



**BINAIK EQUITY BHD.**

(Co. No. 537492-U)

BINAIK EQUITY BHD. (Co. No. 537492-U)

ANNUAL REPORT 2003 LAPORAN TAHUNAN

**BINAIK EQUITY BHD.**

(Co. No. 537492-U)

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ANNUAL REPORT 2003 LAPORAN TAHUNAN

Binaik Equity Bhd. **annual report 2003**

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**NOTICE IS HEREBY GIVEN** that the 3rd Annual General Meeting of **BINAIK EQUITY BHD.** ("the Company") (Co. No. 537492-U) will be held at Kayangan Suite, Pulau Springs Resort, 20km, Jalan Pontian Lama, 81110 Pulau, Johor on Tuesday, 29 June 2004 at 11:00 a.m. for the following purposes:

- 1 To receive the Audited Financial Statements for the year ended 31 December 2003 and the Reports of the Directors and Auditors thereon.
- 2 To approve the payment of Directors' Fees for the year ended 31 December 2003.
3. To re-appoint TUNKU OSMAN AHMAD, a Director over the age of 70, pursuant to Section 129 of the Companies Act, 1965.
- 4 To re-elect the following Directors retiring under Article 95 of the Company's Articles of Association:
  - i) Yeo Soo Jeng
  - ii) Yeo Soo Kiat
- 5 To declare a Final Dividend of 2.5% less tax 28% for the year ended 31 December 2003.
- 6 To re-appoint Messrs Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.

**Special Business**

To consider and, if thought fit, pass with or without modifications, the following ordinary resolutions:

- 7 **Section 132D of the Companies Act, 1965**  
 "THAT pursuant to Section 132D of the Companies Act, 1965, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may deem fit provided that the aggregate number of shares so issued pursuant to this resolution in any one financial year does not exceed 10 % of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."
- 8 **Section 132E of the Companies Act, 1965**  
 "That pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given to the Company or its related corporations to enter into arrangements or transactions from time to time with the Directors of the Company or any persons connected with such Directors (within the meaning of Section 122A of the Companies Act, 1965) whereby the Company and its related corporations may acquire from or dispose to such Directors or connected persons any other non-cash assets of the Company or its related corporations provided that such acquisitions or disposals are on normal commercial terms and in the ordinary course of business of both of the Company and its related corporations, such authority will continue to be in force until the conclusion of the next Annual General Meeting AND THAT for the avoidance of doubt, any such transactions entered into by the Company or its subsidiaries with the Directors or connected persons prior to the date of this resolution be and is hereby approved and ratified."

**(Resolution 1)**

**(Resolution 2)**

**(Resolution 3)**

**(Resolution 4)**

**(Resolution 5)**

**(Resolution 6)**

**(Resolution 7)**

**(Resolution 8)**

**(Resolution 9)**

9 **Proposed Renewal of Shareholders' Mandate for Proposed Shares Buy-Back by the Company**

**(Resolution 10)**

"That, subject to the Companies Act, 1965 (as may be amended, modified or re-enacted from time to time), the Bursa Malaysia Listing Requirements and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to purchase such number of ordinary shares of RM1.00 each in the Company ("Proposed Shares Buy-Back") as may be determined by the Board from time to time on Bursa Malaysia upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased pursuant to this resolution does not exceed 10,000,000 ordinary shares of RM1.00 each representing ten per centum (10.0%) of the total issued and paid-up share capital of the Company as at 7 May 2004 and an amount not exceeding the total retained profits of RM61,472 and share premium account of RM9,149,440 based on the latest audited accounts of the Company as at 31 December 2003, be allocated by the Company for the Proposed Shares Buy-Back AND THAT the ordinary shares of the Company to be purchased are proposed to be cancelled and/or retained as treasury shares and distributed as dividends or resold on Bursa Malaysia AND THAT the Board be and is hereby empowered generally to do all acts and things to give effect to the Proposed Shares Buy-Back AND FURTHER THAT such authority shall commence immediately upon passing of this ordinary resolution until the conclusion of the first Annual General Meeting of the Company following the general meeting at which such resolution was passed at which time it will lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or at the expiration of the period within which the next Annual General Meeting after that date is required by law to be held; or revoked or varied by ordinary resolution passed by the shareholders in general meeting; whichever occurs first, but not so as to prejudice the completion of purchase of own shares by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of Bursa Malaysia Listing Requirements or any other relevant authorities."

- 10 To transact any other matter for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

By Order of The Board

Woo Min Fong (MAICSA No: 0532413)  
Tan Siew Hua (MAICSA No: 0904779)  
Company Secretaries

Johor Bahru  
4 June 2004

#### Notes

- 1 A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may but need not be a member of the Company.
- 2 A member shall be entitled to appoint more than one (1) proxy to attend and vote at the same Meeting.
- 3 Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- 4 Where a member is an authorized nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 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.
- 5 Where the Proxy Form is executed by a corporation, it must be either under its Common Seal or under the hand of an officer or attorney duly authorised.
- 6 The Proxy Form must be deposited with the Company Secretary at the Registered Office, Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, not less than 48 hours before the time set for the Meeting.

#### Explanatory Note on Special Business :

##### Resolution 8 - Section 132D of the Companies Act, 1965

Under the Companies Act, 1965, the Directors would have to call a general meeting to approve the issue of new shares even though the number of shares involved is less than 10% of the issued share capital of the Company for the time being. In order to avoid any delay and costs involved in convening a general meeting, it is thus considered appropriate to seek shareholders' approval for Directors to issue shares in the Company up to an aggregate number not exceeding 10% of the issued capital of the Company for the time being.

##### Resolution 9 - Section 132E of the Companies Act, 1965

Section 132E of the Companies Act, 1965, prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or persons connected with such Directors in respect of the acquisition from or disposal to such Directors or connected persons any non-cash assets of the "requisite value" without prior approval of the Company in General Meeting. According to the Act, a non-cash asset is considered to be of the "requisite value" if, at the time of arrangement or transaction, its value is greater than two hundred and fifty thousand ringgit or 10% of the Company's net assets, subject to minimum of ten thousand ringgit.

This ordinary resolution proposed under Agenda 8, if passed, will authorise the Company and each of its subsidiaries to acquire from or dispose to its Director or connected persons any non-cash assets which may fall within the definition of "requisite value", provided that such acquisitions or disposal are on normal commercial terms.

##### Resolution 10 - Proposed Renewal of Shareholders' Mandate for Proposed Shares Buy-Back by the Company

The Ordinary Resolution No. 10 proposed in Agenda 9 above, if passed, will renew the mandate for the Company to buy back its own shares. The mandate shall continue to be in force until the date of the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company in a general meeting and is subject to annual renewal. Further information on this resolution is set out in the Circular to Shareholders dated 4 June 2004, which is sent out together with the Company's Annual Report 2003.

## Notice of Dividend Entitlement and Payment

NOTICE IS HEREBY GIVEN THAT a final dividend of 2.5% less tax in respect of the financial year ended 31 December 2003, if approved by members, will be paid on **28 September 2004** to members whose name appear in the Record of Depositors at the close of business on **1 September 2004**.

A depositor shall qualify for entitlement to the dividend only in respect of:

- a. shares transferred into the depositor's securities account before 4.00 p.m. on **1 September 2004** in respect of ordinary transfers;
- b. shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the rules of the Bursa Malaysia Securities Berhad.



- **Names of Directors who are standing for re-appointment / re-election:**

- 1 Tunku Osman Ahmad (Chairman & Independent Non-Executive Director)
- 2 Yeo Soo Jeng (Deputy Managing Director)
- 3 Yeo Soo Kiat (Executive Director)

- **Details of attendances of Directors at Board Meetings:**

Name	No. of Board Meetings attended in the financial year
1 Tunku Osman Ahmad	5 out of 5
2 Yeo Soo Sia @ Yeo Soo Seng	5 out of 5
3 Yeo Soo Jeng	5 out of 5
4 Yeo Soo Kiat	5 out of 5
5 Yeo Soo Ngai	5 out of 5
6 Seow Mee Peng (F)	5 out of 5

- **The place, date and time of the Third Annual General Meeting:**

Place : Kayangan Suite, Pulau Springs Resort, 20km, Jalan Pontian Lama, 81110 Pulau, Johor

Date and Time : Tuesday, 29 June 2004 at 11:00 a.m.

- **Securities holdings in the Company by the directors standing for re-appointment and re-election.**

(Please refer to the Statement of Directors' Interests in the Company on page 23)

- **Profile of Directors standing for re-appointment and re-election.**

(Please refer to the section on Profile of Directors on pages 8 to 9)



**Board of Directors**

Tunku Osman Ahmad  
*Chairman & Independent Non-Executive Director*

Yeo Soo Sia @ Yeo Soo Seng  
*Managing Director*

Yeo Soo Jeng  
*Deputy Managing Director*

Yeo Soo Kiat  
*Executive Director*

Yeo Soo Ngai  
*Executive Director*

Seow Mee Peng  
*Independent Non-Executive Director*

**Company Secretaries**

Woo Min Fong (ACIS)  
Tan Siew Hua (ACIS)

**Auditors**

Ernst & Young

**Registered Office**

Suite 1301,  
13th Floor, City Plaza,  
Jalan Tebrau,  
80300 Johor Bahru,  
Johor Darul Takzim  
Tel : 07-3322 088  
Fax : 07-3328 096

**Principal Bankers**

OCBC Bank (Malaysia) Berhad  
Bumiputra-Commerce Bank Berhad  
Malayan Banking Berhad

**Stock Exchange Listing**

Main Board of Bursa Malaysia  
Securities Berhad

**Share Registrar**

Chua, Woo & Company Sdn Bhd  
(Co. No. 122754-U)  
Suite 1301, 13th Floor,  
City Plaza, Jalan Tebrau,  
80300 Johor Bahru,  
Johor Darul Takzim  
Tel : 07-3322 088  
Fax : 07-3328 096



**On behalf of the Board of Directors, it is with great pleasure that I present to the shareholders the Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2003.**

The year 2003, which marks the Company's second year as a listed company, saw many momentous events, both internationally and domestically. These events cannot but have an impact on the overall domestic economy and a multiplier effect on individual corporate performances. However thanks to the country's solid fundamentals, the Malaysian economy rebounded strongly and should record a more than respectable gross domestic product (GDP) growth for the year 2003. It was also a year which saw a smooth transition in national leadership in 22 years. This will most certainly ensure that the country enjoys continuous political stability, which will be translated in due course into positive economic growth.

### Financial Review

For the financial year under review, the Group recorded a revenue of RM83.6million resulting in a profit after tax of RM12.2million. Though there is a decline in after tax profit as compared to the previous financial year, the Board is of the view that the performance is praiseworthy given the backdrop of the negative effects of the military conflict in Iraq and its attendant threat of terrorism spreading to this part of the world and particularly the SARS outbreak, which considerably dampened consumer spending in general and a cautious approach to large financial commitment.

The housing development sector is and will be a very competitive one. It is therefore heartening to note the Government's sympathy and concern which saw the initiation of a stimulus package of stamp duty exemption for the popular range of houses. The various sales exhibitions / launches helped in no small way to generate consumer awareness of the Group's products and incentives. Coupled with readily available finance at reasonably low interest rates, a positive impact was felt in the year 2003, and will no doubt continue to be felt in the following financial period.

### Dividend

The Board is recommending a final dividend of 2.5 sen less 28% tax per share for approval by the shareholders at the forthcoming Annual General Meeting. Together with the interim dividend of 5 sen per share less 28% tax paid on 9 January 2004, the total dividend for the financial year ended 31 December 2003 will amount to 7.5 sen gross or 5.4 sen net per share as compared to the 4 sen gross or 2.88 sen net per share in the preceding financial year.

### Share Buy-Back

The Company pursuant to shareholders' mandate bought back 1,647,300 of the Company's ordinary shares ("the said shares") for the current financial year. The said shares were retained as Treasury Shares.

### Prospects

The overall outlook for the property development industry is expected to be good. Though the year 2003 saw significant increases in the costs of essential building material and services, such as bricks, industrial diesel and costs of mobile crane rental, the Group resisted any significant increase in the price of its products. The Company is however confident that a robust economic outlook will see a rise in consumer sentiment, job security and disposal income. There is however a never-ending need to strategise and position the Group to provide well priced quality houses with attractive designs to further stimulate buying interest.

It is also important for the Government to continue to maintain an open policy on recruitment and employment of foreign labour to support the construction sector and thus maintain an adequate level of momentum for property development players.

Given such a positive overall economic outlook, the Group will be seizing this opportunity to activate the development plans for some of its more promising land-bank.

In conclusion, on behalf of the Board I would like to commend all management and staff for their hard work and dedication.

### Chairman



**Tunku Osman Ahmad***(Chairman & Independent Non-executive Director)*

**Tunku Osman Ahmad**, aged 71, a Malaysian citizen, is the Chairman of the Company and appointed a member of the Board of Directors on 21 June, 2002. He holds a Diploma in Agricultural Engineering. He has well over 45 years of management experience in various capacities both in the public and private sectors. Tunku Osman Ahmad started his career with the Johor Civil Service where he served for 16 years, holding a number of appointments, the last of which was as the State Treasurer. After leaving the Government service, Tunku Osman Ahmad was directly involved in a wide range of business enterprise. From logging and sawmilling, Tunku Osman Ahmad's business interests expanded and diversified to include palm oil refining, housing, construction, plantations and manufacturing of various products.

Presently, he sits on the Board of 20 companies, serving as Chairman of some of them amongst which are Pelangi Berhad, Alpha Industries Berhad, Permas Jaya Sdn. Bhd., Petrochemicals (M) Sdn. Bhd. and Idemitsu Chemicals Sdn. Bhd. Tunku Osman Ahmad is also currently the President of the Malaysian Wood Industries Association (formerly known as Timber Trade Federation of Malaysia) and the Chairman of the Malaysian Timber Council. He has no conflict of interest with the Company and has no family relationship with the other members of the Board or major shareholders. He has no convictions for any offences within the past 10 years.

**Yeo Soo Sia @ Yeo Soo Seng***(Managing Director)*

**Yeo Soo Sia @ Yeo Soo Seng**, aged 61, a Malaysian citizen, is the Managing Director of the Company and appointed a member of the Board of Directors on 21 June, 2002. Mr Yeo is an architect by training. He graduated from the Western Australia Institute of Technology and is a member of the Pertubuhan Arkitek Malaysia and a Fellow of the Royal Australian Institute of Architects. He joined Yeo & Associates Architects, Johor Bahru as a Partner in 1971. Some of the major housing projects which he has been involved in as a professional architect included the Taman Johor Jaya and Taman Senai Utama Projects both under Daiman Development Berhad, the Taman Daya Project under Keck Seng (Malaysia) Berhad, the Bandar Baru Segamat Project under Banang Bersama Segamat Sdn Bhd. In addition, he was also involved in the Taman Ungku Tun Aminah Project, the Taman Tasek Project and the Plaza Tasek Project, which is a multi-storey shopping mall, all of which are under Tasek Maju Realty Sdn Bhd.

He commenced his involvement in the construction and property development sector in early 1983 and was responsible for the project management and the successful completion of several housing projects of the Group in Muar, Johor Darul Ta'zim, namely, Taman Pertama, Taman Fajar, Taman Sri Mulia, Taman Jeram Mulia and Taman Mulia at Bukit Gambir, Muar, as well as the Taman Bakri Mulia also located in Muar. In 1988, he was responsible for successfully developing and constructing several light industrial estates such as Taman Mulia Light Industrial Estate and Tampoi Light Industrial Estate in Johor Bahru. The Group will therefore benefit from his in-depth technical knowledge and over 30 years of hands-on experience in the construction and housing development industry. He sits on the board of several private limited companies and is also an Independent Non-executive Director of Century Bond Bhd. a company listed on the Malaysia Securities Exchange Bhd. He is a substantial shareholder of the Company and is a brother to Yeo Soo Kiat, Yeo Soo Jeng and Yeo Soo Ngai. He has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

**Yeo Soo Jeng***(Deputy Managing Director)*

**Yeo Soo Jeng**, aged 50, a Malaysian citizen, is the Deputy Managing Director of the Company and appointed a member of the Board of Directors on 21 June, 2002. He graduated with a Bachelor of Science (Hons.) in Civil Engineering from University of Teesside, Middlesborough (formerly Teesside Polytechnic), United Kingdom in 1979. He is a member of the Institution of Engineers, Malaysia and a member of the Board of Engineers, Malaysia.

Upon graduating, he worked at an engineering consultant firm namely, S. Chan Project Consultancy Services Sdn Bhd in Johor Bahru from 1979 to 1981. In 1981, he joined the Group. Currently, he is actively involved in the day-to-day management of the Company and continuously contributes his engineering and project management expertise to the Company and the Group. He sits on the board of several private limited companies and holds no directorship in any other public listed company. He is a brother to Yeo Soo Sia @ Yeo Soo Seng, Yeo Soo Kiat and Yeo Soo Ngai. He has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

**Yeo Soo Kiat***(Executive Director)*

**Yeo Soo Kiat**, aged 64, a Malaysian citizen, is the Executive Director of the Company and appointed a member of the Board of Directors on 21 June, 2002. He graduated with a Bachelor of Commerce (Economics) from the then Nanyang University in Singapore in 1965. He started his early career in the banking industry and was last attached to the OCBC in Kuala Lumpur as a bank officer and from where he resigned in 1977 after having served more than 10 years. Thereafter, he concentrated on the family businesses in Binaik Sdn. Bhd., Bukit Gambir Company Sdn. Bhd. and Maharani Properties Sdn. Bhd. His exposure to banking and finance and the housing development industry would be most valuable for the Group.

He sits on the board of several private limited companies and holds no directorship in any other public listed company. He is a substantial shareholder of the Company and a brother to Yeo Soo Sia @ Yeo Soo Seng, Yeo Soo Jeng and Yeo Soo Ngai. He has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

**Yeo Soo Ngai***(Executive Director)*

**Yeo Soo Ngai**, aged 53, a Malaysian citizen, is the Executive Director of the Company and appointed to the Board of Directors on 21 June, 2002. He worked as a Manager in Muar Malay Trading and Transport Co. Sdn Bhd, a company providing commercial transportation services, from 1975 to 1982. In 1982, he set up Yubina Sdn Bhd, and over the years, he has been actively involved in promoting the company's business of trading in building material.

He sits on the board of several private limited companies and holds no directorship in any other public listed company. He is a brother to Yeo Soo Sia @ Yeo Soo Seng, Yeo Soo Jeng and Yeo Soo Kiat. He has no conflict of interest with the Company and has no convictions for any offences within the past 10 years.

**Seow Mee Peng***(Independent Non-Executive Director)*

**Seow Mee Peng**, aged 44, a Malaysian citizen, was appointed to the Board of Directors of the Company on 21 June 2002. She is an Independent Non-Executive Director of the Company and is the Chairman of the Audit Committee. She also serves as a member of the Nomination Committee and the Remuneration Committee of the Board. She is currently involved in the business of advisory services and financial planning. Prior to that, she was attached to an accounting firm in London, UK. Subsequently, she held the position of Chief Financial Accountant in an international garments company based in London. Miss Seow is a fellow of the Association of Chartered Certified Accountants, UK, and a Certified Financial Planner.

She is not related to any director and / or major shareholder of the Company and or its subsidiaries and does not have any conflict of interest with the Company. She does not hold any share in the Company or its subsidiaries and is not a director in any other public listed company. She has no convictions for any offences within the past 10 years.

**The Listing Requirements** of the Malaysia Securities Exchange Berhad imposed a requirement that the Board makes a statement in the Company's Annual Report:-

1. a statement of how the Company has applied the Principles set out in Part 1 of the **Malaysian Code on Corporate Governance** ("the Code"); and,
2. a statement on the extent of compliance with the Best Practices set out in Part 2 of the Code.

The Board is pleased to state that for purposes of compliance with the Code, the following actions / measures have been implemented. Be that as it may, the Board is fully conscious of and subscribe to the guiding spirit of the Code which is intended to:-

- (a) reflect sound business practice and ensures that good governance is embedded in the business processes by which the company pursues its commercial objectives;
- (b) remain relevant to the company over time in the continually evolving business environment;
- (c) enable the company to apply it in a manner which takes into account its particular business strategy and environment.

The conscious adherence by the Company to the above guiding spirit will proactively mould compliance-related organizational behaviour in the Company's management staff.

### **The Board of Directors**

The Board of Binaik Equity Bhd. ("the Company") comprises six (6) directors for the financial year ending 31 December 2003.

**A brief profile of each Director is presented at pages 8 to 9.**

The details on the **Board of Directors' attendance of meetings** during the financial year ending 31 December 2003 are as follows:-

<b>Directors</b>	<b>No. of Board Meetings Attended</b>
YAM Tunku Osman Ahmad	5 out of 5
Seow Mee Peng (F)	5 out of 5
Yeo Soo Sia @ Yeo Soo Seng	5 out of 5
Yeo Soo Jeng	5 out of 5
Yeo Soo Kiat	5 out of 5
Yeo Soo Ngai	5 out of 5

### **Board Balance**

The Board comprises of six (6) Directors, two (2) of whom are Independent Non-Executive Directors (including the Chairman) and the rest are Executive Directors. The composition of the Board is therefore in compliance with the requirements that at least one-third of the Board comprises of Independent Directors.

### **Directors' Functions & Responsibilities**

#### **Separation of Functions**

YAM Tunku Osman Ahmad is the Chairman of the Board and Mr. Yeo Soo Sia @ Yeo Soo Seng is the Managing Director. This clear division of functions and responsibilities between these two crucial roles will ensure and be seen to ensure a balance of corporate power and executive authority and function. Such a delineation will provide an environment whereby no individual or group of individuals dominates the Board's deliberative and decision-making process so that crucial issues of executive performance and corporate strategies are fully and critically explored.

## Directors' Functions & Responsibilities (cont'd)

### Expertise & Experience

As the shareholders will note from the profile of the directors, there is a comprehensive range of expertise and experience on the Board in the form of public administration, business, architecture, engineering and accountancy. Thus the Directors bring to the Company a wide range of business, financial, technical and industry-specific knowledge and experience that are essential to their role in providing leadership to the Company and the commercial activities of the Group.

### Access to Advice & Information

In the better performance of their duties all Directors have full access to the advice and service of the Company Secretaries besides having unrestricted opportunity, whether in their individual capacity or otherwise, to take independent advice from external consultants or other relevant professionals to assist them in their work at the Company's expense. At the same time the executive management is at the full and timely disposal of the Directors should additional information and clarification is needed on all corporate and operational matters. It is also a practice of the executive management, where necessary, to provide written reports with supporting data on substantive issues well ahead of Board meetings. Thus active and meaningful participation of the Directors, especially the Independent Directors, in the deliberations and decisions of the Board is ensured.

### Directors' Training

All Directors have attended the Mandatory Accreditation Training Programme and will continue to do so under the Continuing Education Programme. These programmes, besides keeping the Directors abreast of the continuously evolving regulatory environment, are also instrumental in inculcating in the minds of the Board Members a deeper sense and understanding of their onerous responsibilities as fiduciary guardians of the public's trust.

### Regularity of Meetings

The Directors will make it a point to meet as frequently as the business of the Company and the Board requires and have met every quarterly for the current financial year. In these meetings the Directors, besides performing their responsible duties with regard to the quarterly reports and other Board functions, will also indulge in the vital area of strategic planning.

### Strategic Planning

The current year was especially taxing owing to the military conflict in Iraq and the SARS outbreak. It was in this context that the Board felt all the more that long term strategic planning is essential in the competitive environment of the Company's core business.

### Commitment to Quality

The executive management is reminded that quality of the Company's products should never be compromised, as this will have long-term damaging effect on the Company's present good reputation. The Board is also mindful of the Company's social responsibilities to develop housing at the middle and lower end of the market so that all segments of society are catered for.

### Retirements & Elections

In the matter of retirements and elections and for the purposes of the Company's 3rd Annual General Meeting, at least one-third of the Board will retire and be subjected to elections at regular intervals and at least every three years.

### Nomination Committee

The Nomination Committee comprises of Non-Executive Independent Directors. The appointment of new directors, if and when the occasion arises, will therefore be both objective and transparent. The Committee is empowered to make such recommendations of new appointments to the Board it thinks necessary and conducive to the enhancement of the Board's business and decision-making processes.

**Nomination Committee (cont'd)****Committee Members**

The Chairman of the Committee is YAM Tunku Osman Ahmad who, judging from his decades of knowledge and experience in company affairs, will no doubt bring to the Committee much valuable human wisdom and foresight in any recommendations to the Board. The Chairman will have unimpeded opportunities to seek, if he considers appropriate, the views of other members of the Board so as to achieve a harmonious working environment for the Board. The other member of the Committee Miss Seow Mee Peng (a Fellow of the Association of Chartered & Certified Accountants) with her training and practical background in corporate and accounting matters will definitely provide much expert input in the evaluation and recommendation process.

**Committee's Function**

The Committee is open to and is in a position to receive recommendations from any quarter; however, in its deliberations the Committee will review the present mix of knowledge and experience of the incumbent Board and also determine whether and in what way any recommended additions to the Board will reflect a fair representation of shareholders' interests and an enhancement of the Board's effectiveness with an appropriate balance of expertise and ability.

The Committee will also review the on-going educational needs and orientation of any new Board member(s) and, where appropriate, prescribe necessary training programme.

**Remuneration Committee****Committee Members**

The Committee is made up of:-

Tunku Osman Ahmad	—	Committee Chairman
Seow Mee Peng (F)	—	Committee Member
Yeo Soo Sia @ Yeo Soo Seng	—	Committee Member

**Committee's Function**

The Committee is given the arduous task of formulating the policy framework and making such recommendations as it sees fit to the Board on the remunerations and lawful benefits extended to the Executive Directors. The Executive Directors shall play no part in decisions on their own remuneration.

The fees payable to the Executive and Non-Executive Directors are determined by the Board as a whole with the approval of the shareholders in General Meetings.

**Summary of Directors' Remuneration of the Group for the Financial Year ended 31 December 2003 are as follow.****(1) Aggregate Remuneration of Directors:-**

	Salaries & Allowances				Total
	Allowances	Bonus	Fees	Others	Total
Executive	727,624	118,600	100,000	11,000	957,224
Non-Executive	23,657	3,460	63,000	16,500	106,617
	<u>751,281</u>	<u>112,060</u>	<u>163,000</u>	<u>27,500</u>	<u>1,063,841</u>

**Remuneration Committee (cont'd)****(2) Number of Directors whose Remuneration falls into the following Bands:-**

Range of Remuneration	No. of Directors	
	Executive	Non-Executive
Below RM50,000	1	1
RM50,000 to RM100,000	—	1
RM100,000 to RM150,000	—	—
RM150,000 to RM200,000	1	—
RM200,000 to RM250,000	1	—
RM250,000 to RM300,000	1	—
RM300,000 to RM350,000	1	—

**Audit Committee**

The Audit Committee has the fundamental responsibility of assisting the Board of Directors in discharging its function relating to accounting and reporting practices of the Company and the Group. The members of the Audit Committee and its Terms of Reference are set out in pages 15 to 17.

**Relationships with the Company's Auditors**

A summary of the Auditor's Remuneration is as follows:-

	Group	
	31.12.2003 RM	31.12.2002 RM
Audit Fees	89,800	64,200
Other Services	20,920	15,018

The Board of Directors, as advised by the Audit Committee, keeps a constant review of the Auditor's plan, report, internal control issues and procedures in order to maintain a formal and transparent arrangement with the external auditors.

The required assistance given by the Company or Group's management and staff to the external auditors will be unqualified and studiously maintained, and any neglect or dereliction thereof will be expeditiously remedied.

**Resignation / Appointment of Auditors**

The suitability of the external auditors for re-appointment upon their resignation is critically reviewed by the Audit Committee for purposes of recommendation for re-appointment.

**Internal Control**

The Board of Directors is required under the Listing Requirements of the Malaysia Securities Exchange Berhad to report on the state of internal control of the Company and the Group. In this regard the Board is aware of the need for proper risk assessment which is a critical component of a sound system of internal control. This will ensure that good corporate governance is an integral part of the Company's effective management systems. The consequences of damage to corporate reputation and inefficient business processes and practices are thus avoided.

The Group's Internal Control Statement is set out in pages 19 to 20.

**Risk Management****Formation of Risk Management Committee**

A Risk Management Committee ("RMC") composed of heads of various operational departments of the Group and led by a designated member of the Board has been in place for the current financial year. Ad hoc members are inducted in the event their particular knowledge and input will assist the RMC.

## **Risk Management (cont'd)**

### **Risk Assessment**

In its weekly / forth-nightly meetings, the RMC exhaustively look into all operational aspects of the Group and deduce from it the kind, quantity and magnitude of risks (if any) which the Group faces or will face. Besides internal operational risks which may endanger the Group's on-going business activities, the RMC also, in a wider context, review all other external risks factors with high impact, whether of high or low probability.

### **Action / Contingency Plans & Reporting**

In the event the RMC is aware of any high probability risks with high impact, action / contingency plans are formulated. An on-going system is in place of regular and timely reporting to the top executive management and the Board of all or any substantive risks and their corresponding action / contingency plans. This entrenched system of risk management reports will provide a large and vital measure of assistance to the Board and the top executive management in the performance of their risk management function and overall responsibility for maintaining a sound system of internal control.

### **Relationships and Communication Policy with Shareholders**

The Company values any dialogue with its investors. Shareholders' constructive participations at Annual General Meetings are therefore welcomed and encouraged. The Chairman and other members of the Board will thus be both informative and responsive to all questions and enquiries the shareholders may have.

The executive management is mindful of and will adhere stringently to all or any regulatory requirements pertaining to timely announcements through the appropriate media of matters salient to shareholders' interests.

### **Sensitive Disclosure Policy**

Material information regarded as price sensitive or for whatever reason the executive management is of the view that corporate secrecy is vital to the Company's interest will not be disclosed to any single shareholder or shareholder group.

### **Statement of Directors' Responsibilities for Financial Statements**

The responsibilities of the Board of Directors on the audited financial statements in the Company and the Group are set out as follow.

The Companies Act requires that the Directors prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and the Group as at the end of the financial year and of the results of the Company and the Group for that period. In preparing the financial statements, the Directors shall adopt the following requirements, namely, to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed and to disclose and explain any material departures in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records that show a true and fair view at any time of the financial position of the Company and the Group and which enable them to ensure that the financial statements have been prepared in accordance with the provisions of the Companies Act and to comply with approved accounting standards in Malaysia. The Directors are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Members

The current members of the Audit Committee and their respective designations are :

Seow Mee Peng (F)	(Chairman & Independent Non Executive Director)
Tunku Osman Ahmad	(Independent Non Executive Director)
Yeo Soo Sia @ Yeo Soo Seng	(Executive Director)

## Terms Of Reference

### Objectives

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. In addition, the Audit Committee shall:

- evaluate the quality of the audits performed by auditors;
- provide assurance that the financial information presented by management is relevant, reliable and timely;
- oversee compliance with laws and regulations and observance of a proper code of conduct; and
- determine the quality, adequacy and effectiveness of the Group's control environment.

### Composition

The Audit Committee shall be appointed from amongst the Directors and shall comprise of no fewer than three (3) directors, where the majority of whom shall be independent directors. The term of office of the Audit Committee is three (3) years and may be re-nominated and appointed by the Board of Directors.

In this respect, the Board adopts the definition of "independent director" as defined under the Bursa Malaysia Securities Berhad ("BMSB") Listing Requirements.

At least one member of the Audit Committee :

- (a) must be a member of the Malaysian Institute of Accountant ("MIA");or
- (b) if he is not a member of MIA, he must have at least 3 years' working experience and :
  - i. he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967;or
  - ii. he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967;or
- (c) fulfils such other requirement as prescribed by the BMSB.

No alternate director of the Board shall be appointed as a member of the Audit Committee.

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

### Meetings

The Audit Committee meets at least four (4) times annually and such additional meetings as the Chairman may call at any time at the Chairman's discretion. In the absence of the Chairman, the other independent director shall be the Chairman for that meeting.

The Company Secretary will act as Secretary of the Audit Committee and shall be responsible for drawing up the agenda with concurrence of the Chairman and circulating it, supported by explanatory documentation to members of the Audit Committee prior to each meeting.

## **Terms Of Reference (cont'd)**

### **Meetings (cont'd)**

The Secretary shall also be responsible for keeping the minutes of meetings of the Audit Committee and circulating them to members of the Audit Committee and to the other members of the Board of Directors.

Other Directors, employees, and/or representatives of the External Auditors may attend any particular meeting, at the Audit Committee's invitation, and specific to the relevant meeting.

A quorum shall consist of a majority of the Audit Committee members.

### **Attendance at Meetings**

The Audit Committee held four (4) meetings during the financial year ended 31 December 2003. All members of the Audit Committee attended all the meetings held for the year.

### **Authority**

The Audit Committee is authorized by the Board to investigate any activity within its Terms of Reference. It is authorized to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Audit Committee. It is also authorized by the Board to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise where it considers necessary at the Company's expense.

### **Duties and Responsibilities**

The principal duties and responsibilities of the Audit Committee shall include :

- To recommend the appointment of the external auditors, the audit fee, and any question of resignation or dismissal, and inquire into the staffing and competence of the external auditors in performing their work.
- To discuss with the external auditors before the audit commences the nature, scope and any significant problems that may be foreseen in the audit, ensure adequate test to verify the accounts and procedures of the Company and ensure co-ordination where more than one audit firm is involved.
- To review the quarterly announcements to the Malaysia Securities Exchange Berhad and annual financial statements before submission to the Board, focusing particularly on :
  - any changes in accounting policies and practice;
  - major judgemental areas;
  - significant adjustments resulting from the audit;
  - the going concern assumptions;
  - compliance with the accounting standards;
  - compliance with stock exchange and legal requirements;
  - assess the quality and effectiveness of the internal control system and the efficiency of the Company operations;
  - the quality and effectiveness of the entire accounting and internal control system; and
  - the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.
- To discuss problems and reservations arising from the interim and final audits, and any matters the auditor may wish to discuss (in the absence of the management where necessary).

**Terms Of Reference (cont'd)**

- When the internal audit function is established :
  - to review the adequacy of the scope, functions and resource of internal audit department and that it has the necessary authority to carry out its work;
  - to review internal audit program;
  - to ensure co-ordination of external audit with internal audit;
  - to consider major findings of internal audit investigation and management's response, and ensure that appropriate actions are taken on the recommendations of the internal audit function;
  - to review any appraisal or assessment of the performance of the staff of the internal audit function;
  - to approve any appointment or termination of senior staff member of the internal audit function;
  - to inform itself of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reason for resignation.
- To review the external auditors' management letter and management's response.
- To consider :
  - any related party transactions that may arise within the Company or Group and to ensure that Directors report such transactions annually to shareholders via the annual report; and,
  - in respect of the recurrent related party transactions of a revenue or trading nature which are the subject of a shareholders' mandate, prescribe guidelines and review procedures to ascertain that such transactions are in compliance with the terms of the shareholders' mandate.
- To report any breaches of the Listing Requirements, which have not been satisfactorily resolved, to the Malaysia Securities Exchange Berhad.
- To consider other topics, as may be defined and directed by the Board from time to time.

**Activities**

During the year under review, the Committee carried out the following activities :

- reviewed the quarterly unaudited financial results and annual audited financial statements before recommending them for Board's approval;
- ensured compliance with applicable accounting standards, other legal and regulatory requirements in the presentation of the annual audited financial statement;
- reviewed the external auditors' scope of work, audit plan, audit finding and evaluated the system of internal controls; and
- reviewed related party transactions of the Company.

**Internal Audit Function**

The Group is in the process of setting up its own in-house Internal Audit Department. However, the Executive Directors and the responsible executives stringently control the operations of the Group and pursuing various alternative ways of implementing such functions.

The following information is presented in compliance with the Listing Requirements of the Bursa Malaysia Securities Berhad:

1. Utilisation of proceeds

During the financial year, the Company did not have any corporate proposals.

2. Shares buy back

Details of the Company's Share Buy Back exercises for the financial year under review are :

Monthly breakdown	No of shares purchase and retained as treasury shares	Purchase price per share (RM)		Average cost per share (RM)	Total cost (RM)
		Lowest	Highest		
May 2003	628,500	1.14	1.23	1.20	753,346.27
June 2003	862,700	1.16	1.29	1.19	1,025,073.66
July 2003	152,300	1.29	1.35	1.34	204,781.99
September 2003	2,800	1.37	1.37	1.37	3,864.56
November 2003	1,000	2.25	2.25	2.25	2,267.40
Total	1,647,300				1,989,333.88

During the financial year, all the shares purchased by the Company were retained as treasury shares. As at 31 December 2003, a total of 1,647,300 ordinary shares were held as treasury shares. None of the treasury shares were resold or cancelled during the financial year.

3. Options, warrants or convertible securities

The Company has not issued any options, warrants or convertible securities during the financial year ended 31 December 2003 and the preceding financial year.

4. American Depository Receipt (ADR) / Global Depository Receipt (GDR)

During the financial year, the Company did not sponsor any ADR or GDR.

5. Sanctions and/or penalties

There were no sanctions and/or penalties imposed on the Company, directors or management by the relevant regulatory bodies during the financial year.

6. Non-audit fees

During the financial year, the Group's non-audit fees paid to external auditors amounted to RM20,920. The fees were mainly in relation to the tax advisory services for certain companies in the Group.

7. Variation in results

There were no variances of 10% or more between the audited results for the financial year ended 31 December 2003 and the unaudited results previously announced.

8. Profit guarantees

During the financial year, there was no profit guarantee given by the Company.

9. Material contracts

There were no material contracts entered into by the Company and its subsidiaries involving the directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2003 or entered into since the end of the previous financial year.

10. Revaluation Policy

The revaluation policy on landed properties are as disclosed in Note (e) and Note (g) to the financial statements.

**Introduction**

The Board of Directors ("the Board") of Binaik Equity Bhd. ("the Group"), in compliance with paragraph 15.27(b) of the Malaysia Securities Exchange Bhd ("MSEB") Listing Requirements, is pleased to provide the following statement on the state of internal control of the Group. The statement has been prepared in accordance with the "Statement on Internal Control: Guidance for Directors of Public Listed Companies" issued by the MSEB's Task Force on Internal Control.

**Board's Responsibilities**

The Board noted its responsibility for the Group's system of internal control and for reviewing its adequacy and integrity. The system in place is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss.

**Risk Management**

The Board regards risk management as an integral part of the business operation. A Risk Management Committee ("RMC") has been in place to drive the risk management processes in identifying principle business risks and ensures the implementation of appropriate systems to manage these risks. The risk profile of the Group is now well defined to the extent that the principle risks which are material to the commercial environment the Group operates in achieving its business objectives are minimized. The RMC, in furtherance of the Board's directives, will be reporting to the Board on a regular basis or as and when any material circumstances of the Group's business objectives or operational requirements necessitates.

Apart from the above, regular risk management briefings and workshops were held for the management and supervisory staff of the Group in order to create a risk-awareness culture and to enhance their understanding of the risks potentially affecting the achievement of the Group's business objectives.

**System of Internal Control**

The other key elements of the Group's system of internal control are as follows:

- \* An organization structure which formally defines and entrench lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.
- \* Policies and procedures of most operating units within the Group are documented in an operation manual.
- \* An Employee Handbook clearly emphasizes ethical behavior and working environment to enhance positive corporate values.
- \* Management meetings are conducted regularly to review and oversee the Group's financial performance, business development, management and corporate issues.
- \* Regular and comprehensive management reports to the Management, covering financial performance and key business indicators, which allow for effective monitoring.
- \* Annual business plans and budgets are prepared and approved by the Management.

**Internal Audit**

The Group is in the process of setting up its own in-house Internal Audit Department. In the absence of an Internal Audit Department, the Executive Directors of the Company and the responsible executives of the Group stringently control all aspects of the operation of the Group and pursuing various alternative ways of implementing such internal audit functions. An on-going system of vigorous checks and balances is therefore in place. The Board however is mindful of the inherent importance of having such a department and will take the necessary steps to establish it at such time when the volume and evolving complexities of the Group's activities and operation warrant it.

The Board remains committed towards operating a sound system of internal control and therefore recognizes that the system must continuously evolve to support the growth and dynamics of the Group. As such, the Board, in striving for continuous improvement, will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

This Statement is made in accordance with a resolution of the Board of Directors.

Binaik Equity Bhd. [annual report 2003](#)

# FINANCIAL STATEMENTS



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

### Principal Activities

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are as disclosed under Note 15 to the financial statements.

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

### Results

	Group RM	Company RM
Profit after taxation	12,258,124	3,552,731
Minority interests	<u>(52,716)</u>	<u>-</u>
Net profit for the year	<u>12,205,408</u>	<u>3,552,731</u>

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the statements of changes in equity.

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

### Dividends

The amount of dividends paid by the Company since 31 December 2002 were as follows :

	RM
In respect of financial year ended 31 December 2003 :	
Interim dividend of 5% less 28% taxation, paid on 9 January 2004	<u>3,540,697</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 2.5% less 28% taxation on 98,352,700 ordinary shares, amounting to a total dividend payable of RM1,770,349 (1.8 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

### Directors

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

Tunku Osman Ahmad  
 Yeo Soo Sia @ Yeo Soo Seng  
 Yeo Soo Jeng  
 Yeo Soo Kiat  
 Yeo Soo Ngai  
 Seow Mee Peng

**Directors' Benefits**

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 34 to the financial statements.

**Directors' Interests**

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

	1 January 2003	Number of Ordinary Shares of RM1 Each		31 December 2003
		Bought	Sold	
<b>The Company</b>				
<b>Direct interest</b>				
Tunku Osman Ahmad	300,000	-	260,000	40,000
Yeo Soo Sia @ Yeo Soo Seng	6,719,502	-	-	6,719,502
Yeo Soo Jeng	3,809,073	245,000	-	4,054,073
Yeo Soo Kiat	5,632,616	-	245,000	5,387,616
Yeo Soo Ngai	5,495,791	200,000	1,618,274	4,077,517
<b>Deemed interest</b>				
Tunku Osman Ahmad	1,140,160	-	120,000	1,020,160
Yeo Soo Sia @ Yeo Soo Seng	1,130,000	-	-	1,130,000

The other director in office at the end of the financial year had no interest in shares in the Company or its related corporations during the financial year.

**Treasury Shares**

During the financial year, the Company repurchased 1,647,300 of its issued ordinary shares from the open market at the price of RM1.20 per share. The total consideration paid for the repurchase including transaction costs was RM1,989,283. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**Other Statutory Information**

- (a) Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps :
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**Other Statutory Information** (cont'd)

- (b) At the date of this report, the directors are not aware of any circumstances which would render :
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist :
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors :
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet its obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Significant Events**

- (i) On 27 February 2003, the Company acquired 2,000 ordinary shares of RM10 each representing a total of approximately 2.50% of the issued and paid up share capital of Bukit Gambir Company Sdn. Bhd. for a total consideration of RM1,400,000 in cash;
- (ii) On 27 February 2003, the Company acquired 2,188 ordinary shares of RM1 each representing a total of approximately 0.88% of the issued and paid up share capital of Oybina Sdn. Bhd. for a total consideration of RM87,520 in cash;
- (iii) On 7 April 2003, a subsidiary company, Jayaplus Bakti Sdn. Bhd., entered into a sale and purchase agreement to acquire a piece of freehold land at Mukim of Pulai, Johor Bahru, Johor Darul Ta'zim at a consideration of RM1,400,000; and
- (iv) On 2 June 2003, a subsidiary company, Jayaplus Bakti Sdn. Bhd., entered into another sale and purchase agreement to acquire a piece of freehold land at Mukim of Pulai, Johor Bahru, Johor Darul Ta'zim at a consideration of RM3,270,393.

**Auditors**

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

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

YEO SOO SIA @ YEO SOO SENG

YEO SOO JENG

Johor Bahru, Malaysia  
Date : 26 April 2004

Statement by **Directors**  
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, YEO SOO SIA @ YEO SOO SENG and YEO SOO JENG, being two of the directors of BINAIAK EQUITY BHD., do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 27 to 57 are drawn up in accordance with applicable Approved Accounting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended.

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

YEO SOO SIA @ YEO SOO SENG

YEO SOO JENG

Johor Bahru, Malaysia

Date : 26 April 2004

Statutory **Declaration**  
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, NG LEE THIN, being the officer primarily responsible for the financial management of BINAIAK EQUITY BHD., do solemnly and sincerely declare that the accompanying financial statements set out on pages 27 to 57 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by     )  
the abovenamed NG LEE THIN at            )  
Johor Bahru in the State of Johor         )  
Darul Ta'zim on 26 April 2004            )

NG LEE THIN

Before me,  
JOHN CAUTIAS RAPHAEL  
Commissioner for Oaths  
No. J 055

We have audited the accompanying financial statements set out on pages 27 to 57. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion :

- (a) the financial statements 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 financial position of the Group and of the Company as at 31 December 2003 and of the results and the cash flows of the Group and of the Company for the year then ended; and
  - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have 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 thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company 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 material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

ERNST & YOUNG  
AF : 0039  
Chartered Accountants

WUN MOW SANG  
1821/12/04(J)  
Partner

Johor Bahru, Malaysia  
Date : 26 April 2004

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
Revenue	3	83,575,347	89,577,903	5,426,860	4,793,573
Cost of sales	4	(61,543,970)	(54,534,959)	-	-
Gross profit		22,031,377	35,042,944	5,426,860	4,793,573
Other operating income		1,343,271	1,272,779	5,472	52,887
Administrative expenses		(5,206,244)	(5,105,819)	(359,717)	(561,297)
Profit from operations	5	18,168,404	31,209,904	5,072,615	4,285,163
Finance costs	8	(732,207)	(1,296,152)	-	-
Profit before taxation		17,436,197	29,913,752	5,072,615	4,285,163
Taxation	9	(5,178,073)	(8,948,832)	(1,519,884)	(1,348,200)
Profit after taxation		12,258,124	20,964,920	3,552,731	2,936,963
Minority interests		(52,716)	(847,179)	-	-
Net profit for the year		<u>12,205,408</u>	<u>20,117,741</u>	<u>3,552,731</u>	<u>2,936,963</u>
Earnings per share (sen)					
Basic	10	<u>12.32</u>	<u>23.82</u>	<u>-</u>	<u>-</u>
Net dividends per share (sen)	11	<u>3.54</u>	<u>2.88</u>	<u>3.54</u>	<u>2.88</u>

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

# Balance Sheets

as at 31 December 2003

BINAIK EQUITY BHD. (537492-U)

	Note	Group		Company	
		2003 RM	2002 RM	2003 RM	2002 RM
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment	12	9,319,832	9,201,337	1,028	1,200
Land held for development	13	86,506,317	86,998,269	-	-
Investment properties	14	1,430,000	1,665,000	-	-
Investment in subsidiaries	15	-	-	74,423,463	72,935,943
Marketable securities	16	1,783,010	1,799,151	-	-
Negative goodwill on consolidation	17	(2,750,453)	(3,044,677)	-	-
		<u>96,288,706</u>	<u>96,619,080</u>	<u>74,424,491</u>	<u>72,937,143</u>
<b>CURRENT ASSETS</b>					
Development properties	13	172,949,782	129,479,633	-	-
Inventories	18	4,233,248	3,899,107	-	-
Trade receivables	19	13,581,953	14,582,654	-	-
Other receivables	20	2,585,888	8,025,240	32,961,788	39,238,144
Deposits with licensed banks	22	14,851,510	2,324,963	3,700,000	150,000
Cash and bank balances	22	4,003,591	4,849,453	14,758	17,979
		<u>212,205,972</u>	<u>163,161,050</u>	<u>36,676,546</u>	<u>39,406,123</u>
<b>CURRENT LIABILITIES</b>					
Short term bank borrowings	23	19,867,504	14,061,448	-	-
Trade payables	25	23,008,558	8,206,260	-	-
Other payables	26	32,073,600	13,585,038	338,711	261,388
Tax payable		1,638,511	473,120	-	3,000
Dividend payable		3,540,697	2,880,000	3,540,697	2,880,000
		<u>80,128,870</u>	<u>39,205,866</u>	<u>3,879,408</u>	<u>3,144,388</u>
<b>NET CURRENT ASSETS</b>		<u>132,077,102</u>	<u>123,955,184</u>	<u>32,797,138</u>	<u>36,261,735</u>
		<u>228,365,808</u>	<u>220,574,264</u>	<u>107,221,629</u>	<u>109,198,878</u>
<b>FINANCED BY:</b>					
Share capital	27	100,000,000	100,000,000	100,000,000	100,000,000
Reserves		<u>72,482,730</u>	<u>65,807,302</u>	<u>7,221,629</u>	<u>9,198,878</u>
Shareholders' equity		<u>172,482,730</u>	<u>165,807,302</u>	<u>107,221,629</u>	<u>109,198,878</u>
Minority interest		<u>2,663,949</u>	<u>3,999,751</u>	-	-
		<u>175,146,679</u>	<u>169,807,053</u>	<u>107,221,629</u>	<u>109,198,878</u>
Long term bank borrowings	23	40,895,888	34,488,784	-	-
Deferred taxation	31	12,323,241	16,278,427	-	-
Non-current liabilities		<u>53,219,129</u>	<u>50,767,211</u>	-	-
		<u>228,365,808</u>	<u>220,574,264</u>	<u>107,221,629</u>	<u>109,198,878</u>

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

Consolidated Statement of **Changes In Equity**

for the year ended 31 December 2003

	Note	Share Capital RM	Share Premium RM (Note 28)	Treasury Shares RM (Note 29)	Retained Profits RM (Note 30)	Total RM
<b>At 1 January 2002</b>		85,000,000	13,343,884	-	31,494,860	129,838,744
Issue of share capital		15,000,000	6,000,000	-	-	21,000,000
Share issue expenses		-	(2,269,183)	-	-	(2,269,183)
Net profit for the year		-	-	-	20,117,741	20,117,741
Dividends	11	-	-	-	(2,880,000)	(2,880,000)
<b>At 31 December 2002</b>		100,000,000	17,074,701	-	48,732,601	165,807,302
Acquisition of treasury shares		-	-	(1,989,283)	-	(1,989,283)
Net profit for the year		-	-	-	12,205,408	12,205,408
Dividends	11	-	-	-	(3,540,697)	(3,540,697)
<b>At 31 December 2003</b>		<u>100,000,000</u>	<u>17,074,701</u>	<u>(1,989,283)</u>	<u>57,397,312</u>	<u>172,482,730</u>

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

# Company Statement of Changes In Equity

for the year ended 31 December 2003

BINAIK EQUITY BHD. (537492-U)

	Note	Share Capital RM	Share Premium RM (Note 28)	Treasury Shares RM (Note 29)	(Accumulated Losses)/ Retained Profits RM (Note 30)	Total RM
<b>At 1 January 2002</b>		54	-	-	(7,525)	(7,471)
Issue of share capital		99,999,946	11,418,623	-	-	111,418,569
Share issue expenses		-	(2,269,183)	-	-	(2,269,183)
Net profit for the year		-	-	-	2,936,963	2,936,963
Dividends		-	-	-	(2,880,000)	(2,880,000)
<b>At 31 December 2002</b>		100,000,000	9,149,440	-	49,438	109,198,878
Acquisition of treasury shares		-	-	(1,989,283)	-	(1,989,283)
Net profit for the year		-	-	-	3,552,731	3,552,731
Dividends	11	-	-	-	(3,540,697)	(3,540,697)
<b>At 31 December 2003</b>		<u>100,000,000</u>	<u>9,149,440</u>	<u>(1,989,283)</u>	<u>61,472</u>	<u>107,221,629</u>

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

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	17,436,197	29,913,752	5,072,615	4,285,163
Adjustments for :				
Amortisation of negative goodwill	(195,400)	(189,200)	-	-
Bad debts written off	-	33,149	-	-
Depreciation	407,051	355,808	172	-
Dividend income	(10,520)	(8,148)	(5,426,860)	(4,793,573)
Gain on disposal of land held for development	(813,019)	-	-	-
Interest expense	666,237	1,247,990	-	-
Interest income	(297,632)	(302,362)	(5,238)	(52,887)
Gain on disposal of marketable securities	(3,768)	(8,706)	-	-
Loss on disposal of marketable securities	9,392	5,005	-	-
Loss on disposal of investment properties	27,000	-	-	-
Provision for doubtful debts	99,779	-	-	-
Property, plant and equipment written off	98	1,361	-	-
Operating profit/(loss) before working capital changes	17,325,415	31,048,649	(359,311)	(561,297)
Increase in development properties	(40,687,844)	(23,061,003)	-	-
(Increase)/Decrease in inventories	(334,141)	326,516	-	-
(Increase)/Decrease in receivables	5,477,899	(1,327,849)	6,281,856	(24,928,433)
Increase/(Decrease) in payables	32,970,694	(2,458,744)	572,323	5,323,847
Cash generated from/(used in) operations	14,752,023	4,527,569	6,494,868	(20,165,883)
Interest received	297,632	302,362	5,238	52,887
Tax refunded	85,308	-	-	-
Tax paid	(7,215,341)	(6,329,515)	(1,528,384)	(1,123,440)
Net cash generated from/(used in) operating activities	7,919,622	(1,499,584)	4,971,722	(21,236,436)

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Dividends received	10,520	8,148	4,931,860	4,001,573
Land held for development	(5,031,029)	(972,834)	-	-
Proceeds from disposal of marketable securities	1,693,191	157,328	-	-
Proceeds from disposal of property, plant and equipment	-	675	-	-
Proceeds from disposal of investment properties	208,000	-	-	-
Proceeds from disposal of land held for development	3,886,000	-	-	-
Purchase of investment properties	-	(235,000)	-	-
Purchase of property, plant and equipment	(283,644)	(104,290)	-	(1,200)
Purchase of shares in subsidiary companies	(1,487,520)	(1,482,554)	(1,487,520)	(1,482,554)
Purchase of marketable securities	(1,682,674)	-	-	-
Net cash (used in)/generated from investing activities	(2,687,156)	(2,628,527)	3,444,340	2,517,819
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Dividends paid	(2,880,000)	(1,213,938)	(2,880,000)	-
Interest paid	(666,237)	(1,247,990)	-	-
Acquisition of treasury shares	(1,989,283)	-	(1,989,283)	-
Proceeds from banker's acceptance	732,000	68,000	-	-
Proceeds from issuance of shares	-	21,000,000	-	21,000,000
Proceeds from term loan	25,110,707	12,500,000	-	-
Proceeds from trade facilities	2,500,000	-	-	-
Repayment of hire purchase payables	(187,241)	(310,375)	-	-
Payment of share issue expenses	-	(2,113,458)	-	(2,113,458)
Repayment of term loans	(15,543,277)	(20,703,282)	-	-
Net cash generated from/(used in) financing activities	7,076,669	7,978,957	(4,869,283)	18,886,542

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
NET INCREASE IN CASH AND CASH EQUIVALENTS	12,309,135	3,850,846	3,546,779	167,925
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,681,774</u>	<u>(2,169,072)</u>	<u>167,979</u>	<u>54</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 22)	<u><u>13,990,909</u></u>	<u><u>1,681,774</u></u>	<u><u>3,714,758</u></u>	<u><u>167,979</u></u>

## Note :

During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM525,644 (2002 : RM178,290) of which RM242,000 (2002 : RM74,000) was acquired by means of hire purchase arrangement.

## 1. Corporate Information

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, dealers and suppliers of building materials, producing of oil palm products on its plantations, property and investment holding, general contracting, provision of project management services and property letting.

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

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of the Bursa Malaysia. The principal place of business of the Company is located at Suite 13.1, Level 13, Menara Pelangi, Jalan Kuning, Taman Pelangi, 80400 Johor Bahru, Johor Darul Ta'zim.

The number of employees in the Group and in the Company at the end of the financial year were 57 and 4 (2002 : 49 and 4) respectively.

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

## 2. Significant Accounting Policies

### (a) Basis of Preparation

The financial statements of the Group and of the Company have been prepared under the historical cost convention except for the revaluation of land held for development, freehold land and investment properties.

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Approved Accounting Standards in Malaysia.

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

MASB 25	Income Taxes
MASB 27	Borrowing Costs
MASB 29	Employee Benefits

The adoption of the above standards have not given rise to any adjustments to the opening balances of retained profits of the prior and current year or to changes in comparatives.

### (b) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries. Subsidiaries are those companies in which the Group has a long term equity interest and where it has power to exercise control over the financial and operating policies so as to obtain benefits therefrom.

Acquisition of subsidiaries which meet the criteria for merger are accounted for using merger accounting principles whereas other acquisitions are accounted for using the acquisition method.

When the merger method is used, the cost of investment in the Company's books is recorded at the nominal value of shares issued and the difference between the carrying value of the investment and the nominal value of shares acquired is treated as merger reserve or merger deficit. The results of the companies being merged are included as if the merger had been effected throughout the current and previous financial years.

Under the acquisition method of accounting, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. The assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition and these values are reflected in the consolidated balance sheet. The difference between the cost of an acquisition and the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition is included in the consolidated balance sheet as goodwill or negative goodwill arising on consolidation.

**2. Significant Accounting Policies (cont'd)****(b) Basis of Consolidation (cont'd)**

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

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

Minority interest is measured at the minorities' share of the post acquisition fair values of the identifiable assets and liabilities of the acquiree.

**(c) Goodwill**

Goodwill represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is stated at cost less accumulated amortisation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p) to the financial statements. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Goodwill is amortised on a straight-line basis over its estimated useful life of not more than 10 years.

**(d) Investments in Subsidiaries**

The Company's investment in subsidiaries are stated at cost less impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p) to the financial statements.

On disposal of such investment, the difference between net disposal proceeds and their carrying amounts is charged or credited to the income statement.

**(e) Property, Plant and Equipment and Depreciation**

Property, plant and equipment are stated at cost and valuation less accumulated depreciation and impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(p) to the financial statements.

Freehold land is stated at valuation less any identified impairment losses. Revaluations are made at least once in every five years based on a valuation by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A revaluation decrease is first offset against an increase on earlier valuations in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight line basis to write off the cost or valuation of each asset to its residual value over the estimated useful life at the following annual rates :

Buildings	2 - 5%
Motor vehicles	20%
Other assets	5 - 50%

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

## 2. Significant Accounting Policies (cont'd)

### (f) Investment Properties

Investment properties consist of investments in land and buildings that are not substantially occupied for use by, or in the operations, of the Group.

Investment properties are treated as long term investments and are stated at cost and valuation. Revaluations are based on valuations by an independent valuer at least once every five years. An increase in carrying amount arising from revaluation of investment properties is credited to equity as a revaluation surplus; any decrease is first offset against any available revaluation surplus on an earlier valuation in respect of the same investment property and is thereafter recognised as an expense. A revaluation increase is recognised as income to the extent that it reverses a revaluation decrease of the same property previously recognised as an expense.

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

### (g) Development Properties and Land Held for Development

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

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

Revaluations of land held for development are made at least once in every five years based on valuations by an independent valuer on an open market value basis. Any revaluation increase is credited to equity as a revaluation surplus, except to the extent that it reverses a revaluation decrease for the same asset previously recognised as an expense, in which case the increase is credited to the income statement to the extent of the decrease previously charged. A revaluation decrease is first offset against an increase on earlier valuation in respect of the same asset and is thereafter recognised as an expense. Upon the disposal of revalued assets, the attributable revaluation surplus remaining in the revaluation reserve is transferred to retained profits.

### (h) Construction Contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is shown as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amount due to customers on contracts.

## 2. Significant Accounting Policies (cont'd)

### (i) Inventories

#### (i) Inventories of completed properties

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

#### (ii) Other inventories

Other inventories comprise consumables goods in-trade. Other inventories are stated at the lower of cost (determined on the first-in, first-out basis) and net realisable value. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

### (j) Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents include cash and bank balances and deposits, net of outstanding bank overdrafts.

### (k) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership.

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

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

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

### (l) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

### (m) Income Tax

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

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

**2. Significant Accounting Policies (cont'd)****(m) Income Tax (cont'd)**

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

Prior to the adoption of MASB 25 Income Taxes on 1 January 2003, deferred tax was provided for using the liability method in respect of significant timing differences and deferred tax assets were not recognised unless there was reasonable expectation of their realisation.

**(n) Employee Benefits****(i) Short term benefits**

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

**(ii) Defined contribution plans**

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

**(o) Revenue Recognition**

Revenue is recognised when it is probable that the economic benefits associated with the transaction will flow to the enterprise and the amount of the revenue can be measured reliably.

**(i) Development properties**

Revenue from sale of development properties is recognised based on the percentage of completion method. The percentage of completion is determined by reference to the costs incurred to date to the total estimated costs where the outcome of the projects can be reliably estimated.

**(ii) Construction contracts**

Revenue from construction contracts is accounted for by the percentage of completion method as described in Note 2(h) to the financial statements.

**(iii) Sale of goods**

Revenue relating to sale of goods is recognised net of sales taxes and discounts upon the transfer of risks and rewards.

**(iv) Revenue from services**

Revenue from services rendered is recognised net of service taxes and discounts as and when the services are performed.

**(v) Dividend income**

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

**(vi) Rental and interest income**

Rental income and interest from deposits are recognised on an accrual basis.

## 2. Significant Accounting Policies (cont'd)

### (p) Impairment of Assets

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

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

### (q) Financial Instruments

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

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

#### (i) Marketable Securities

Marketable securities are carried at cost, unless in the opinion of the directors, there has been a permanent diminution in value, in which case provision is made for the diminution. Cost is determined on the first-in-first-out basis. On disposal of marketable securities, the difference between net disposal proceeds and the carrying amount is charged or credited to the income statement.

#### (ii) Trade Receivables

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

#### (iii) Trade Payables

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

#### (iv) Interest-Bearing Borrowings

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sales, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. The amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate which is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purpose of obtaining another qualifying asset. For borrowings made specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of that borrowing.

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

31 December 2003 (cont'd)

**2. Significant Accounting Policies (cont'd)****(q) Financial Instruments (cont'd)****(v) Equity Instrument**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which the obligation to pay is established.

The transaction costs of an equity transaction are accounted for as a deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

When issued shares of the Company are repurchased, the consideration paid, including any attributable transaction costs is presented as a change in equity. Repurchased shares that have not been cancelled are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in the income statement on the sale, re-issuance or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount of the treasury shares is shown as a movement in equity.

**3. Revenue**

Revenue of the Group and of the Company consists of the following :

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Construction contracts	1,824,761	672,215	-	-
Gross dividend from subsidiaries	-	-	5,426,860	4,793,573
Rental income	134,062	960	-	-
Sale of development properties	57,985,306	77,255,918	-	-
Sale of building materials	19,688,584	11,502,168	-	-
Sale of fresh fruit bunches	56,634	146,642	-	-
Sale of land held for development	3,886,000	-	-	-
	<u>83,575,347</u>	<u>89,577,903</u>	<u>5,426,860</u>	<u>4,793,573</u>

**4. Cost Of Sales**

This relates to the cost of inventories sold, contract costs recognised as an expense and proportionate cost of development properties sold.

**5. Profit From Operations**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Profit from operations is stated after charging :				
Amortisation of negative goodwill	195,400	189,200	-	-
Audit fees				
Statutory audit				
- current	79,800	63,700	12,000	1,000
- underprovision in prior year	10,000	500	5,000	-
Special audit	-	29,800	-	-
Other services	20,920	15,018	-	-
Bad debts written off	-	33,149	-	-
Depreciation	407,051	355,808	172	-
Directors' fee	190,500	91,500	190,500	104,150
Interest expense	666,237	1,247,990	-	-
Loss on disposal of marketable securities	9,392	5,005	-	-
Loss on disposal of investment properties	27,000	-	-	-
Provision for doubtful debts	99,779	-	-	-
Property, plant and equipment written off	98	1,361	-	-
Rental expenses	127,872	153,802	-	-
Staff cost (Note 6)	2,523,453	1,997,655	-	-
	<u>2,523,453</u>	<u>1,997,655</u>	<u>-</u>	<u>-</u>
And crediting :				
Dividend received from marketable securities	10,520	8,148	-	-
Dividend received from subsidiaries	-	-	5,426,860	4,793,573
Gain on disposal of marketable securities	3,768	8,706	-	-
Gain on disposal of land held for development	813,019	-	-	-
Interest received	297,632	302,362	5,238	52,887
Rental received	570,672	833,754	-	-
	<u>570,672</u>	<u>833,754</u>	<u>-</u>	<u>-</u>

**6. Staff Costs**

Included in staff costs of the Group are directors' remuneration amounting to RM1,063,841 (2002 : RM893,304), further details of which are disclosed in Note 7 to the financial statements.

**7. Directors' Remuneration**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>Directors of the Company</b>				
Executive :				
Salaries and other emoluments	727,624	677,204	-	-
Fees	100,000	64,400	100,000	58,400
Bonus	118,600	76,600	-	-
Others	11,000	3,000	11,000	3,000
	<u>957,224</u>	<u>821,204</u>	<u>111,000</u>	<u>61,400</u>
Non-Executive :				
Fees	63,000	36,750	63,000	36,750
Others	16,500	6,000	16,500	6,000
	<u>79,500</u>	<u>42,750</u>	<u>79,500</u>	<u>42,750</u>
<b>Other directors of subsidiaries</b>				
Executive :				
Salaries and other emoluments	23,657	44,760	-	-
Bonus	3,460	3,240	-	-
	<u>27,117</u>	<u>48,000</u>	<u>-</u>	<u>-</u>
Total	<u>1,063,841</u>	<u>911,954</u>	<u>190,500</u>	<u>104,150</u>
Analysis :				
Total executive directors' remuneration	984,341	869,204	111,000	61,400
Total non-executive directors' remuneration	79,500	42,750	79,500	42,750
Total directors' remuneration	<u>1,063,841</u>	<u>911,954</u>	<u>190,500</u>	<u>104,150</u>

The number of directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below :

	Number of directors	
	2003	2002
Executive directors :		
Below RM50,000	1	2
RM150,001 to RM200,000	1	2
RM200,001 to RM250,000	1	1
RM250,001 to RM300,000	1	1
RM300,001 to RM350,000	1	-
Non-Executive directors :		
Below RM50,000	1	2
RM50,001 to RM100,000	1	-

**8. Finance Costs**

	Group	
	2003 RM	2002 RM
Interest on bank borrowings	4,444,236	5,242,439
Less : amount capitalised in development properties	<u>(3,712,029)</u>	<u>(3,946,287)</u>
	<u>732,207</u>	<u>1,296,152</u>

**9. Taxation**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Tax expense for the year :				
Malaysian income tax	7,501,532	5,896,824	1,519,521	1,348,200
Deferred tax :				
Relating to originating and reversal of temporary differences	(2,237,107)	3,184,820	-	-
Under/(over) provided in prior years :				
Malaysian income tax	1,631,729	(89,558)	363	-
Deferred tax	(1,718,081)	(54,470)	-	-
Real property gain tax	-	11,216	-	-
	<u>(86,352)</u>	<u>(132,812)</u>	<u>363</u>	<u>-</u>
	<u>5,178,073</u>	<u>8,948,832</u>	<u>1,519,884</u>	<u>1,348,200</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2002 : 28%) of the estimated assessable profit for the year. As proposed in the Malaysian Fiscal Budget 2003, which has been gazatted as Finance (No. 2) Act 2002, the income tax rate on the first RM100,000 of chargeable income for qualified small and medium enterprises, which certain companies in the Group qualify for, has been further reduce to 20%.

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

	2003 RM	2002 RM
<b>Group</b>		
Profit before taxation	17,436,197	29,913,752
Taxation at Malaysian statutory tax rate of 28% (2002 : 28%)	4,882,135	8,375,851
Effect of different tax rates of 20% (2002 : N/A) on first RM100,000 of chargeable income for qualified small and medium enterprise	(56,000)	-
Deferred tax assets not recognised during the year	3,500	14,559
Expenses not deductible for tax purposes	434,790	691,234
Real property gain tax	-	11,216
Over provided of deferred tax in prior years	(1,718,081)	(54,470)
Under/(over) provided of income tax in prior years	<u>1,631,729</u>	<u>(89,558)</u>
Tax expense for the year	<u>5,178,073</u>	<u>8,948,832</u>

31 December 2003 (cont'd)

## 9. Taxation (cont'd)

	2003 RM	2002 RM
<b>Company</b>		
Profit before taxation	5,072,615	4,285,163
Taxation at Malaysian statutory tax rate of 28% (2002 : 28%)	1,420,332	1,199,846
Expenses not deductible for tax purposes	99,189	148,354
Underprovision of income tax in prior years	363	-
Tax expense for the year	<u>1,519,884</u>	<u>1,348,200</u>

## 10. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the financial year, excluding treasury shares held by the Company.

	2003	Group 2002
Net profit for the year (RM)	<u>12,205,408</u>	<u>20,117,741</u>
Weighted average number of ordinary shares in issue	<u>99,069,661</u>	<u>84,440,087</u>
Basic earnings per share (sen)	<u>12.32</u>	<u>23.82</u>

## 11. Dividends

	Amount		Net dividends per share	
	2003 RM	2002 RM	2003 Sen	2002 Sen
Interim dividend of 5% (2002 : 4%) less 28% taxation	<u>3,540,697</u>	<u>2,880,000</u>	<u>3.54</u>	<u>2.88</u>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2003, of 2.5% less 28% taxation on 98,352,700 ordinary shares, amounting to a dividend payable of RM1,770,348.60 (1.8 sen net per share) will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2004.

## 12. Property, Plant And Equipment

Group Cost/Valuation	Freehold / leasehold land and buildings RM	Motor vehicles RM	Other assets RM	Total RM
At beginning of the year	8,441,253	1,168,639	1,038,351	10,648,243
Additions	4,715	351,662	169,267	525,644
Write off	-	-	(740)	(740)
At end of the year	<u>8,445,968</u>	<u>1,520,301</u>	<u>1,206,878</u>	<u>11,173,147</u>
Representing :				
At cost	1,621,253	1,520,301	1,206,878	4,348,432
At valuation	6,824,715	-	-	6,824,715
	<u>8,445,968</u>	<u>1,520,301</u>	<u>1,206,878</u>	<u>11,173,147</u>

**12. Property, Plant And Equipment (cont'd)**

Group	Freehold / leasehold land and buildings RM	Motor vehicles RM	Other assets RM	Total RM
<b>Accumulated Depreciation</b>				
At beginning of the year	480,968	489,564	476,374	1,446,906
Charge for the year	53,100	235,056	118,895	407,051
Write off	-	-	(642)	(642)
At end of the year	<u>534,068</u>	<u>724,620</u>	<u>594,627</u>	<u>1,853,315</u>
<b>Net Book Value</b>				
At 31 December 2003				
At cost	1,182,007	795,681	612,251	2,589,939
At valuation	<u>6,729,893</u>	<u>-</u>	<u>-</u>	<u>6,729,893</u>
	<u>7,911,900</u>	<u>795,681</u>	<u>612,251</u>	<u>9,319,832</u>
At 31 December 2002				
At cost	1,199,957	679,075	561,977	2,441,009
At beginning of the year	<u>6,760,328</u>	<u>-</u>	<u>-</u>	<u>6,760,328</u>
	<u>7,960,285</u>	<u>679,075</u>	<u>561,977</u>	<u>9,201,337</u>
Depreciation for year 2002	<u>61,745</u>	<u>193,291</u>	<u>100,772</u>	<u>355,808</u>

The freehold and leasehold land and buildings stated at valuation were revalued by the directors in year 2001 based on independent professional valuation using the open market value basis.

The carrying amounts of freehold and leasehold land and buildings of the Group that would have been included in the financial statements had the freehold and leasehold land and buildings been carried at cost less depreciation amounts to RM3,608,873 (2002 : RM3,692,031).

Included in property, plant and equipment are property, plant and equipment which have been fully depreciated but are still in use amounted to RM525,601 (2002 : RM448,681).

Net book values of property, plant and equipment held under hire purchase arrangements was RM516,487 (2002 : RM650,675).

Net book value of property, plant and equipment pledged to financial institutions for facilities as referred to in Note 23 to the financial statements was RM4,567,620 (2002 : RM4,590,285).

Company	Signboard RM
<b>Cost</b>	
At beginning and at end of the year	<u>1,200</u>
<b>Accumulated Depreciation</b>	
Charge for the year	<u>172</u>
<b>Net Book Value</b>	
At 31 December 2003	<u>1,028</u>
At 31 December 2002	<u>1,200</u>
Depreciation for year 2002	<u>-</u>

### 13. Land Held For Development And Development Properties

	2003 RM	Group 2002 RM
Freehold land		
- at cost	115,606,658	88,782,478
- at valuation	97,316,737	90,037,777
Development expenditure, at cost	58,316,972	67,576,248
	<u>271,240,367</u>	<u>246,396,503</u>
Less : Non-current portion, classified as land held for development		
- at cost and valuation	(86,506,317)	(86,998,269)
Development properties	184,734,050	159,398,234
Add : Attributable profits	6,754,336	30,616,747
	<u>191,488,386</u>	<u>190,014,981</u>
Less : Progress billings	(14,953,112)	(56,949,856)
	<u>176,535,274</u>	<u>133,065,125</u>
Less : Provision for diminution in value	(3,585,492)	(3,585,492)
	<u>172,949,782</u>	<u>129,479,633</u>

The freehold land stated at valuation was revalued by the directors based on independent professional valuation in year 2001 using the open market value basis.

Certain land is charged to financial institutions for facilities granted to the Group as stated in Note 23 to the financial statements.

Included in development expenditure of the Group are the following expenses capitalised during the financial year :

	2003 RM	2002 RM
Hire of machinery	499,678	287,757
Interest expense (Note 8)	3,712,029	3,946,287
Rental expenses	31,300	64,000
Staff cost (Note 6)	214,800	416,885
	<u>4,458,507</u>	<u>5,614,929</u>

### 14. Investment Properties

	2003 RM	Group 2002 RM
Freehold land and building		
- At cost	-	235,000
- At valuation	1,430,000	1,430,000
	<u>1,430,000</u>	<u>1,665,000</u>

Investment properties were revalued in year 2001 by a professional valuer using the open market value basis. The investment properties are pledged to financial institutions for facilities as stated under Note 23 to the financial statements.

**15. Investment In Subsidiaries**

	Company	
	2003 RM	2002 RM
Unquoted shares at cost	74,423,463	72,935,943

Details of the subsidiaries which are all incorporated in Malaysia are as follows :

Name of subsidiaries	Effective Equity Interest (%)		Principal activities
	2003	2002	
<b>Direct subsidiaries</b>			
Binaik Yubina Sdn. Bhd.	100	100	Trading of building materials
Binaik Sdn. Bhd.	100	100	General contracting, property development and provision of project management services
Bukit Gambir Company Sdn. Bhd. @	100	97.50	Producing oil palm products on its plantations, holding of properties for rental, property, development and investment holding
Johline Realty Sdn. Bhd.	100	100	Property development and investment holding
Kemuncak Raya Sdn. Bhd.	100	100	Project consultants and property owners
Maharani Properties Sdn. Berhad	100	100	Property development and provision of project management services
Oybina Sdn. Bhd. @	100	99.12	Property development
Shin Fa Sdn. Bhd.	100	100	Dormant and intended principal activity is investment holding
Yubina Sdn. Bhd.	100	100	Dealers and suppliers of building materials
<b>Indirect subsidiaries</b>			
Atlasprise Sdn. Bhd. *#	51	49.73	Plantation owner and housing developer
Jayapulus Bakti Sdn. Bhd. ##	100	100	Property development
Jeram Suria Sdn. Bhd. #	60	50.47	Intended principal activity is property development
Malgold Construction Sdn. Bhd. ###	100	100	General contracting and property development
Subali Development Sdn. Bhd. ###	100	100	Property letting and investment holding

\* Audited by a firm of chartered accountants other than Ernst & Young

# Subsidiary of Bukit Gambir Company Sdn. Bhd.

## Subsidiary of Maharani Properties Sdn. Berhad

### Subsidiary of Binaik Sdn. Bhd.

@ Additional shares acquired during the year

31 December 2003 (cont'd)

### 16. Marketable Securities

	2003 RM	Group 2002 RM
Shares quoted in Malaysia, at cost	1,832,508	1,848,649
Provision for diminution in value	(49,498)	(49,498)
	<u>1,783,010</u>	<u>1,799,151</u>
Market value of quoted shares	<u>1,361,979</u>	<u>555,520</u>

### 17. Negative Goodwill On Consolidation

	2003 RM	Group 2002 RM
At beginning and end of the year	3,386,630	1,935,758
Arising from acquisition of subsidiaries	-	1,450,872
Arising from acquisition of additional shares in subsidiaries	(98,824)	-
	<u>3,287,806</u>	<u>3,386,630</u>
Less : Accumulated amortisation	(537,353)	(341,953)
Net book value	<u>2,750,453</u>	<u>3,044,677</u>

### 18. Inventories

	2003 RM	Group 2002 RM
At cost :		
Consumable goods	1,300,867	1,198,713
Properties held for sale	1,332,381	1,100,394
	<u>2,633,248</u>	<u>2,299,107</u>
At net realisable value :		
Properties held for sale	1,600,000	1,600,000
	<u>4,233,248</u>	<u>3,899,107</u>

Certain inventories with carrying values of RM1,600,000 (2002 : RM1,600,000) are pledged to financial institutions for facilities as stated in Note 23 to the financial statements.

Inventories stated at net realisable values were revalued by the directors based on independent professional valuation in year 2001 using the open market value basis.

**19. Trade Receivables**

	Group	
	2003 RM	2002 RM
Progress billings receivable	4,000,124	8,076,709
Trade receivables	9,613,752	6,505,945
Due from customers for contracts work (Note 21)	67,856	-
	<u>13,681,732</u>	<u>14,582,654</u>
Less : Provision for doubtful debts	(99,779)	-
	<u>13,581,953</u>	<u>14,582,654</u>

The Group's normal credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis.

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

**20. Other Receivables**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Deposits	696,563	481,424	-	563
Deposits paid for acquisition of land	-	4,655,609	-	-
Due from subsidiaries	-	-	32,951,050	39,237,581
Prepayments	79,767	37,035	-	-
Sundry receivables	1,555,174	1,734,412	5,238	-
Tax recoverable	254,384	1,116,760	5,500	-
	<u>2,585,888</u>	<u>8,025,240</u>	<u>32,961,788</u>	<u>39,238,144</u>

Included in sundry receivables of the Group are debts due from a company in which certain directors have substantial financial interest amounting to RM2,100 (2002 : RM2,100). This amount which arose from advances is unsecured, interest free and has no fixed terms of repayment.

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

**21. Amount Due From/(to) Customers For Contract Work**

	Group	
	2003 RM	2002 RM
Aggregate costs incurred to date	1,727,148	-
Attributable profits	97,614	-
Less : Progress billings	(1,756,906)	(339,290)
	<u>67,856</u>	<u>(339,290)</u>
Amount due from customers (Note 19)	67,856	-
Amount due to customers (Note 25)	-	(339,290)
	<u>67,856</u>	<u>(339,290)</u>

## 22. Cash And Cash Equivalents

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Cash on hand and at banks	806,782	1,051,779	14,758	17,979
Restricted bank balances	3,196,809	3,797,674	-	-
Deposits with licensed bank	14,851,510	2,324,963	3,700,000	150,000
	18,855,101	7,174,416	3,714,758	167,979
Less : Bank overdrafts (Note 23)	(4,864,192)	(5,492,642)	-	-
	<u>13,990,909</u>	<u>1,681,774</u>	<u>3,714,758</u>	<u>167,979</u>

The restricted bank balances represent monies maintained pursuant to Section 7A of the Housing Developers (Control and Licensing) Act, 1966 and therefore restricted from use in other operations.

Certain deposits with licensed banks of the Group amounting to RM11,151,510 (2002 : RM2,174,963) are pledged as security for bank facilities granted to certain subsidiaries as referred to in Note 23 to the financial statements.

The average effective interest rates and maturities of deposits with licensed bank at the balance sheet date were 3% (2002 : 3.1%) and 92 days (2002 : 129 days) respectively.

## 23. Bank Borrowings

	Group	
	2003 RM	2002 RM
<b>Short term bank borrowings</b>		
Secured :		
Bank overdrafts	4,501,076	5,438,645
Bankers' acceptance	1,376,000	644,000
Revolving credit	4,000,000	1,500,000
Term loans	9,627,312	6,424,806
	19,504,388	14,007,451
Unsecured :		
Bank overdraft	363,116	53,997
	<u>19,867,504</u>	<u>14,061,448</u>
<b>Long term bank borrowings</b>		
Secured :		
Hire purchase payables (Note 24)	49,127	93,148
Term loans	40,846,761	34,395,636
	<u>40,895,888</u>	<u>34,488,784</u>
<b>Total borrowings</b>		
Bank overdrafts (Note 22)	4,864,192	5,492,642
Bankers' acceptance	1,376,000	644,000
Hire purchase payable	49,127	93,148
Revolving credit	4,000,000	1,500,000
Term loans	50,474,073	40,820,442
	<u>60,763,392</u>	<u>48,550,232</u>
<b>Maturity of borrowings (except hire purchase payable)</b>		
Not later than 1 year	30,281,639	14,061,448
Later than 1 year and not later than 2 years	8,519,778	9,650,196
Later than 2 years and not later than 5 years	21,825,399	13,628,750
More than 5 years	87,449	11,116,690
	<u>60,714,265</u>	<u>48,457,084</u>

**23. Bank Borrowings (cont'd)**

The term loans is secured by :

- (i) legal charges over the development land and fixed deposits of the Group;
- (ii) joint and severally guaranteed by directors; and
- (iii) corporate guarantee by the Company.

The loans bear interest at 1.25% - 2.00% (2002 : 1.50% to 2.50%) above the banker's base lending rate per annum.

The bankers' acceptance are secured by way of legal charges over certain investment properties and certain freehold land and building of the Group and jointly and severally guaranteed by certain directors of the Group and a third party bears interest at 1.25% (2002 : 1.25%) above the banker's base lending rate per annum and is secured by certain investment properties of the Group.

The revolving credit facility is secured by way of legal charge over certain inventories of properties held for sale and development land of the Group and jointly and severally guaranteed by certain directors of the Group. This is charged interest at 2% (2002 : 2%) above the bank's cost of funds and is repayable on demand.

The bank overdrafts facilities are secured by way of legal charges over certain development land and certain inventories of properties held for sale of the Group and jointly and severally guaranteed by certain directors of the Group. These are charged interest ranging from 1.50% to 2.25% (2002 : 1.50% to 2.25%) above the banker's base lending rate per annum and are repayable on demand.

**24. Hire Purchase Payables**

	2003 RM	Group	2002 RM
<b>Minimum hire purchase payments :</b>			
Not later than 1 year	245,702		142,477
Later than 1 year and not later than 2 years	54,510		85,480
Later than 2 years and not later than 5 years	-		21,543
	<u>300,212</u>		<u>249,500</u>
Less : Future finance charges	(25,425)		(29,472)
Present value of hire purchase liabilities	<u><u>274,787</u></u>		<u><u>220,028</u></u>
<b>Present value of hire purchase liabilities :</b>			
Not later than 1 year	225,660		126,880
Later than 1 year and not later than 2 years	49,127		74,660
Later than 2 years and not later than 5 years	-		18,488
	<u>274,787</u>		<u>220,028</u>
<b>Analysed as :</b>			
Due within 12 months (Note 26)	225,660		126,880
Due after 12 months (Note 23)	49,127		93,148
	<u><u>274,787</u></u>		<u><u>220,028</u></u>

The hire purchase liabilities carries interest at the balance sheet date of between 3.4% - 5.5% (2002 : 4.75% to 5.50%) per annum.

31 December 2003 (cont'd)

## 25. Trade Payables

	2003 RM	Group 2002 RM
Due to customers for contracts work (Note 21)	-	339,290
Trade payables	23,008,558	7,866,970
	<u>23,008,558</u>	<u>8,206,260</u>

The normal trade credit term granted to the Group ranges from 30 to 90 days.

## 26. Other Payables

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
Accruals	553,543	195,634	202,500	139,605
Deposits received	373,215	104,391	-	-
Due to directors	2,089,123	1,802,329	-	-
Hire purchase payable (Note 24)	225,660	126,880	-	-
Sundry payables	28,832,059	11,355,804	136,211	121,783
	<u>32,073,600</u>	<u>13,585,038</u>	<u>338,711</u>	<u>261,388</u>

Included in sundry payables of the Group is an amount of RM7,860,873 (2002 : RM7,859,832) due to a related party whereby significant influence can be exercised over the parties through common directors and shareholders. The amount due to directors which arose from advances is unsecured, interest free and has no fixed terms of repayment.

## 27. Share Capital

	Number of Ordinary Shares of RM1 Each		Amount	
	2003	2002	2003 RM	2002 RM
<b>Group</b>				
Authorised :				
At 1 January/31 December	500,000,000	500,000,000	500,000,000	500,000,000
Issued and fully paid :				
At 31 December	100,000,000	85,000,000	100,000,000	85,000,000
Issued during the year	-	15,000,000	-	15,000,000
At 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
<b>Company</b>				
Authorised :				
At 1 January	500,000,000	54	500,000,000	54
Created during the year	-	499,999,946	-	499,999,946
At 31 December	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issue and fully paid :				
At 1 January	100,000,000	54	100,000,000	54
Issued during the year	-	99,999,946	-	99,999,946
At 31 December	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>

**28. Share Premium (Non-Distributable)**

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
At 1 January	17,074,701	7,925,261	9,149,440	-
Issue for loan settlement and acquisition of land at a premium of RM0.40 per share	-	5,418,623	-	5,418,623
Public issue of shares at a premium of RM0.40 per share	-	6,000,000	-	6,000,000
	17,074,701	19,343,884	9,149,440	11,418,623
Share issue expenses	-	(2,269,183)	-	(2,269,183)
	17,074,701	17,074,701	9,149,440	9,149,440

**29. Treasury Shares**

This amount relates to the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

On 9 May 2003, the shareholders of the Company approved the Company's plan to repurchase its own shares.

During the financial year, the Company repurchased 1,647,300 of its issued ordinary shares from the open market at the price of RM1.20 per share. The total consideration paid for the repurchase including transaction costs was RM1,989,283. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

**30. Retained Profits**

As at 31 December 2003, the Company has sufficient tax credit under Section 108 of the Income Tax Act, 1967 to frank the payment of dividend amounts to approximately RM8,000 (2002 : RM8,000) out of its retained profits. If the balance of the retained profits were to be distributed as dividends, the Company would have a Section 108 shortfall of approximately RM15,000 (2002:RM12,000).

**31. Deferred Taxation**

	Group	
	2003 RM	2002 RM
At 1 January	16,278,427	13,148,077
Transfer from income statement (Note 9)	(3,955,186)	3,130,350
At 31 December	12,323,241	16,278,427

The components and movements of deferred tax liabilities of the Group during the financial year are as follows :

	Development Profits RM	Revaluation Reserve RM	Accelerated Capital Allowances RM	Total RM
At 1 January 2003	3,986,406	12,242,076	49,945	16,278,427
Recognised in the income statement	(3,077,219)	(887,355)	9,388	(3,955,186)
At 31 December 2003	909,187	11,354,721	59,333	12,323,241

### 32. Commitments

	2003 RM	Group 2002 RM
Capital expenditure Contracted but not provided for	-	41,875,000

### 33. Contingent Liabilities

	Group		Company	
	2003 RM	2002 RM	2003 RM	2002 RM
<b>Unsecured</b>				
Corporate guarantees given to banks for credit facilities granted to :				
Third parties - trade related	1,500,000	-	1,500,000	-
Subsidiaries	53,480,000	-	53,480,000	-
	<u>54,980,000</u>	<u>-</u>	<u>54,980,000</u>	<u>-</u>

### 34. Significant Related Party Transactions

	2003 RM	Group 2002 RM
Architect fee paid/payable to Akitek Perunding Wesia Sdn. Bhd., a company in which a director, Yeo Soo Sia @ Yeo Soo Seng has interest	345,870	159,550
Engineering fee paid/payable to SJ Jurutera Perunding, a firm wholly owned by a director, Yeo Soo Jeng	-	21,666
Rental paid/payable to Tribest Sdn. Bhd., a company in which a director, Yeo Soo Sia @ Yeo Soo Seng has interest	38,400	54,400
Rental paid/payable to Yeo Brothers Sdn. Bhd., a company owned by certain directors, namely Yeo Soo Sia @ Yeo Soo Seng, Yeo Soo Jeng, Yeo Soo Kiat, Yeo Soo Ngai and Yeo Soo Kim	18,000	22,000

The above transactions have been entered into in the normal course of business and have been established under terms which are mutually agreed.

### 35. Comparatives

In accordance with the principles of merger accounting, the results and consolidated cash flows of the Group are presented as if the subsidiary companies have been owned throughout the current and preceding accounting periods.

The following income statement comparative figures have been reclassified to conform with current year's presentation :

	As Restated RM	Adjustments RM	As Previously Stated RM
<b>Income Statement</b>			
Revenue	89,577,903	(1,505,764)	91,083,667
Cost of sales	(54,534,959)	1,505,764	(56,040,723)

**35. Comparatives** (cont'd)

	As Restated RM	Adjustments RM	As Previously Stated RM
<b>Balance Sheet</b>			
Land held for development	86,998,269	(17,166,792)	104,165,061
Development properties	129,479,633	17,166,792	112,312,841
Other receivables	8,025,240	(2,335)	8,027,575
Other payables	(13,585,038)	2,335	(13,584,373)

This is due to the reclassification of development properties and other payables from land held for development and other receivables respectively.

**36. Financial Instruments****Financial Risk Management Objectives and Policies**

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

**(a) Interest Rate Risk**

The Group's exposure to market risk for changes in interest rates relate primary to interest bearing debt. The Group monitors the interest rate on borrowings closely to ensure that the borrowings are maintained at favourable rates. The Group does not use derivative financial instruments to hedge interest rate risk.

**(b) Credit Risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The carrying amounts of trade and other receivables represent the Group's maximum exposure to credit risk. As at the balance sheet date, there were no significant concentration of credit risk with any particular entity.

**(c) Liquidity Risk**

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

**(d) Fair Values**

The carrying amounts of the Group's current financial instruments approximate their fair values due to their short term nature. The carrying amounts of the Group's long term bank borrowings also approximate their fair values since interest on these bank borrowings vary with the prevailing market interest rates. The fair values of marketable securities is disclosed in Note 16 to the financial statements.

**37. Segment Information**

## (a) Business segments :

The Group is organised into two major business segments :

- (i) Property development - the development of residential and commercial properties; and
- (ii) Trading - trading of building materials

Other business segments include rental income and sale of fresh fruit bunch, none of which are of a sufficient size to be reported separately.

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

	Property development RM	Trading RM	Others RM	Elimination RM	Consolidated RM
<b>2003</b>					
REVENUE AND EXPENSES					
Revenue					
External sales	63,829,169	19,688,584	57,594	-	83,575,347
Inter-segment sales	-	93,608	-	(93,608)	-
Total revenue	<u>63,829,169</u>	<u>19,782,192</u>	<u>57,594</u>	<u>(93,608)</u>	<u>83,575,347</u>
Result					
Segment results	19,516,839	2,547,727	54,453	(87,642)	22,031,377
Unallocated corporate expenses					<u>(3,862,973)</u>
Profit from operations					18,168,404
Finance costs					(732,207)
Taxation					<u>(5,178,073)</u>
Profit after taxation					12,258,124
Minority interests					<u>(52,716)</u>
Net profit for the year					<u><u>12,205,408</u></u>
ASSETS AND LIABILITIES					
Segment assets	268,929,851	12,896,391	29,418,889	-	<u>311,245,131</u>
Consolidated total assets					<u>311,245,131</u>
Segment liabilities	48,510,500	6,081,824	4,030,531	-	58,622,855
Unallocated corporate liabilities					<u>74,725,144</u>
Consolidated total liabilities					<u><u>133,347,999</u></u>
OTHER INFORMATION					
Capital expenditure	450,387	70,542	4,715	-	525,644
Depreciation	275,040	131,840	172	-	407,052
Amortisation	195,400	-	-	-	195,400
Non-cash expenses other than depreciation and amortisation	111,770	75,039	50,391	-	237,200

**37. Segment Information** (cont'd)

	Property development RM	Trading RM	Others RM	Elimination RM	Consolidated RM
<b>2002</b>					
REVENUE AND EXPENSES					
Revenue					
External sales	79,433,896	11,502,168	147,603	-	91,083,667
Inter-segment sales	-	64,083	-	(64,083)	-
Total revenue	<u>79,433,896</u>	<u>11,566,251</u>	<u>147,603</u>	<u>(64,083)</u>	<u>91,083,667</u>
Result					
Segment results	33,655,927	1,514,602	4,861,275	(5,007,510)	35,024,294
Unallocated corporate expenses					(3,814,390)
Profit from operations					31,209,904
Finance costs					(1,296,152)
Taxation					(8,948,832)
Profit after taxation					20,964,920
Minority interests					(847,179)
Net profit for the year					<u>20,117,741</u>
ASSETS AND LIABILITIES					
Segment assets	228,302,646	8,457,929	26,066,567	-	262,827,142
Consolidated total assets					<u>262,827,142</u>
Segment liabilities	62,887,973	5,828,126	4,287,738	-	73,003,837
Unallocated corporate liabilities					16,971,575
Consolidated total liabilities					<u>89,975,412</u>
OTHER INFORMATION					
Capital expenditure	174,041	3,049	1,200	-	178,290
Depreciation	222,472	133,336	-	-	355,808
Amortisation	189,200	-	-	-	189,200
Non-cash expenses other than depreciation and amortisation	989,020	32,156	52,887	-	1,074,063

## Landed Properties

A Summary of the Group's landed properties as at **31 December 2003** is as follow :

Location	Built-up area (000 sq. m)	Land area	Description of Property/ existing use	Tenure	Approximate age of building (years)	Audited net book value as at 31 December 2003 RM	Date of last revaluation/ acquisition
Taman Nusa Jaya Mas	-	29.423 acres	Housing and commercial development	Freehold	-	19,386,806	2 May 2001
Part of PTD 71014 & 71016, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	326.06 acres	Mixed development land	Freehold	-	66,020,661	2 May 2001
Lot 1732,375,1158 &1730 Penggerang, Kota Tinggi Johor Darul Ta'zim	-	229.74 acres	Agricultural land zoned for industrial and residential use	Freehold	-	20,340,218	28 Feb 2001
PTD 19332, Mukim Plentong, Johor Bahru, Johor Darul Ta'zim	506.8	0.044 acres	3-storey shophouse	Freehold	19	950,200	2 May 2001
PTD 39584 & 39585 Mukim Tebrau, Johor Bahru, Johor Darul Ta'zim	527.3	0.071 acres	2 units of 2-storey shophouse	Freehold	13	280,760	2 May 2001
PTD 39628-39636 Mukim Tebrau, Johor Bahru, Johor Darul Ta'zim	1,026.7	0.2554 acres	9 units of single-storey shophouse	Freehold	13	398,837	2 May 2001
T4/18-36 A' Famosa Condominium, Mukim Pegoh, Alor Gajah, Melaka	143.8	-	One (1) condominium unit	Leasehold for 99 years expiring on 2093	5	231,806	2 May 2001
Lot Nos. 6924 and 7945, Mukim Grisek, Muar, Johor Darul Ta'zim	-	7.7 acres	Two (2) plots of orchard small holdings	Freehold	-	225,000	2 May 2001
Bandar Baru Bukit Gambir	-	155.701 acres	Commercial and mixed housing development	Freehold	-	34,606,141	2 May 2001
Lot 2708, Mukim Grisek, Muar, Johor Darul Ta'zim	-	5.181 acres	Agricultural land	Freehold	-	415,000	2 May 2001
Lot 2729 & 2730, Mukim Grisek, Muar, Johor Darul Ta'zim	-	6.94 acres	Two (2) plots of agricultural lands zoned for mixed development use	Freehold	-	720,000	2 May 2001

Location	Built-up area (000 sq. m)	Land area	Description of Property/ existing use	Tenure	Approximate age of building (years)	Audited net book value as at 31 December 2003 RM	Date of last reevaluation/ acquisition
Lot 11098, Mukim Grisek, Muar, Johor Darul Ta'zim	-	6.006 acres	Agricultural land zoned for industrial use	Freehold	-	1,700,000	2 May 2001
Lot 11100, Mukim Grisek, Muar, Johor Darul Ta'zim	-	6.0 acres	Agricultural land zoned for industrial use	Freehold	-	1,100,000	2 May 2001
Lot 11102 & 11104, Mukim Grisek, Muar, Johor Darul Ta'zim	-	11.5313 acres	2 plots of agricultural land zoned for mixed development use	Freehold	-	1,515,862	2 May 2001
Lot 10414 & 10902 Mukim Grisek, Muar, Johor Darul Ta'zim	195.836	0.119 acres	2 units of single-storey terrace house	Freehold	1	136,272	18 July 2002
PTD 154, Mukim Grisek, Muar, Johor Darul Ta'zim	-	0.5805 acres	Vacant residential development land	Leasehold for 60 years expiring on 28 November 2035	-	55,000	2 May 2001
Lot Nos. 3262 - 3268, 3291 and 5213, Mukim Pontian, Pontian, Johor Darul Ta'zim	-	46.14 acres	Agricultural land	Freehold	-	2,827,072	2 May 2001
Lot 11109 - 11110, 11114-11120, Mukim Grisek, Muar, Johor Darul Ta'zim	-	45.0 acres	Agricultural land	Freehold	-	2,721,352	17 Sept 2002
PTD 72087 & 72128, Mukim Pulau, Johor Bahru, Johor Darul Ta'zim	-	0.122 acres	1 unit 3-storey shophouse 2 units 4- storey shophouse	Freehold	5	1,600,000	2 May 2001
PTD 117395 Mukim Pulau, Johor Bahru, Johor Darul Ta'zim	185.81	0.075 acres	1 unit 2-storey terrace house	Freehold	1	225,551	29 Mar 2003
PTD 117710 & 117619, Mukim Pulau, Johor Bahru, Johor Darul Ta'zim	292.65	0.115 acres	1 unit 2-storey terrace house & 1 unit single storey terrace house	Freehold	1	290,962	23 Oct 2003
PTD 72226- 72260 (inclusive), PTD 72262, Mukim Pulau, Johor Bahru, Johor Darul Ta'zim	-	3.887 acres	47 lots of shop office and 78 units of apartments	Freehold	-	4,993,101	2 May 2001

## landed properties

(cont'd)

Location	Built-up area (000 sq. m)	Land area	Description of Property/ existing use	Tenure	Approximate age of building (years)	Audited net book value as at 31 December 2003 RM	Date of last revaluation/ acquisition
Lot 3258-3261, 3563 and 3564, Mukim Pontian, Pontian, Johor Darul Ta'zim	-	47.67 acres	Agricultural land	Freehold	-	2,681,481	2 May 2001
Lot 240, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	10.81 acres	Development land approved for mixed housing	Freehold	-	4,371,872	2 May 2001
Lot 225, 97 and 425, Mukim Kota Tinggi, Kota Tinggi, Johor Darul Ta'zim	-	17.002 acres	Agricultural and vacant land approved for mixed development	Freehold	-	8,492,704	2 May 2003
PTD 72043, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	1.97 acres	Commercial lot	Freehold	-	1,494,511	7 April 2003
PTD 72038, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	3.58 acres	Commercial lot	Freehold	-	3,507,984	2 June 2003
Lot 2149-2153, 2878-2879 & 2882, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	42.1125 acres	Agricultural land zoned for mixed development use	Leasehold for 991 years expiring on 1.9.2911	-	20,284,330	16 Sept 2002
Lot 2895, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	92.345 acres	Commercial and mixed housing development	Freehold	-	28,780,497	9 Oct 2002
Lot Nos. 498, 500, 502, 504, 2289 & 2290, Mukim Pulai, Jeram Batu, Johor Darul Ta'zim	-	37.9241 acres	Agricultural land	Freehold	-	5,690,410	2 May 2001
Lot 850, Mukim Plentong, Johor Bahru, Johor Darul Ta'zim	-	11.1875 acres	Development land approved for mixed housing	Freehold	-	2,349,190	2 May 2001
Lot 323 & 861, Mukim Tebrau, Johor Bahru, Johor Darul Ta'zim	-	5.414 acres	Unconverted development land	Freehold	-	19,015,475	2 May 2001
PT 177 (Plot 38) at A' Famosa, Mukim Pegoh, Alor Gajah, Melaka	-	0.1878 acres	Bungalow lot	Leasehold for 99 years expiring on 18.12.2094	-	130,056	2 May 2001

Location	Built-up area (000 sq. m)	Land area	Description of Property/ existing use	Tenure	Approximate age of building (years)	Audited net book value as at 31 December 2003 RM	Date of last revaluation/ acquisition
Lot 732 & 733, Mukim Pulai, Johor Bahru, Johor Darul Ta'zim	-	9.3 acres	Agricultural land zoned for residential development	Freehold	-	4,273,543	2 May 2001
PTD 4372-4375, 3675 Lot Nos 2685- 2686 & 1121, Mukim Renggam, Kluang, Johor Darul Ta'zim	-	49.1332 acres	Agricultural land zoned for industrial use	Freehold	-	2,261,534	2 May 2001
Lot 11962, Mukim Grisek, Muar, Johor Darul Ta'zim	-	5.6345 acres	Agricultural land zoned for mixed development use	Freehold	-	1,150,000	2 May 2001
Lot 11101, Mukim Grisek, Muar, Johor Darul Ta'zim	-	8.55625 acres	Agricultural land zoned for industrial use	Freehold	-	1,565,000	2 May 2001
Lot 11103, Mukim Grisek, Muar, Johor Darul Ta'zim	-	5.006 acres	Agricultural land zoned for mixed development use	Freehold	-	659,715	2 May 2001
Lot 12409, Township and District of Johor Bahru, Johor Darul Ta'zim	156.08	0.039 acres	Double-storey shophouse	Freehold	33	950,000	2 May 2001
PTD 48435, Mukim Plentong, District of Johor Bahru, Johor Darul Ta'zim	392.33	0.035 acres	3-storey shophouse	Freehold	8	480,000	2 May 2001
Lot 4062, Mukim Tebrau, Johor Bahru, Johor Darul Ta'zim	2,276.8	0.501 acres	3-storey detached warehouse	Freehold	8	2,407,178	2 May 2001
Lot 4049, Mukim Tebrau, Johor Bahru, Johor Darul Ta'zim	-	0.502 acres	Vacant industrial land	Freehold	-	948,000	2 May 2001

# Analysis Of Shareholdings

as at 7 May 2004

BINAIK EQUITY BHD. (537492-U)

Authorised Share Capital	:	RM500,000,000.00
Issued And Fully Paid-up Capital	:	RM100,000,000.00 (out of which 1,647,300 ordinary shares of RM1.00 each is held as Treasury Shares)
Class Of Shares	:	Ordinary Shares Of One Ringgit Each
Voting Rights	:	One Vote Per Ordinary Share
Number of Holders	:	2,987

## Distribution Of Shareholdings

No. of Holders	Holdings	Total Holdings	Percentage (%)
50	Less than 100	200	0.00
776	100 to 1,000	752,806	0.77
1,716	1,001 to 10,000	7,605,646	7.73
349	10,001 to 100,000	10,221,656	10.39
95	100,001 to less than 5% of issued shares	74,552,890	75.80
1	5% and above of issued shares	5,219,502	5.31
<b>Total:</b>		<b>98,352,700</b>	<b>100.00</b>

## Top 30 Largest Shareholders

(as shown in the Record of Depositors as at 7 May 2004)

No.	Name	No. Of Shares Held	Percentage (%)
1.	YEO SOO SIA @ YEO SOO SENG	5,219,502	5.31
2.	YEO SOO KIAT	4,287,616	4.36
3.	YEO SOO NGAI	4,077,517	4.15
4.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD • Deutsche Bank AG London for Aeneas Portfolio Company, L.P	4,050,000	4.12
5.	MAYFIN NOMINEES (TEMPATAN) SDN BHD • Pledged Securities Account for Yeo Brothers Sdn Bhd	4,000,000	4.07
6.	YEO SOO JENG	3,729,073	3.79
7.	YEO SOO WE @ YOU SU WE	3,604,204	3.66
8.	PATHALON INDUSTRIES SDN BHD	3,430,196	3.49
9.	CITICORP NOMINEES (ASING) SDN BHD • GSI for Indus Asia Pacific Fund Ltd	2,956,900	3.01
10.	YBH EMAS SDN BHD	2,840,467	2.89
11.	YEO BROTHERS SDN BHD	2,690,271	2.74
12.	TAN LIAN CHOO	2,660,219	2.70
13.	MAYBAN NOMINEES (TEMPATAN) SDN BHD • Mayban Investment Management Sdn Bhd for Kumpulan Wang Simpanan Pekerja	2,000,000	2.03
14.	HSBC NOMINEES (ASING) SDN BHD • MSCO NY for Tiedemann Global Emerging Markets L.P.	1,881,000	1.91
15.	YEO SOO MONG	1,824,397	1.86
16.	YEO SOO HOW	1,760,178	1.79
17.	YEO SOO KIM	1,558,103	1.58

**Top 30 Largest Shareholders (cont'd)**  
(as shown in the Record of Depositors as at 7 May 2004)

No.	Name	No. Of Shares Held	Percentage (%)
18.	CITICORP NOMINEES (TEMPATAN) SDN BHD • Pledged Securities Account for Yeo Soo Sia @ Yeo Soo Seng	1,500,000	1.53
19.	CITICORP NOMINEES (ASING) SDN BHD • GSI for Indus Asia Pacific Fund L. P.	1,143,100	1.16
20.	HONG LEONG FINANCE BERHAD • Pledged Securities Account for Yeo Soo Kiat	1,100,000	1.12
21.	YEO POH TEE @ YEO TZE POH	1,052,621	1.07
22.	YBH EMAS SDN BHD	1,023,000	1.04
23.	SOUTHERN NOMINEES (TEMPATAN) SDN BHD • Pledged Securities Account for Yeo Brothers Sdn Bhd	1,000,000	1.02
24.	MOHD REDZUAN BIN A. SAMAH	963,000	0.98
25.	OZZDONG SDN BHD	921,160	0.94
26.	LEE POH YONG	766,200	0.77
27.	HONG LEONG FINANCE BERHAD • Pledged Securities Account for Tribest Sdn Bhd	730,000	0.74
28.	YEO JEE TEE @ YEO SIOW POH	724,092	0.73
29.	PATHALON INDUSTRIES SDN BHD	703,000	0.71
30.	UNITED OVERSEAS NOMINEES (TEMPATAN) SDN BHD • Pledged Securities Account for Yap Pak Leong	651,000	0.66
	Total:	<u>64,846,816</u>	<u>65.93</u>

**List Of Substantial Shareholders**

(As shown in the Register of Substantial Shareholders as at 7 May 2004)

No.	Name Of Shareholders	No. of Ordinary Shares		Percentage (%)
		Direct	Indirect	
1.	YEO BROTHERS SDN BHD	8,090,271	-	8.23
2.	YEO SOO SIA @ YEO SOO SENG	6,719,502	1,130,000 *1	7.98
3.	YEO SOO KIAT	5,387,616	-	5.48

**Note :**

\*1 Deemed interest by virtue of his interest in Tribest Sdn Bhd.





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The Company Secretary

**BINAIK EQUITY BHD.** (537492-U)

Suite 1301, 13<sup>th</sup> Floor  
City Plaza, Jalan Tebrau  
80300 Johor Bahru  
Johor

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**BINAIK EQUITY BHD.**  
(Incorporated in Malaysia - Company No. 537492-U)

**ADDENDUM**

Dear Shareholders,

Please be informed of the following additional disclosure in respect of the **Analysis of Shareholdings as at 7 May 2004** on page 63 of the Company's Annual Report 2003, as follows:

**STATEMENT OF DIRECTORS' INTEREST IN THE COMPANY As At 7 May 2004**

*List of Directors' Shareholdings in the Company*

	Name of Directors	Direct Interest		Deemed Interest	
		No. of shares	%	No. of shares	%
1.	Tunku Osman Ahmad	-	-	921,160 <sup>(1)</sup>	0.94
2.	Yeo Soo Sia @ Yeo Soo Seng	6,719,502	6.83	1,130,000 <sup>(2)</sup>	1.15
3.	Yeo Soo Jeng	4,054,073	4.12	-	-
4.	Yeo Soo Kiat	5,387,616	5.48	-	-
5.	Yeo Soo Ngai	4,077,517	4.15	-	-
6.	Seow Mee Peng (F)	-	-	-	-

*Notes:*

<sup>1</sup> *By virtue of his interest in Ozzdong Sdn Bhd*

<sup>2</sup> *By virtue of his interest in Tribest Sdn Bhd.*

By order of the Board

WOO MIN FONG (MAICSA No: 0532413)

TAN SIEW HUA (MAICSA No: 0904779)

Company Secretaries

Johor Bahru

4 June 2004