SLM Gabungan Sdn Bhd

- DPBS-Sungai Long (Sabah) Sdn Bhd
- Juara Belia Sdn Bhd
- DT Transport Services Sdn Bhd

### (d) Companies in which a director of the Company, Tan Sri Datuk Tee Hock Seng, JP has substantial financial interest

- Sea Travel & Tours Sdn Bhd
- New Hoong Wah Holdings Sdn Bhd

### (e) A company in which a director of the Company, Dato' Mohamed Feisal bin Ibrahim has substantial financial interest

- Perkasa Sutera Sdn Bhd

### (f) A company in which directors of the Company, Dr Tony Tan Cheng Kiat, Tee Hock Hin, Tay Hock Lee and Tan Sri Datuk Tee Hock Seng, JP have substantial financial interests

- Ideal Heights Properties Sdn Bhd

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

Transactions with related parties during the financial year are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Sales of quarry products to Rock Processors (Melaka) Sdn Bhd	678	8,786	-	-
Hiring of plant received from:				
- SLM Gabungan Sdn Bhd	-	59	-	-
- Rock Processors (Melaka) Sdn Bhd	-	95	-	-
Management fees charged to:				
- Maskimi Polyol Sdn Bhd	-	-	60	23
- Easy Mix Sdn Bhd	-	-	20	19
- Sungai Long Industries Sdn Bhd	-	-	252	264
- Bina Puri Construction Sdn Bhd	-	-	336	381
- Bina Puri Sdn Bhd	-	-	118	303
Rental income received from:				
- Bina Puri Sdn Bhd	-	-	284	284
- Bina Puri Construction Sdn Bhd	-	-	83	83
Project commission received from:				
- Bina Puri Sdn Bhd	-	-	268	1,023
- Bina Puri Construction Sdn Bhd	-	-	61	504
- DPBS-BPHB Sdn Bhd	-	-	1,124	260
- Bina Puri (Thailand) Ltd	-	-	942	-
Sales of goods to Perkasa Sutera Sdn Bhd	-	5	-	-
Proceeds from disposal of property, plant and equipment to Rock Processors (Melaka) Sdn Bhd	-	1,800	-	-
Construction services charged by:				
- SLM Gabungan Sdn Bhd	7,910	7,309	-	-
- DPBS-Sungai Long (Sabah) Sdn Bhd	1,450	8,307	-	-

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Purchase of quarry products from SLM Gabungan Sdn Bhd	11	72	-	-
Hiring charges by:				
- SLM Gabungan Sdn Bhd	22	16	-	-
- DT Transport Services Sdn Bhd	2	8	-	-
- Juara Belia Sdn Bhd	226	133	-	-
Sub-contractor claims charged by Rock Processors (Melaka) Sdn Bhd	441	10,490	-	-
Security & safety charges by Maskimi Venture Sdn Bhd	-	-	162	118
Purchase of air tickets from Sea Travel & Tours Sdn Bhd	703	835	140	140
Purchase of diesel from New Hoong Wah Holdings Sdn Bhd	4,643	4,992	-	-
Purchase of property, plant and equipment from Ideal Heights Properties Sdn Bhd	-	1,206	-	-

The directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business.

Significant non-trade balances with related parties at year end are as follows:

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>Subsidiary companies</b>				
Outstanding balances owing by:				
- Aksi Bina Puri Sdn Bhd	-	-	35	36
- Bina Puri Cambodia Ltd	-	-	797	797
- Bina Puri Construction Sdn Bhd	-	-	270	3,294
- Bina Puri HG Corporation Sdn Bhd	-	-	-	79
- Bina Puri Mining Ventures Sdn Bhd	-	-	-	20
- Bina Puri Infrastructure Pte Ltd	-	-	36	36
- Bina Puri Plantation Sdn Bhd	-	-	3,504	-
- Gugusan Murni Sdn Bhd	-	-	581	578
- Hamay Glass Sdn Bhd	-	-	26,301	26,878
- Karseng Industries & Engineering Sdn Bhd	-	-	2,988	2,985
- KM Quarry Sdn Bhd	-	-	4,293	4,437
- Latar Project Management Sdn Bhd	-	-	193	190
- Lebuh Raya Assam Jawa Taman Rimba Berhad	-	-	2,599	2,537
- Maskimi Polyol Sdn Bhd	-	-	981	1,147
- Maskimi Sdn Bhd	-	-	19,273	19,793
- Sungai Long Industries Sdn Bhd	-	-	-	73

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 33. SIGNIFICANT RELATED PARTY TRANSACTIONS (Cont'd)

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
Outstanding balances owing to:				
- Bina Puri Sdn Bhd	-	-	20,149	30,946
- Bina Puri Machinery Sdn Bhd	-	-	145	168
- Konsortium Bina Puri-Panzana Enterprise Sdn Bhd	-	-	74	63
- Maskimi Venture Sdn Bhd	-	-	266	126
- Sungai Long Industries Sdn Bhd	-	-	11	-
<b>Associated companies</b>				
Outstanding balances owing by:				
- Bina Puri (Thailand) Ltd	1,550	-	1,550	-
- Bina Puri Holdings (Thailand) Ltd	667	88	667	88
- SLM Gabungan Sdn Bhd	600	2	2	2
- Konsortium Bina Puri-Panzana (Nilai) Sdn Bhd	2	244	2	-
- Sungai Long Properties Sdn Bhd	17	-	-	-
Outstanding balances owing to:				
- SLM Gabungan Sdn Bhd	32	8	-	-
- Sungai Long Properties Sdn Bhd	35	35	-	-
- Juara Belia Sdn Bhd	76	-	-	-

## 34. COMMITMENTS

	Group		Company	
	2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
<b>(a) Capital commitments</b>				
Approved capital expenditure in respect of contracted expressway development expenditure (estimated)	1,356,940	1,356,940	550,000	550,000
<b>(b) Operating lease commitments</b>				
Operating lease rentals payable				
- not later than 1 year	300	300	-	-
- later than 1 year but not later than 5 years	1,200	1,200	-	-
- later than 5 years	-	300	-	-
	1,500	1,800	-	-

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 35. CONTINGENT LIABILITIES

		Group		Company	
		2005 RM'000	2004 RM'000	2005 RM'000	2004 RM'000
(a)	Unsecured guarantees				
	Guarantees given in favour of financial institutions for credit facilities granted to subsidiary companies	-	-	282,238	151,888
	Guarantees given for performance bonds granted to				
	- subsidiary companies	-	-	58,993	31,765
	- associated company	90	99	-	-
	Guarantees given in favour of suppliers of goods for credit terms granted to subsidiary companies	-	-	3,134	4,300
	Guarantees given to secure hire purchase liabilities of				
	- subsidiary companies	-	-	315	1,484
	- associated company	314	397	-	-
	Guarantees given in favour of the Government of Malaysia for financial assistance under the Industry Research and Development Grant Scheme to a subsidiary company	546	219	546	219
		950	715	345,226	189,656

## 35. CONTINGENT LIABILITIES (Cont'd)

### (b) Material litigations

- (i) 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. The Company's solicitors filed an application for security for costs. At the hearing held on 25 July 2005, Kimpoint was ordered to put in security for costs amounting to RM100,000 and it was put in on 8 September 2005. Case management has been fixed on 29 May 2006. At this juncture the Company's directors have been advised that there is an even chance of defending the matter.
- (ii) 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 Kota Kinabalu High Court for work done 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. Their claim is for the sum of RM775,961.17 and general damages to be assessed by the Court. On 19 April 2004, a pre-trial case management was held and the trial date has been fixed on 30 August 2006. The directors are advised that BPCSB has a fairly good chance of defending this suit.
- (iii) 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 dismissed BPSB's application for the declaration with cost. BPSB's solicitors filed a notice of appeal to the Court of Appeal. The appeal is pending hearing date to be fixed by the court. In the arbitration proceedings, EP claimed for RM17,002,760, general damages, interest and cost against BPHB and Kris Heavy.

On 28 February 2005, the arbitration proceedings was proceeded upon by EP for the sum of RM17,002,760, general damages, interest and cost against BPSB and Kris Heavy. The proceeding continues from 11 May 2006 to 13 May 2006. The directors are advised that BPSB has an even chance of success.
- (iv) 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 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. Trial date has been fixed by the court on 10 December 2007. The directors are advised that the Plaintiffs have a fair chance of success in the suit.
- (v) 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 May 2004. At the hearing, 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 June 2004. 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.

**35. CONTINGENT LIABILITIES (Cont'd)**

**(b) Material litigations (Cont'd)**

On 10 June 2004, there was supposed to be a 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 October 2004, the Judge in Chambers ordered for the Plaintiff to provide written submission on their application to set aside BPCSB's judgement in default of defence for which the decision was fixed on 9 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. Case management has been fixed on 6 November 2007. At this juncture, the directors are advised that BPCSB has an even chance of success.

- (vi) On 10 January 2005, a subsidiary of Maskimi Sdn Bhd, namely, KM Quarry Sdn Bhd ("KMQ") brought an action against Ho Hup Construction Company Bhd ("HHCCB") in the High Court Melaka for the payment of a sum of RM3,233,474.37, being the outstanding sum due and payable to KMQ for the supply and laying of pavement works.

KMQ filed an application for summary judgement on 4 March 2005 and the same was fixed for hearing on 22 April 2005. Subsequently on 22 April 2005, the High Court issued directions for the parties to file and serve their written submissions and the matter was fixed for decision on 22 July 2005. At the date of the hearing, the court granted KMQ application for summary judgement and on 1 August 2005, HHCCB filed their notice of appeal.

On 2 September 2005, KMQ served S218 notice on HHCCB. On 8 September 2005, HHCCB applied for stay of execution and the matter was fixed for mention on 14 September 2005. On 14 September 2005, HHCCB agreed to a consent order to provide KMQ with a bank guarantee for the sum of RM3,233,474.37 pending disposal of their appeal on 9 September 2005 or a mutual date to be agreed by both parties.

The appeal has been fixed for mention on 9 November 2005. At the mention date for the appeal, Judge in Chambers has directed parties to file written submission and the matter was fixed for decision on 19 April 2006.

On 19 April 2006, Judge in Chambers delivered his decision and dismissed HHCCB's appeal with costs to KMQ. HHCCB's counsel for the defendant requested for a stay of execution. Judge in Chambers directed for HHCCB's counsel to put in a formal application for stay and the matter shall be decided at a later stage. In addition to that, KMQ has called upon the bank guarantee on 19 April 2006 and has realised the sum of RM3,233,474.37.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 36. SEGMENTAL ANALYSIS

### (a) Primary reporting format - business segment

The Group's operations comprise the following business segments:

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

Transactions between segments were entered into in the normal course of business and were established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties. The effects of such inter-segment transactions are eliminated.

	Construction RM'000	Property development RM'000	Polyol manufacturing RM'000	Quarry and ready mix concrete RM'000	Glassware manufacturing RM'000	Elimination RM'000	Consolidated RM'000
<b>2005</b>							
<b>REVENUE</b>							
External sales	382,973	21,060	15,665	45,070	-	-	464,768
Inter-segment sales	347	-	690	13,631	-	(14,668)	-
Total revenue	383,320	21,060	16,355	58,701	-	(14,668)	464,768
<b>RESULTS</b>							
Segment operating profit/(loss)	8,789	930	436	1,127	(3,376)	3,230	11,136
Finance costs	(5,521)	(2,340)	(159)	(371)	(74)	2,084	(6,381)
Investment income	865	-	-	-	-	(354)	511
Share of results of associated companies	136	-	-	(408)	-	-	(272)
Profit before tax							4,994
Tax expense							
- company and its subsidiaries	(3,666)	1,063	2,000	(1,059)	-	-	(1,662)
- associated companies	(61)	-	-	(16)	-	-	(77)
Profit after tax							3,255
Minority interests	70	593	(228)	364	-	-	799
Net profit for the year	612	246	2,049	(363)	(3,450)	4,960	4,054

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 36. SEGMENTAL ANALYSIS (Cont'd)

	Construction RM'000	Property development RM'000	Polyol manufacturing RM'000	Quarry and ready mix concrete RM'000	Glassware manufacturing RM'000	Elimination RM'000	Consolidated RM'000
<b>OTHER INFORMATION</b>							
Segment assets	449,921	30,278	9,309	45,580	2,343	(44,264)	493,167
Associated companies	1,090	-	-	1,449	-	-	2,539
Tax recoverable	2,657	10	-	233	-	-	2,900
Other investments	1,340	-	-	165	-	-	1,505
<b>Total assets</b>	<b>455,008</b>	<b>30,288</b>	<b>9,309</b>	<b>47,427</b>	<b>2,343</b>	<b>(44,264)</b>	<b>500,111</b>
Segment liabilities	152,118	21,190	3,251	37,399	34,292	(68,436)	179,814
Borrowings	230,344	-	2,519	4,619	-	-	237,482
Tax payable	5,308	-	-	45	-	-	5,353
Deferred tax liabilities	1,036	-	-	187	-	-	1,223
<b>Consolidated total liabilities</b>	<b>388,806</b>	<b>21,190</b>	<b>5,770</b>	<b>42,250</b>	<b>34,292</b>	<b>(68,436)</b>	<b>423,872</b>
Capital expenditure	9,969	-	215	169	-	-	10,353
Depreciation	6,468	16	670	1,830	1,396	(1)	10,379
Non-cash expenses other than depreciation	6,454	840	119	599	2,617	(2,084)	8,545

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 36. SEGMENTAL ANALYSIS (Cont'd)

	Construction RM'000	Property development RM'000	Polyol manufacturing RM'000	Quarry and ready mix concrete RM'000	Glass manufacturing RM'000	Elimination RM'000	Consolidated RM'000
<b>2004</b>							
<b>REVENUE</b>							
External sales	323,470	4,130	9,620	71,968	-	-	409,188
Inter-segment sales	899	-	1,422	18,055	-	(20,376)	-
Total revenue	324,369	4,130	11,042	90,023	-	(20,376)	409,188
<b>RESULTS</b>							
Segment operating profit/(loss)	4,322	485	144	1,283	(97)	4,894	11,031
Finance costs	(5,168)	-	(26)	(518)	(558)	-	(6,270)
Investment income	400	-	-	42	-	-	442
Share of results of associated companies	66	-	-	182	-	-	248
Profit before tax							5,451
Tax expense							
- company and its subsidiaries	(505)	(22)	-	(19)	-	-	(546)
- associated companies	(12)	-	-	(54)	-	-	(66)
Profit after tax							4,839
Minority interests	27	73	(11)	(191)	-	-	(102)
Net profit for the year	(870)	536	107	725	(655)	4,894	4,737

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 36. SEGMENTAL ANALYSIS (Cont'd)

	Construction RM'000	Property development RM'000	Polyol manufacturing RM'000	Glass manufacturing RM'000	Quarry and ready mix concrete RM'000	Elimination RM'000	Consolidated RM'000
<b>OTHER INFORMATION</b>							
Segment assets	298,392	34,005	6,032	52,275	8,121	(51,175)	347,650
Associates companies	457	-	-	1,974	-	-	2,431
Tax recoverable	2,093	19	-	1,262	-	-	3,374
Other investments	1,965	-	-	164	-	-	2,129
<b>Total assets</b>	<b>302,907</b>	<b>34,024</b>	<b>6,032</b>	<b>55,675</b>	<b>8,121</b>	<b>(51,175)</b>	<b>355,584</b>
Segment liabilities	119,439	22,530	4,770	41,947	35,066	(71,885)	151,867
Borrowings	112,983	-	-	6,643	1,555	-	121,181
Tax payable	5,101	-	-	45	-	-	5,146
Deferred tax liabilities	1,195	1,077	-	160	-	-	2,432
<b>Consolidated total liabilities</b>	<b>238,718</b>	<b>23,607</b>	<b>4,770</b>	<b>48,795</b>	<b>36,621</b>	<b>(71,885)</b>	<b>280,626</b>
Capital expenditure	7,042	62	75	2,230	-	-	9,409
Depreciation	6,033	14	658	2,652	1,534	(2)	10,889
Non-cash expenses other than depreciation	4,511	(2)	11	(171)	861	-	5,210

## 36. SEGMENTAL ANALYSIS (Cont'd)

- (b) Secondary reporting - geographical segment

No secondary reporting-geographical segment is presented as the Group operates mainly in Malaysia.

## 37. FINANCIAL INSTRUMENTS

- (a) Financial risk management objectives and policies

The Group's overall financial risk management objectives and policies are to ensure that the Group creates value and maximises returns to its shareholders.

Financial risk management is carried out through risk review, internal control systems, benchmarking the industry's best practices and adherence to Group's financial risk management policies.

The Group has been financing its operations mainly from internally generated funds and bank borrowings. The Group does not find it necessary to enter into derivative transactions based on its current level of operations.

The main risks arising from the financial instruments of the Group are stated below. The management of the Group monitors its financial position closely with an objective to minimise potential adverse effects on the financial performance of the Group. The management reviews and agrees on policies for managing each of these risks and they are summarised below. These policies have remained unchanged during the financial year.

- (i) Credit risk

Credit risk arises when progress billings on contract works are raised, sales are made and services are rendered on deferred credit terms.

The entire financial assets of the Group are exposed to credit risk except for cash and bank balances and deposits which are placed with licensed financial institutions in Malaysia. The Group invests its surplus cash safely and profitably by depositing them with licensed financial institutions.

The Group's exposure to credit risk is monitored on an ongoing basis. The risk is managed through the application of the Group's credit management procedures which include the application of credit approvals whereby credit evaluations are performed on all customers requiring credit over a certain amount and period, adherence to credit limits, regular monitoring and follow up procedures. Concentration of credit risk with respect to trade receivables is limited due to a wide spread of customers.

The Group does not require collateral in respect of financial assets and considers the risk of material loss from the non-performance on the part of a financial counter-party to be negligible.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### (a) Financial risk management objectives and policies

#### (ii) Interest rate risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

The Group is exposed to interest rate risk in respect of its deposits placed with licensed financial institutions, bank borrowings and hire purchase liabilities.

Interest rate risk arising from deposits placements with financial institutions is managed by sourcing for the highest interest rate in the market from amongst licensed financial institutions after taking into account the duration and availability of surplus funds from the Group's operations.

Interest rate risk arising from bank borrowings is subject to floating interest rate with the interest rate spread above the bank's base lending rate agreed before the facility is accepted.

The Group considers interest rate risk on hire purchase financing to be insignificant as the interest rates and repayment terms are fixed at inception.

The effective interest rates for the interest earning financial assets and interest bearing financial liabilities at balance sheet date are disclosed in the respective notes to the financial statements.

#### (iii) Market risk

The Group is exposed to market risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market prices.

The Group's exposure to market risk is in respect of its quoted investments. The investments are monitored regularly and subject to periodic review. The investments are assessed for any potential impairment loss on the carrying value and allowance is made for such impairment.

The Group does not use derivative instruments to manage the risk as the investments are held for long term strategic purposes.

#### (iv) Foreign currency exchange risk

The Group is exposed to foreign currency exchange risk as a result of transactions denominated in foreign currencies entered into by the Group. The Group's exposure to foreign currency exchange risk is monitored on an ongoing basis.

The Group has not hedged against the translation exposure as it does not form a significant proportion of the Group's gross assets.

#### (v) Liquidity and cash flow risk

Prudent liquidity risk management implies maintaining sufficient cash, deposits and the availability of funding through an adequate amount of committed credit facilities. The Group's exposure to liquidity and cash flow risk is monitored on an ongoing basis. Due to the nature of the business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available. The concentration of liquidity and cash flow risk with respect to hire purchase liabilities and bank borrowings are minimal as the amounts recoverable from the financial assets of the Group are sufficient to meet the committed credit facilities.

# Notes To And Forming Part Of The Financial Statements (Cont'd)

for the year ended 31 December 2005

## 37. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Fair values

The carrying amounts of the financial assets and liabilities of the Group and of the Company at 31 December 2005 approximated their fair values except for other investments as stated below:

	Group		Company	
	Carrying amounts RM'000	Fair values RM'000	Carrying amounts RM'000	Fair values RM'000
Shares quoted in Malaysia	216	87	-	-
Unquoted shares	787	*	348	*
Transferable corporate member- ships in golf and country resorts	395	*	10	*

\* It is not practical to reasonably estimate the fair values of unquoted shares and golf memberships without incurring excessive costs. These investments are carried at their original costs less accumulated impairment loss in the balance sheets subject to review for impairment.

## 38. SUBSEQUENT EVENTS

- (a) On 28 March 2006, the Company increased its equity interest in Bina Puri HG Corporation Sdn Bhd ("BPHG Corp") by acquiring an additional 100,000 ordinary shares of RM1 each, representing the remaining 40% of the issued and paid-up share capital of BPHG Corp at a cash consideration of RM1. Consequently, BPHG Corp became a wholly-owned subsidiary of the Company.
- (b) On 10 April 2006, the Company acquired 60% equity interest, representing 60 ordinary shares of RM1 each in Aerohills Construction Sdn Bhd ("Aerohills"), at a cash consideration of RM60. Aerohills changed its name to Bina Puri Gah Sdn Bhd on 17 April 2006. The newly acquired subsidiary company is currently inactive and its intended principal activity is building construction.

## 39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements of the Group and Company were authorised for issue by the board of directors on 25 April 2006.

# Statement By Directors

In the opinion of the directors, the financial statements set out on pages 41 to 100 are drawn up:

- a) so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2005 and of their results and cash flows for the year then ended; and
- b) in accordance with applicable approved accounting standards and the provisions of the Companies Act, 1965

Signed on behalf of the directors in accordance  
with a resolution of the directors

**DATO' MOHAMED FEISAL BIN IBRAHIM**  
Director

**TAN SRI DATUK TEE HOCK SENG, JP**  
Director  
25 April 2006

## Statutory Declaration

I, Tan Sri Datuk Tee Hock Seng, JP being the director primarily responsible for the financial management of Bina Puri Holdings Bhd, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 41 to 100 are correct.

And I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared at  
Kuala Lumpur in the Federal Territory

this  
25 April 2006

)  
)  
)  
)  
)  
)

**TAN SRI DATUK TEE HOCK SENG, JP**

Before me:

**ROBERT LIM HOCK KEE (W092)**  
Commissioner for oaths

# Analysis of Shareholdings – as at 28 April 2006

Authorised Capital : RM100,000,000.00  
 Issued and Paid-up Capital : RM80,924,600.00  
 Class of Shares : Ordinary shares of RM1.00 each

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2	0.10	87	0.00
100 - 1,000	593	28.91	572,133	0.71
1,001 - 10,000	1,201	58.56	4,921,900	6.08
10,001 - 100,000	208	10.14	6,324,487	7.82
100,001 to less than 5% of issued shares	40	1.95	18,009,701	22.25
5% and above of issued shares	7	0.34	51,096,292	63.14
Total	2,051	100.00	80,924,600	100.00

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1. Individual	1,788	87.18	27,619,684	34.13
2. Corporate Body				
(a) Banks, Finance Companies	3	0.14	17,000	0.02
(b) Trusts, Foundations, Charities	1	0.05	5,000	0.01
(c) Private Limited Companies	26	1.27	9,094,200	11.24
(d) Clubs, Associations, Societies	0	0.00	0	0.00
(e) Cooperatives	2	0.10	11,000	0.01
3. Government Agencies/Institutions	0	0.00	0	0.00
4. Nominees	231	11.26	44,177,716	54.59
Total	2,051	100.00	80,924,600	100.00

## Additional Information on Shareholders – as at 28 April 2006

### SUBSTANTIAL SHAREHOLDERS

	No. of Shares	% of Shares
Tan Sri Datuk Tee Hock Seng, JP	13,295,978 *	16.43
HLG Nominee (Asing) Sdn. Bhd. Qualifier: Commerzbank (SEA) Ltd. for Jentera Jati Sdn. Bhd.	12,000,000	14.83
Dr. Tony Tan Cheng Kiat	9,078,902 *	11.22
Jentera Jati Sdn. Bhd.	8,388,000	10.37
Dato' Mohamed Feisal Bin Ibrahim	5,238,000	6.47
Henry Tee Hock Hin	4,833,768 *	5.97
Cheo Chet Lan @ Chow Sak Nam, KMN	4,194,884 *	5.18

\* Beneficial interest held under his own name and nominee companies

# Thirty Largest Shareholders As At 28 April 2006

	No. of Shares	% of Shares
1. HLG Nominee (Asing) Sdn. Bhd. Qualifier : Commerzbank (SEA) Ltd. for Jentera Jati Sdn. Bhd.	12,000,000	14.83
2. RHB Capital Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Dr. Tony Tan Cheng Kiat (861025)	8,400,000	10.38
3. Jentera Jati Sdn. Bhd.	8,388,000	10.37
4. Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB for Tan Sri Datuk Tee Hock Seng, JP (PB Retail Banking)	8,234,878	10.18
5. AllianceGroup Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Tan Sri Datuk Tee Hock Seng, JP (100508)	4,950,000	6.12
6. Dato' Mohamed Feisal Bin Ibrahim	5,238,000	6.47
7. Henry Tee Hock Hin	4,185,414	5.17
8. AllianceGroup Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Cheo Chet Lan @ Chow Sak Nam, KMN (100528)	2,401,177	2.97
9. AllianceGroup Nominees (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Cheo Chet Lan @ Chow Sak Nam, KMN	1,756,707	2.17
10. Tay Hock Lee	1,596,707	1.97
11. Tee Hock Loo	1,243,707	1.54
12. AllianceGroup Nominees (Tempatan) Sdn. Bhd. Qualifier : Pheim Asset Management Sdn. Bhd. for Employees Provident Fund	1,095,300	1.35
13. HSBC Nominees (Asing) Sdn. Bhd. Qualifier : HSBC-FS for Pheim-Aizawa Asia Fund	700,000	0.86
14. Dr. Tony Tan Cheng Kiat	678,902	0.84
15. ABB Nominee (Tempatan) Sdn. Bhd. Qualifier : Pledged Securities Account for Henry Tee Hock Hin (O/A Bina Jati Sdn. Bhd.-Tmn Midah)	648,354	0.80
16. Cimsec Nominees (Tempatan) Sdn. Bhd. Qualifier : CIMB for Tang Chai Yoong (PB)	611,400	0.76
17. Malini A/P Arulampalam	609,000	0.75

## Thirty Largest Shareholders As At 28 April 2006 (Cont'd)

	No. of Shares	% of Shares
18. Chang Yock Chai	585,000	0.72
19. Chong Kooi Yoon @ Choong Kooi Yoon	542,670	0.67
20. Ang Beng Eng	541,077	0.67
21. TA Nominees (Tempatan) Sdn Bhd Qualifier : Pledged Securities Account for Chong Khong Shoong	500,000	0.62
22. Sai Yee @ Sia Say Yee	355,000	0.44
23. AllianceGroup Nominees (Tempatan) Sdn Bhd Qualifier : Pledged Securities Account for Cheah Ban Seng (100469)	342,200	0.40
24. Toh Hee Chooy	340,000	0.42
25. Soon Tian Szu	300,000	0.37
26. Woo Chee Wah	250,000	0.31
27. Pacific Strike Sdn Bhd	197,200	0.24
28. Hee Kah Pau	196,000	0.24
29. Wong Siew Keng	196,000	0.24
30. Chua Ching Geh	188,000	0.23

# List Of Properties - 31 Dec 2005

Location	Description	Date of acquisition	Tenure	Year Expiry	Built-up Area	building (years)	Existing use	Net Book Value As at 31 Dec 05 RM'000
HS(M) 13570 PT No. 22184 Mukim of Batu District of Gombak Selangor Darul Ehsan	5 1/2 storey office building	1 July 1998	Leasehold	2089	17,920 sq ft	8	Office	16,077
HS (M) 12980 PT No. 21686 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units condominium	9 Feb 1995	Leasehold	2089	3,900 sq ft		House	1,169
HS (M) 13457 PT No. 22071 HS (M) 13458 PT No 22072 Mukim of Batu District of Gombak Selangor Darul Ehsan	2 units 2 1/2 storey shoplot	30 June 1997	Leasehold	2089	3,576 sq ft		ce	603
Master Title PM 279 Lot 52161 Mukim Batu District of Gombak Selangor Darul Ehsan	1 unit 2 1/2 storey shoplot	13 Nov 1997	Leasehold	2089	2,278 sq ft	13	enanted	605
HS(D) 4231,4276 & 4282 PT 9506, 9553 & 9559 Mukim of Dengkil District of Ulu Langat Selangor Darul Ehsan	3 units 1 1/2 storey Factory	30 Sept 1998	Leasehold	2095	10,303 sq ft	9	enanted	1,379
Master Title HS (D) 38672 Lot No 15237 Mukim Ampang District of Ulu Langat Selangor Darul Ehsan	1 block of 8 storey office building	24 Jan 1997	Leasehold	2078	6,400 sq ft		enanted	6,407
GM806/MI/4/34 PTK No. 34, TLET 4 BGN MI - Lot 5820 GM806/MI/4/35 PTK No. 35, TLET 4 BGN MI - Lot 5820 Mukim of Sri Rusa, Port Dickson	2 units condominium	1 Jan 1997	Freehold	-	1,992 sq ft	9	Guest House	357

# List Of Properties - 31 Dec 2005 (Cont'd)

Location	Description	Date of acquisition	Tenure	Year Expiry	Built-up Area	building (years)	Existing use	Net Book Value As at 31 Dec 05 RM'000
Parcel A-1009 Storey No. 10 Block A MPAJ Square Mukim Ampang Selangor Darul Ehsan	Office building	1 Apr 2000	Leasehold	2093	1,085 sq ft	7	Tenanted	287
HS(M) 5918 No. 7439 HS(M) 5919 PT No.7440 Mukim Hulu Langat District of Hulu Langat State of Selangor	2 units Semi - detached Houses	27 May 2004	Freehold	-	303 Sq meter	2	Vacant	1,167
Geran No 80798, Lot 37864 37 Jalan Section 3/8 Mukim Kajang District of Hulu Langat	1 unit Shoplot	15 June 2001	Freehold	-	1,650 sq ft	5	Vacant	494
HS (D) 23094 Lot No 1495 Mukim of Hulu Langat District of Ulu Langat Selangor Darul Ehsan	Granite deposit area	1 May 1990	Leasehold	2010	634 acres	-	Extracting of granite aggregates	516
Lot 925 Lot 843 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Vacant land	12 Aug 1997	Leasehold	2033 2024	3.7 acres es	-	Premix plant	277
Plot A/ 692 PlotB/ 693 Plot C / 694 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Granite deposit area	2 Mar 1998	Leasehold	2027 2027 2027	24.3 acres 16.3 acres es	-	Extracting of granite aggregates	1,063
Lot 709, 952, 954, 955, 956,958, 1060 Daerah Alor Gajah Mukim Melaka Pindah Melaka	Vacant land	12 Aug 1997	Freehold	-	15.4 acres	-	Weigh bridge & Crusher plant	935

## **BINA PURI HOLDINGS BHD.** (207184-X)

Wisma Bina Puri  
88, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 6136 3333  
Fax : (603) 6136 9999  
Website : <http://www.binapuri.com.my>  
E-mail : [bphb@po.jaring.my](mailto:bphb@po.jaring.my)

## **SUBSIDIARIES**

### **BINA PURI SDN.BHD.** (23296-X)

### **MASKIMI VENTURE SDN.BHD.** (377437-V)

Wisma Bina Puri  
88, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
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Tel : (603) 6136 3333  
Fax : (603) 6136 9999  
E-mail : [bpuri@po.jaring.my](mailto:bpuri@po.jaring.my)

### **BINA PURI CONSTRUCTION SDN.BHD** (181471-P)

Kuala Lumpur Office  
14 & 15, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 6137 8500  
Fax : (603) 6137 8511  
E-mail : [bpcon@po.jaring.my](mailto:bpcon@po.jaring.my)

Kota Kinabalu Office  
4th - 6th, Block L  
Sulaiman - Coastal Highway  
88450 Alamesra  
Sabah, Malaysia  
Tel : (6088) 380 660/770  
Fax : (6088) 380 565/655  
E-mail : [bpcsbkk@tm.net.my](mailto:bpcsbkk@tm.net.my)

Northern Region Office  
No 1B Tingkat 2, Jalan Todak 5  
Pusat Bandar Seberang Jaya  
13700 Prai, Pulau Pinang, Malaysia  
Tel : (604) 398 5500  
Fax : (604) 398 7500  
E-mail : [bpcnorth@time.net.my](mailto:bpcnorth@time.net.my)

### **BINA PURI DEVELOPMENT SDN.BHD.** (645395-X)

No 25, 1st Floor, Lot 311, Jalan Bukit Mata,  
93100 Kuching, Sarawak, Malaysia  
Tel : (6082) 248 766  
Fax : (6082) 243 766  
E-mail : [bpdev@myjaring.net](mailto:bpdev@myjaring.net)

### **EASY MIX SDN.BHD.** (242217-D)

### **EASICRETE PRECAST SDN.BHD** (246157-M)

Batu 11, Jalan Hulu Langat, 43100 Hulu Langat  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 9021 5851  
Fax : (603) 9021 5798  
E-mail : [easy mix@po.jaring.my](mailto:easy mix@po.jaring.my)

### **KM QUARRY SDN.BHD.** (409397-V)

No 16-1, Jalan PE 35  
Taman Paya Emas Fasa 2A  
76450 Paya Rumpit, Melaka, Malaysia  
Tel : (606) 312 4286  
Fax : (606) 312 4278  
E-mail : [kmquarry@myjaring.net](mailto:kmquarry@myjaring.net)

### **MASKIMI POLYOL SDN.BHD.** (405559-D)

Unit 1-8, Lot 5815  
Jalan Reko, 43000 Kajang  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 8733 2078  
Fax : (603) 8733 2084  
E-mail : [maskimi@po.jaring.my](mailto:maskimi@po.jaring.my)

### **SUNGAI LONG INDUSTRIES SDN.BHD.** (198655-D)

### **SUNGAI LONG BRICKS SDN.BHD.** (332315-X)

### **SUNGAI LONG PLASTER INDUSTRIES SDN.BHD.** (286217-U)

Batu 11, Jalan Hulu Langat, 43100 Hulu Langat  
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Tel : (603) 9021 2400  
Fax : (603) 9021 2425  
E-mail : [sglong@po.jaring.my](mailto:sglong@po.jaring.my)

## **ASSOCIATED COMPANIES**

### **SLM GABUNGAN SDN.BHD.** (241140-D)

A-04-07, Block A, Jalan Prima 5/5  
Pusat Perdagangan Puchong Prima  
Taman Puchong Prima  
47100 Puchong, Selangor Darul Ehsan, Malaysia  
Tel : (603) 8068 3319  
Fax : (603) 8068 3309  
E-mail : [slmltc@po.jaring.my](mailto:slmltc@po.jaring.my)

### **BINA PURI (THAILAND) LTD.**

947, Thosapol Land Building 3  
22nd Floor, Room F, Bangna-Trad Road, Bangna  
Bangkok 10260, Thailand  
Tel/Fax : 0066-02-7441366  
0066-02-7441367  
0066-02-7441368  
Fax : 0066-02-7441369

### **BINA PURI VIETNAM CO. LTD.**

No. 171, D2 Street, Van Tanh Bac  
Ward 25, Binh Thanh District,  
Ho Chi Minh City, Vietnam  
Tel/Fax : 00848 8983267  
Fax : 00848 8983267

## **OTHER COMPANY**

### **IDEAL HEIGHTS PROPERTIES SDN.BHD.** (127701-D)

No 1 & 2, Jalan Bukit Idaman 8/1  
P.O. Box 20, Bukit Idaman  
68100 Selayang, Selangor Darul Ehsan, Malaysia  
Tel : (603) 6138 6102  
Fax : (603) 6138 7890  
E-mail : [i hp@po.jaring.my](mailto:i hp@po.jaring.my)



# BINA PURI HOLDINGS BHD

(207184-X)

I/We .....  
(Full name in block letters)

of.....  
(Address)

being (a) members(s) of BINA PURI HOLDINGS BERHAD hereby appoint .....  
(Full name in block letters)

of.....  
(Address)

or failing him/her.....  
(Full name in block letters)

of.....  
(Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Fifteenth Annual General Meeting of Company to be held at Ground Floor, Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan on Thursday, 22 June 2006 at 11.00 a.m. and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
1.	To receive the Audited Accounts for the year ended 31 December 2005 and the Reports of Directors and Auditors thereon.		
2.	To re-elect Dr. Tony Tan Cheng Kiat as Director		
3.	To re-elect Mr. Henry Tee Hock Hin as Director		
4.	To re-elect En. Yusuf Khan bin Ghows Khan as Director		
5.	To approve the final dividend of 2% less 28% income tax		
6.	To ratify and approve directors' annual fees of RM 258,000.00.		
7.	To re-appoint Messrs Moores Rowland as Auditors of the Company and to authorise the Directors to fix their remuneration.		
<i>Special Business - Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transaction with:</i>			
8.	Sea Travel and Tours Sdn. Bhd. and New Hoong Wah Holdings Sdn. Bhd.		
9.	Perkasa Sutera Sdn. Bhd.		
10.	Kumpulan Melaka Berhad		

Please indicate with a cross "X" in the spaces provided whether you wish your votes to be cast for or against the Resolutions. In the absence of specific directions, your proxy will vote or abstain as he/she thinks fit.

NO.OF SHARES HELD

.....  
Signature (First or Sole Shareholder or Common Seal)

Dated this..... day of..... 2006

## Notes:

1. A proxy may but need not be a member of the Company and the provision of Section 149 (1)(b) of the Act shall not apply to the Company.
2. If the appointor is a corporation, this form must be executed under its Common Seal or the hand of its attorney.
3. In the event the member duly executes the Form of Proxy but does not name any proxy, such member shall be deemed to have appointed the Chairman of the meeting as his proxy.
4. A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same meeting. The provision of Section 149 (1)(c) of the Act shall not apply to the Company.
5. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
6. Where a member is an authorised nominee as defined under the Central Depositories Act, it may appoint more than one (1) proxy in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.
7. To be valid this form duly completed must be deposited at the Registered Office of the Company at Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time for holding the meeting.

## Explanatory Note on Special Business

The Ordinary Resolutions 8, 9 and 10, if passed, will authorise the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature, particulars of which are set out in Paragraph 2.5 of the Circular to Shareholders of the Company dated 31 May 2006 despatched together with the Annual Report.

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AFFIX  
STAMP

**Group Company Secretary**  
**BINA PURI HOLDINGS BERHAD** (207184-X)  
Wisma Bina Puri  
88, Jalan Bukit Idaman 8/1  
Bukit Idaman, 68100 Selayang  
Selangor Darul Ehsan, Malaysia

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Since 1975

**BINA PURI HOLDINGS BHD**

(207184-X)

Wisma Bina Puri, 88, Jalan Bukit Idaman 8/1, Bukit Idaman, 68100 Selayang,  
Selangor Darul Ehsan, Malaysia.

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