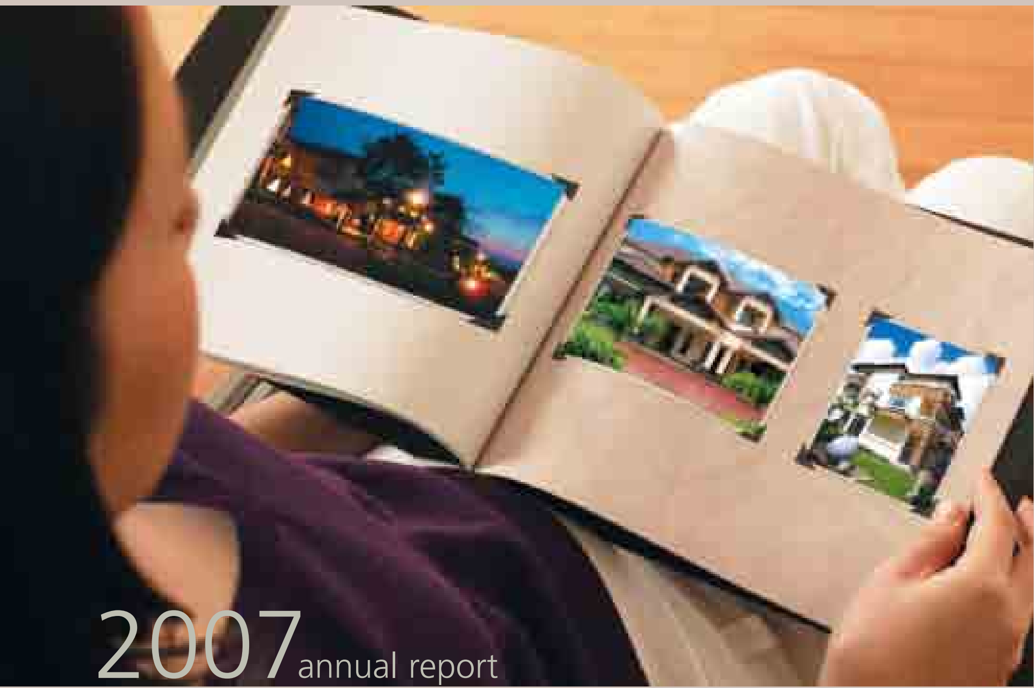

2007 annual report

Fulfilling Dreams

龍城集團

BCB BERHAD

(172003-W)

Our vision To be the choice developer; enhancing the quality of life of our valued customers, making available a diversified range of products and services.



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Statement to Shareholders

Dear Shareholders,

On behalf of the Board of Directors, it is our pleasure to present the Annual Report and Financial Statements of BCB Berhad for the financial year ended 30 June 2007.

BUSINESS OVERVIEW

The year under review was a challenging one for the Group. Competition from entry of new players coupled with rising construction costs proved formidable challenges. Major floods inundating parts of Johor further dampened the already less than robust property segment. However, we wish to reiterate that the floods had no major direct impact on the Group's development projects eventhough both Batu Pahat and Kluang were two of the worse hit area in Johor.

Throughout, the Group continued to show resilience with innovative and multi-pronged marketing strategies, focusing on property mix, market trend, timing and pricing.

FINANCIAL REVIEW

Against lackluster demand in the residential sector and ever rising costs of building material and transportation, the Group posted a revenue of RM120.1 million as compared to RM122.9 million in 2006 with net profit of RM3.6 million as compared to RM7.9 million in 2006. The net profit of RM3.6 million includes a depreciation charge of RM0.4 million for the hotel property from the adoption of accounting standard FRS 116. Previously, the hotel property was not depreciated.

OPERATIONAL HIGHLIGHTS

Core Business - Property Development and Project Management

The core business of the Group continued to be the main income contributor with a total revenue of RM83 million, representing 69% of overall contribution. The Group is involved in developing as well as managing of projects spreading over central Johor state especially at Batu Pahat, Yong Peng, Kluang and southern Johor at Pontian and Johor Bahru.

Batu Pahat

• Taman Bukit Perdana (Bukit Perdana)

A matured mixed development project over 330 acres was first launched in 1997. Bukit Perdana is located

...the Group continued to show resilience with innovative and multi-pronged marketing strategies...

1.5km away from Batu Pahat town center and continues to be the home-buyers preferred choice for high-end residential units by virtue of its prime location. With over 3,700 units already handed over; Bukit Perdana offers complete infrastructure and amenities to the buyers. Remaining development consist of 45 units of shophouses priced from RM330,000 onwards, 100 units of mid-range terrace houses from RM240,000 and 100 units of high-end double storey semi-detached houses from RM458,000 onwards. Total remaining GDV is approximately RM83 million. During the year under review, Bukit Perdana contributed a revenue of RM25 million to the Group.

• Evergreen Heights

The Group's flagship lifestyle themed project; Evergreen Heights is developed by BCB Resources Sdn Bhd and located approximately 8km south of Batu Pahat town center. Situated next to the 18 hole Bukit Banang Golf & Country Club (Banang GCC); Evergreen Heights is a 370 acre mixed development project to be completed over 10 years up to 2015. Evergreen Heights is accessible through Jalan Tanjong Laboh; an upgraded four-lane coastal trunk road linking to Pontian through to Tanjong Pelepas via the Second Link Expressway.

Evergreen Heights is well known for its architecturally distinctive designs, attractive landscaping; vast green areas, and a 12 acre lake park; all designed to exploit the natural contours of the surrounding environment providing the right ambience and conditions for community living within a garden setting. Aside from the beauty of its surroundings, Evergreen Heights also offers Batu Pahat's first residential gated precincts to its buyers .It will also be the site for Batu Pahat's new community college scheduled to open by year 2008.

With over 780 units completed and handed-over, another 200 units of terrace and high-end semi-detached units will be launched within the next 12 months. The new launches are expected to be well received with higher pick-up rates when they are in a

more advanced stage of construction. Given the ease of accesibility to the southern region of Johor specifically to Iskandar Development Region (IDR), Evergreen Heights is poised to tap the upmarket residential segment for IDR's housing needs by virtue of its product and pricing. During the year under review, Evergreen Heights contributed approximately RM28 million to the Group.

Kluang

• Taman Sri Kluang (TSK)

The largest development project in Kluang to-date, TSK is a mixed-development project on 500 acres of freehold land located 1.5km from Kluang town center. Initially launched in 1995, over 85% of the area had been developed with over 2,800 units completed and delivered. The project has a total of 3 public schools and a GIANT Hypermarket located within its project site. Total population of TSK to-date is approximately 10,000 to 12,000. With remaining 70 acres unlaunched portion consisting of terraces, flats and shophouses with total GDV of 60 million, TSK is expected to continue with its development up to year 2010. In the pipeline is the launch of 81 units of terrace houses from RM200,000 onwards. During the year under review, TSK contributed a revenue of RM10 million to the Group.

• Taman Kluang Baru II (Kluang Baru II)

Kluang Baru II is a 6.5 acre project developed by BCB Land Sdn Bhd. Launched in 2004 with 100 units of double strorey terrace houses, up-to 85% had been sold. The remaining 2 blocks low-cost flats are scheduled to start construction by 2009. During the year under review, the project contributed a revenue of RM1 million to the Group.

Yong Peng and Pontian

• Taman BCB (30 acres) and Taman Megah (70 acres)

Located in the secondary towns of Yong Peng and Pontian; both mixed development projects are over 70% completed and 85% taken up with remaining unlaunched 180 units of residential properties with total GDV of RM31 million. Both Taman BCB and Taman Megah are the largest housing area in the respective towns. During the year under review, both projects contributed a total revenue of RM4 million to the Group.

Seremban

• Taman Seremban Jaya (Seremban Jaya)

The sole development outside Johor state, Seremban Jaya is a 160 acre mixed development project located approximately 2km off the Senawang exit of the North / South Highway, Launched in 1996; to-date a total of 2,000 units had been developed with 98% taken up. The final phase of 61 units of shophouses with GDV of RM16.5 million is scheduled for launch by 3rd quarter of 2008. During the year under review, Seremban Jaya contributed a revenue of RM10 million to the Group.

...we will continue to build up our brand name and strive to be the choice developer for our house-buyers...

PROPERTY MANAGEMENT

Part of the core business of the Group, the division contributed RM1.3 million to the Group's turnover in 2007. The projects managed by the division are:

Johor Bahru

• Taman Pulai Utama (TPU)

TPU is a 370 acre mixed development project launched in 1998. To date, over 4,000 units of various types of properties including apartments, flats, shops, terraces, semidetached and bungalow units with total GDV in excess of RM550 million have been completed. Located next to the famed 36 hole Pulai Springs Golf and Country Club and Universiti Teknologi Malaysia; one of country's premier university; TPU is nestled within a matured development area. Population pool within the vicinity of 5km radius exceeds 600,000.

Current on-going development includes a 320,000 sqft shopping mall (UMall), 130 units of shophouses and 300 units of residential terrace houses. UMall is scheduled for completion by December 2007 and shall have a reputed hypermarket as its anchor tenant covering 80,000 sqft. TPU is expected to contribute a turnover of RM3 million to the property management division's result.

Kluang

• Taman Saujana (Saujana)

Saujana is a 250 acre township located 6 km from Kluang town center. Designed as lifestyle themed development, the project places emphasis on community living and open recreation spaces combining to create total home environment. Saujana is also the first project in Kluang to provide residential gated precincts to the home buyers. Launched in 2003, a total of 450 units with sales value over RM70 million has been handed over to the purchasers. Saujana is rapidly becoming an address of choice amongst buyers seeking garden living within urban environment. In the pipeline are 150 residential units featuring terrace and semi-detached houses with GDV over RM20 million. These new phases are expected to attract home buyers from the Government civil service with recent increase of wages and Kluang town being the southern region's national training centre for public administration (INTAN) and centre for agriculture and animal husbandry research and development activities.

OTHER DIVISIONS

• Construction Division

The division is the main contractor to all the Group's on-going development activities. During the financial year it contributed RM11.6 million revenue with profit of RM80,000 as compared to revenue of RM9.4 million against loss of RM20,000 in year 2006. Escalating labour, material and transportation costs coupled with project warranty works carried out had resulted in the less than impressive result. The division shall be renegotiating the contract sum to recover the incremental cost and continue to work towards cost efficiency and effectiveness in the quest to improve its margin.

• Manufacturing Division

The division produces steel based furniture for the export market. During the year under review, it contributed total revenue of RM10.4 million as compared to RM5.6 million in 2006. The active product research and aggressive marketing activities had resulted in increased orders from the existing as well as new customers. The division posted a lower loss of RM0.2 million with the new market penetration activities as compared to a loss of RM1.3 million in 2006. However with the ever rising costs of raw material, energy, transportation, unfavourable exchange rates coupled with competition from China producers will remain barriers to the division's turnaround.

• Hotel Division

The Prime City Hotel maintains its market position as the premier hotel in Kluang town. Occupancy rate remained consistent throughout the year at 70%. For the year under review, the division contributed a revenue of RM9.3 million with profit of RM0.96 million compared to a revenue of RM9.0 million with profit of RM1.7 million in 2006.

The adoption of the new Financial Reporting Standards (FRS) in relation to the residual value of the hotel property and the repair and replacement costs from flood damages had adversely affected the result of the division.

LOOKING AHEAD

The Malaysian economy is expected to sustain an economic growth of 6.0% to 6.5% for 2008. However most analysts remain neutral on the pace of the property market in Johor. We expect market to receive a boost from the recent “goodies” from the Government. Pay increase for civil servants, withdrawal of EPF savings to fund mortgage repayments, waiver of RPGT and liberalization of rules and procedures for property purchases by foreigners. These are some of the positive factors that should boost the property market in general. In addition, developments under the Iskandar Development Region (IDR) master plan are expected to have positive spillover effects to the surrounding central Johor area.

Looking ahead, we will continue to build up our brand name and strive to be the choice developer for our house-buyers. We hope to continue winning customer loyalty and support through improvements in brand delivery at every level of our organization. We remain optimistic with the outlook for year 2007/2008 and expect the Group will be able to sustain its result.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to extend our sincere appreciation to the management team and all members of BCB family for their contributions and personal sacrifices. Our heartfelt thanks to our valued customers, shareholders, financiers, business associates and relevant government authorities for their continuing support, assistance and confidence.

Mr Tan Seng Hong left the Board during the year and we are appreciative of his contributions and wish him every success in future undertakings. New appointee to the Board is Mr Tan Vin Sern and we look forward to his contributions and fresh insights.

To all of you, we express our sincere thanks and gratitude.

Dato’ Ismail bin Yusof
Independent Non-Executive Chairman

Dato’ Tan Seng Leong
Group Managing Director

Corporate Social Responsibility

BCB is committed to be a responsible corporate citizen and firmly believes that the community is also a stakeholder. Our goal is to construct quality and affordable houses for the community which is in line with the government's call to increase home ownerships.

Handing over the mock cheque of RM60,000 to the representative of Setiausaha Kerajaan Negeri Johor.

During the year, BCB had made numerous contributions to worthy causes and organizations. The past major floods in Johor in December 2006 and January 2007, BCB contributed RM60,000 to flood victims through Setiausaha Kerajaan Negeri Johor. BCB also made donations in kind amounting to RM30,000 in food and grocery items to the flood victims in Kluang and Batu Pahat.

Education has always been the main recipient of BCB's funding. During the year, donations amounting to RM65,000 were made to schools for building funds and scholarships. The beneficiaries were SJK (C) Woon Hwa in Kangkar Pulai, SJK (C) Ladang Sungai Salak in Seremban and Chong Hwa High School in Kluang.

Handing over the cheque of RM50,000 to Y.B. Tuan Hoo Seong Chang, being the building fund for SJK (C) Woon Hwa.

The Group has also made contributions to various organizations for sports, culture and welfare activities during the year.

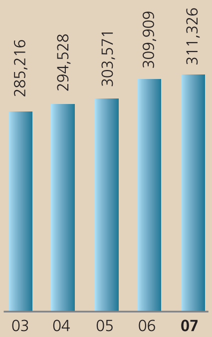
Five Years' Financial Highlights

Consolidated Balance Sheets as at 30 June

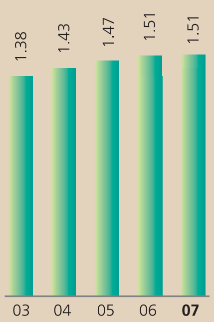
	2003*	2004	2005	2006 @	2007
	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	206,250	206,250	206,250	206,250	206,250
Treasury Shares	-	(153)	(1,264)	(2,237)	(2,239)
Non-Distributable Reserve	7,199	7,199	7,199	7,199	6,509 #
Retained Earnings	71,767	81,232	91,386	98,697	100,806
Shareholders' Equity	285,216	294,528	303,571	309,909	311,326
Represented by:					
Property, Plant and Equipment	59,878	56,323	55,402	53,897	52,533
Investment Properties	19,482	19,482	19,483	19,483	19,483
Land Held for Development	64,594	67,192	68,004	45,331	55,229
Deferred Tax Assets	-	13	8	-	-
Current Assets	368,904	379,405	353,383	381,591	361,412
Current Liabilities	(165,604)	(177,471)	(138,285)	(142,893)	(125,763)
	203,000	201,934	215,098	238,698	235,650
Less: Non Current Liabilities	(62,038)	(50,416)	(54,424)	(47,500)	(51,568)
	285,216	294,528	303,571	309,909	311,326
Number of Ordinary Shares of RM1.00 in Issue ('000)	206,250	206,250	206,250	206,250	206,250
Net Assets Per Share (RM)	1.38	1.43	1.47	1.51	1.51
Total Assets	512,858	522,415	496,279	500,891	488,657

* Restated to reflect the changes in accounting policy due to adoption of MASB 25
@ Restated to reflect adoption of FRS 116
# Restated to reflect adoption of FRS 140

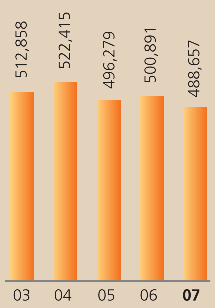
Shareholders' Equity
RM'000



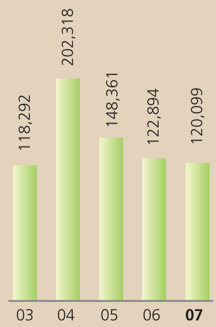
Net Assets Per Share
RM



Total Assets
RM'000



Revenue
RM'000

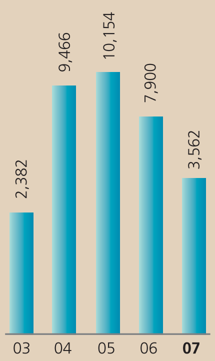


Consolidated Income Statements for the Years Ended 30 June

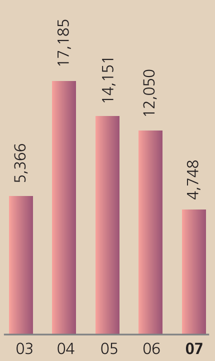
	2003* RM'000	2004 RM'000	2005 RM'000	2006 RM'000	2007 RM'000
Revenue	118,292	202,318	148,361	122,894	120,099
Profit Before Charging Depreciation and Interest Expenses	16,249	27,290	23,385	20,925	13,591
Depreciation	(4,133)	(3,768)	(2,980)	(2,406)	(2,219)
Interest Expenses	(6,750)	(6,337)	(6,254)	(6,469)	(6,624)
Profit Before Taxation	5,366	17,185	14,151	12,050	4,748
Taxation	(2,984)	(7,719)	(3,997)	(4,150)	(1,186)
Profit After Taxation	2,382	9,466	10,154	7,900	3,562
Adjusted Weighted Average Number of Shares in Issue	204,247	206,180	205,099	202,489	201,887
Gross EPS (sen)	2.63	8.33	6.90	5.95	2.35
Basic EPS (sen)	1.17	4.59	4.95	3.90	1.76
Dividend Rate	-	-	-	-	-

* Restated to reflect the changes in accounting policy due to adoption of MASB 25

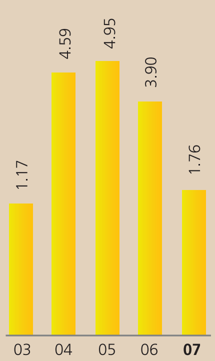
Profit After Taxation
RM'000



Profit Before Taxation
RM'000



Basic EPS
Sen



Corporate Information

Board of Directors

Dato' Ismail Bin Yusof
Independent Non-Executive
Chairman

Dato' Tan Seng Leong
Group Managing Director

Tan Lay Kim
Executive Director

Tan Lay Hiang
Executive Director

Tan Vin Sern
Executive Director

Sofian Bin Arshad
Independent Non-Executive Director

Ash'ari Bin Ayub
Independent Non-Executive Director

Syed Abdullah Bin A Hamid
Independent Non-Executive Director

Audit Committee

Chairman
Dato' Ismail Bin Yusof
Independent Non-Executive Director

Member
Dato' Tan Seng Leong
Group Managing Director

Tan Vin Sern
Executive Director

Sofian Bin Arshad
Independent Non-Executive Director

Ash'ari Bin Ayub
Independent Non-Executive Director

Nomination & Remuneration Committee

Chairman
Ash'ari Bin Ayub
Independent Non-Executive Director

Member
Dato' Ismail Bin Yusof
Independent Non-Executive Director

Sofian Bin Arshad
Independent Non-Executive Director

Company Secretaries

Yeap Kok Leong, ACIS
(MAICSA: 0862549)

Tan Bee Hwee, ACIS
(MAICSA: 7021024)

Auditors

PricewaterhouseCoopers
Chartered Accountants
Level 16, Menara Ansar
No 65, Jalan Trus
80730 Johor Bahru
Johor Darul Takzim
Tel : 07-222 4448
Fax : 07-224 8088

Registered Office

7th Floor, Plaza BCB
(Hotel Tower Block)
No 20 Jalan Bakawali
86000 Kluang
Johor Darul Takzim
Tel : 07-776 0089 (5 Lines)
Fax : 07-772 0089

Share Registrar

Symphony Share Registrars Sdn Bhd
(378993-D)
Level 26, Menara Multi-Purpose
Capital Square
No 8 Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel : 03-2721 2222
Fax : 03-2721 2530

Principal Bankers

Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
AmInvestment Bank Berhad
Bank Islam Malaysia Berhad
Public Bank Berhad

Stock Exchange Listing

Main Board of the
Bursa Malaysia Securities Berhad
Stock Number: BCB 6602

Corporate Structure

BCB BERHAD

INVESTMENT HOLDING, PROPERTY DEVELOPMENT AND HOTEL OPERATIONS

PROPERTY

- 100% **Johbase Development Sdn Bhd** — Property Development and Letting of Properties
- 100% **BCB Land Sdn Bhd** — Property Development
- 100% **BCB Resources Sdn Bhd** — Property Development
- 100% **BCB Development Sdn Bhd** — Property Development
- 100% **Luna Starcity Sdn Bhd** — Dormant
- 100% **Laser Lagun Sdn Bhd** — Dormant

CONSTRUCTION

- 100% **BCB Construction Sdn Bhd** — Construction
- 100% **BCB Concrete Sdn Bhd** — Ready Mix Concrete Operation
- 100% **BCB Road Builder Sdn Bhd** — Road and Pavement Construction
- 100% **BCB Greens Sdn Bhd** — Horticulture and Landscaping
- 100% **BCB Technologies Sdn Bhd** — Dormant

PROJECT MANAGEMENT

- 100% **BCB Management Sdn Bhd** — Project Management Services

TRADING

- 100% **BCB Trading Sdn Bhd** — Trading of Building Materials

MANUFACTURING

- 100% **BCB Furniture Sdn Bhd** — Furniture Manufacturer

Board of Directors' Profile

Dato' Ismail Bin Yusof *@

Independent Non-Executive Chairman

Dato' Ismail Bin Yusof, aged 63, a Malaysian, was appointed to the Board on 14 July 1998 as an Independent Non-Executive Chairman. He holds a Bachelor of Arts (Hons) from University of Malaya. Previously, he was The Secretary of The Federal Territory Development Division in the Prime Minister's Department. Dato' Ismail also holds other Non-Executive directorships in Minho (M) Berhad, South Malaysia Industries Berhad and Utusan Melayu (Malaysia) Berhad.

Dato' Tan Seng Leong *

Group Managing Director

Dato' Tan Seng Leong, aged 51, a Malaysian, was appointed to the Board on 9 November 1988. He is presently the Group Managing Director. Dato' Tan is the founding member of BCB. He holds directorships in all of BCB's wholly-owned subsidiaries. Dato' Tan is an entrepreneur with considerable experience in the property development industry, particularly in the State of Johor.

Dato' Tan is deemed in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development/ holdings. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

Except for Dato' Tan's deemed interest as disclosed under Additional Compliance Information on page 25 of the Annual Report, there are no other business arrangements with the Company in which he has personal interests.

Ash'ari Bin Ayub *@

Independent Non-Executive Director

Encik Ash'ari Bin Ayub, aged 65, a Malaysian, was appointed to the Board on 16 May 2001. He is a member of the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA). He was previously the Partner-in-Charge of the Tax Department of Coopers & Lybrand, Kuala Lumpur. Encik Ash'ari also holds non-executive directorships in AV Ventures Corporation Berhad, Metrod (Malaysia) Berhad and Ranhill Utilities Berhad.

Sofian Bin Arshad *@

Independent Non-Executive Director

Encik Sofian Bin Arshad, aged 43, a Malaysian, was appointed to the Board on 4 December 2000. He holds a Bachelor Degree in Urban and Regional Planning from UTM, Malaysia. Encik Sofian has more than 17 years of experience in project management.

Syed Abdullah Bin A Hamid

Independent Non-Executive Director

Encik Syed Abdullah Bin A Hamid, aged 50, a Malaysian, was appointed to the Board on 15 September 2005. A businessman, he also holds positions in various social organisations and local communities in the town of Kluang, Johor. He is the Head of Communications

UMNO Kluang and a member of the Communication Council of UMNO Johor and sits as the Head of Members in the local municipal council of Kluang. He also holds directorship in BCB's subsidiary.

Encik Syed is deemed in conflict of interest with the Company by virtue of his interests and directorships in certain privately-owned companies which are also involved in property development/holdings. However, these privately-owned companies are not in direct competition with the business of the Company due to the different market segment and/or locality of developments.

Tan Lay Kim

Executive Director

Ms Tan Lay Kim, aged 45, a Malaysian, was appointed to the Board on 9 November 1988. She is responsible for the daily management and operations of BCB's Prime City Hotel in Kluang. She also holds directorships in BCB's subsidiaries.

Tan Lay Hiang

Executive Director

Ms Tan Lay Hiang, aged 39, a Malaysian, was appointed to the Board on 16 July 1994. She manages the sales, marketing and conveyancing aspects of BCB's property development projects. Prior to joining BCB in 1989, she was attached to several other property developers in Kluang. She also holds directorships in BCB's subsidiaries.

Tan Vin Sern *

Executive Director

Mr Tan Vin Sern, aged 24, a Malaysian, was appointed to the Board on 5 September 2006 and is responsible for the Group's Construction and Manufacturing Divisions. He is the eldest son of Dato' Tan Seng Leong and holds a Bachelor of Commerce (Accounting & Finance) from University of Melbourne, Australia. He also holds directorships in BCB's subsidiaries.

Other Information

- Dato' Tan Seng Leong, Ms Tan Lay Kim and Ms Tan Lay Hiang are siblings.
- Mr Tan Vin Sern is the eldest son of Dato' Tan Seng Leong.
- Except as disclosed above, none of the other Directors has any family relationship with any Directors and/or major shareholders of the Company.

Conflict of Interest

None of the other Directors has any conflict of interest with the Company except as disclosed.

Conviction for Offences

None of the Directors has been convicted for any offences within the past ten (10) years.

* Member of Audit Committee

@ Member of Nomination and Remuneration Committee

Report of the Audit Committee

MEMBERS

The Audit Committee comprises the following members:

Chairman : Dato' Ismail Bin Yusof
(Chairman / Independent Non-Executive Director)

Members : Dato' Tan Seng Leong
(Member / Group Managing Director)

Sofian Bin Arshad
(Member / Independent Non-Executive Director)

Ash'ari Bin Ayub
(Member / Independent Non-Executive Director)

Tan Vin Sern
(Member / Executive Director)

TERMS OF REFERENCE

1) OBJECTIVES

The primary objectives of the Audit Committee are to:

i) Provide assistance to the Board in fulfilling its fiduciary responsibilities to the accounting and internal control systems, financial reporting and business ethics policies of the Company and all its subsidiaries.

ii) Provide greater emphasis on the audit function by serving as the focal point for communication between non-Committee directors, the external auditors, internal auditors and the management and providing a forum for discussion that is independent of the management. It is the Board's principal agent in assuring the independence of the Company's external auditors, the objectivity of the Company's internal auditors, the integrity of the management and the adequacy of disclosure to shareholders.

iii) Undertake all such additional duties as may be deemed appropriate and necessary to assist the Board.

2) COMPOSITION OF AUDIT COMMITTEE

The Committee shall be appointed by the Board of Directors from amongst its members and shall fulfill the following requirements:

i) the Committee must be composed of no fewer than 3 members;

ii) a majority of the Committee must be independent directors;

iii) all members of the Committee should be non-executive directors and financially literate; and

iv) at least one member of the Committee:

a) must be a member of the Malaysian Institute of Accountants; or

b) if not a member of the Malaysian Institute of Accountants, must have at least 3 years' working experience and:

i) must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or

ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

The Chairman shall be an independent non-executive Director elected by the members of the committee. No alternate Director can be appointed as a member of the Committee.

In the event of vacancy in the Committee should a member resigns, dies or for any other reason ceases to be a member resulting in the number of members reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint such new members to make up the minimum number of three (3) members.

The term of office and performance of the Committee and each of its members must be reviewed by the Board of Directors at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

Currently the Committee has two (2) members who are executive directors, which is non-compliance to the best practices issued under the revised code of corporate governance effective 1 October 2007. The majority members (3 out of 5) of the Committee are independent non-executive directors.

3) MEETING AND REPORTING PROCEDURES

i) Frequency
The Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfill its duties. The Chairman shall also convene a meeting of the Committee if requested to do so by any member, the management, the external or internal auditors to consider any matter within the scope of responsibilities of the Committee.

ii) Quorum
A quorum shall consist of two (2) members and the majority of the members present must be independent director.

iii) Secretary and Minutes
The Company Secretary shall be the secretary of the Committee and as reporting procedures, the minutes shall be circulated to all members of the Board.

iv) Attendance
The Financial Director, the Head of Internal Audit (where such a function exists) and a representative of the external auditor shall normally be invited to attend meetings. Other Directors and employees may attend any particular meeting only at the Committee's invitation, specific to the relevant meeting. At least twice a year, the Committee shall meet with the external auditors without the presence of any executive Board member.

v) Meeting Procedure
The Committee shall regulate its own procedure, in particular:
a) the calling of meetings;
b) the notice to be given of such meetings;
c) the voting and proceedings of such meetings;
d) the keeping of minutes; and
e) the custody, production and inspection of such minutes.

4) AUTHORITY OF THE AUDIT COMMITTEE
The Committee is authorized by the Board to investigate any activity within its terms of reference. It shall have:

i) The resources which are required to perform its duties;

ii) Full and unrestricted access to any information pertaining to the Company and its subsidiary companies;

iii) Direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);

iv) Able to obtain independent professional or other advice; and

v) Able to convene meetings with external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

5) FUNCTIONS OF THE AUDIT COMMITTEE

In fulfilling its primary objectives, the Audit Committee shall, amongst others, discharge the following functions:

i) To review:

a) The quarterly results and year-end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
   i) the going concern assumption;
   ii) changes in or implementation of major accounting policy changes;
   iii) significant and unusual events;
   iv) compliance with the applicable approved accounting standards and other legal and regulatory requirements; and
   v) the adequacy of the disclosure of information essential to a fair and full presentation of the financial affairs of the Group.

b) Any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions or management integrity.

c) With the external auditor:
   i) the audit plan;
   ii) the evaluation of the system of internal controls;
   iii) the audit report;
   iv) the management letter and management's response;
   v) the assistance given by the Company's employees to the external auditor.

ii) To monitor the management's risk management practices and procedures.

iii) In respect of the appointment of external auditors:

a) to review whether there is reason (supported by grounds) to believe that the external auditor is not suitable for reappointment;

b) to consider the nomination of a person or persons as external auditors and the audit fee; and

c) to consider any questions of resignation or dismissal of external auditors.

iv) In respect of the internal audit function:

a) to review the adequacy of the scope, functions and resources of the internal audit function and that it has the necessary authority to carry out its work;

b) to review the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate actions are taken on the recommendations of the internal audit function;

c) to approve any appointment or termination of senior staff members of the internal audit function and to provide the opportunity for resigning staff member to submit his reasons for resigning;

d) to review any appraisal or assessment of the performance of members of the internal audit function; and

e) to ensure co-ordination between external and internal audits.

v) To promptly report such matter to the Bursa Malaysia if the Committee is of the view that the matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

vi) To carry out such other functions as may be agreed to by the Committee and the Board of Directors.

6) AUDIT COMMITTEE MEETINGS

The Audit Committee held six (6) meetings during the financial year ended 30 June 2007. Details of the attendance of the meetings by the Committee Members are as follows:

Members	No. of Meetings attended	%
Dato' Ismail Bin Yusof	6/6	100
Dato' Tan Seng Leong	5/6	83
Sofian Bin Arshad	6/6	100
Ash'ari Bin Ayub	6/6	100

7) ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

During the financial year, the activities of the Audit Committee included:

i) reviewing and approving the risk management policy and framework appraised by the appointed company of internal auditors;

ii) reviewing the internal auditors' audit plan and programme for the year;

iii) reviewing the findings on the internal control reviews conducted by the firm of internal auditors and where necessary ensure that the appropriate action is taken on the recommendations of the internal audit function;

iv) reviewing the external auditors' scope of work and audit plan for the financial year ended 30 June 2007;

v) reviewing the external auditors' reports, management letter and management's response;

vi) reviewing the audited financial statements for the financial year ended 30 June 2007 and unaudited quarterly financial results prior to the approval by the Board of Directors for subsequent announcements;

vii) reviewing the disclosure on related party transactions entered by the Group and the Company; and

viii) reviewing the Company's compliance, in particular the quarterly and year end financial statements with the Listing Requirements of the Bursa Malaysia Securities Berhad and the applicable approved accounting standards issued by the Malaysian Accounting Standards Board.

8) INTERNAL AUDIT FUNCTION

The Board has outsourced its internal audit function to BDO Governance Advisory Sdn Bhd ("BDOGA"); a reputed company specialising in internal auditing and risk management to provide independent assurance to, and assist, the Board in discharging its duties and responsibilities.

The annual internal audit plan is reviewed and approved by the Committee at the beginning of each financial year prior to their execution. BDOGA performs routine audit on and reviews all operating business units within the Group, with emphasis on principal risk areas. The audit adopts a risk-based approach towards planning and conduct of audits, guided by the risk management framework adopted.

Three (3) internal audit assignments were completed during the financial year on three (3) business units of the Group; namely the Property Management, Manufacturing and Hotel (Finance & Accounts division). Internal audit reports were issued to the Committee and the Board and tabled at the Committee's meetings. The Audit reports incorporated BDOGA's findings, recommendations for improvements and follow-ups on the implementations of the recommendations and Management's improvement actions.

The revised code of corporate governance effective 1 October 2007 sets out the principles and best practices of an establishment of internal audit function within the Group with direct reporting to the Committee. Currently the internal audit function of the Group is outsourced to BDOGA and they as the internal audit consultants report direct to the Committee on their findings and management responses. Each internal audit reports were duly deliberated and endorsed by the Audit Committee.

Corporate Governance Statement

The Board of Directors believes that good corporate governance is essential for the Group's continued progress and success. Thus, the board is committed in ensuring the integrity, transparency and professionalism are in place at all levels of the Group's business as this would not only safeguard and enhance long term stakeholders' investment and value but also protect the interest of the stakeholder. Set out below is a description on the manner in which the Group has applied the principles and complied with the recommended best practices set out in the Malaysian Code on Corporate Governance.

BOARD OF DIRECTORS

Roles and Principal Duties

The Board has overall responsibility for the strategic direction and control of the Group including review and adoption of a strategic plan for the Group, overseeing of business performance and ensuring establishment of proper internal control system.

The Executive Directors take the primary responsibility for managing the Group's business and resources. The intimate knowledge of the Executive Directors and their "hands-on" management practices has enabled the Group to have leadership positions at the Group's principal business locations.

Board Committees

The Board has delegated specific responsibilities to two (2) committees to assist in its functions. The committees, namely; Audit Committee and Nomination and Remuneration Committee, have the authority to examine particular issues according to their respective terms of reference and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, rests with the entire Board.

Board Composition and Balance

The Board currently comprises Eight (8) members, of who four (4) are Independent Non-Executive Directors. The Board has within its members drawn from varied backgrounds; bringing in-depth and diversity in experience and perspectives to the Group's business operations. The Directors' profiles are presented on pages 14 to 15 of the Annual Report.

There is a clear division of responsibility between the Chairman and the Group Managing Director to ensure that there is balance of power and authority. The key functions of the Chairman are to conduct Board Meetings and meetings of shareholders and to ensure that all Directors are properly briefed for a full and constructive part in Board discussions. The Group Managing Director is responsible for the day-to-day management of the Group in ensuring that the strategies, policies and matters approved by the Board and/or respective Board Committees are effectively implemented. The separation of duties together with the ratio of Board membership between Executive and Non-Executive Directors ensures that there is a balance of power and authority at the head of the Group.

Dato' Ismail Bin Yusof, the Independent Non-Executive Chairman as the Senior Independent Non-Executive Director of the Board to whom concerns on issues affecting the Group may be conveyed.

Board Meetings

The Board ordinarily meets four times a year at quarterly intervals, with additional meetings convened when necessary. In intervals between Board meetings, for matters requiring Board decisions, Board approvals are sought via circular resolutions (DCR) with sufficient information required to make an informed decision. A summary of the DCR approved will be tabled at the following Board meetings for notation.

During the financial year, the Board met six times, whereat it deliberated upon and considered a variety of matters including the Group's financial results, major investments and strategic decisions and direction of the Group. Where a potential of conflict arises in the Group's transactions involving any Director's interest, such Director is required to declare his/her interest and abstain from the decision making process.

Shown below is the attendance of each Director for the financial year ended 30 June 2007:

Name of Director	**Designation**	**No. of Meetings Attended**	**%**
Dato' Ismail Bin Yusof	Chairman, Independent Non-Executive Director	6/6	100
Dato' Tan Seng Leong	Group Managing Director	5/6	83
Tan Lay Kim	Executive Director	6/6	100
Tan Lay Hiang	Executive Director	6/6	100
Tan Seng Hong **	Executive Director	5/5	100
Tan Vin Sern*	Executive Director	3/4	75
Sofian Bin Arshad	Independent Non-Executive Director	6/6	100
Ash'ari Bin Ayub	Independent Non-Executive Director	6/6	100
Syed Abdullah Bin A Hamid	Independent Non-Executive Director	5/6	83

** Resigned on 14 March 2007
* Appointed on 5 September 2006

Supply of Information

The board has full and unrestricted access to timely and accurate information pertaining to the Group's business and affairs in furtherance of their duties. The Board report includes, amongst others, financial and corporation information, significant operational, financial and corporate issues, performance of the Group and management proposals, which requires the approval of the Board. All Directors are entitled to call for additional clarification and information to assist them in matters that required their decision.

All Directors have access to the advice and services of the Company Secretary, and if need be, they may seek independent advice from external resources at the Company's expense in furtherance of their duties.

Appointments to the Board

The Nomination and Remuneration Committee is responsible for making recommendations for any appointment to the Board. In making these recommendations, the Committee considers the required mix of skills and experience, which the Director(s) brings to the Board. Any new nomination received is put to the full Board for assessment and endorsement.

Directors' Training

All Directors appointed to the Board apart from attending the Mandatory Accreditation Programme ("MAP"), and the Continued Education Programme ("CEP") accredited by Bursa Malaysia Securities Berhad, will continue to undergo other relevant training programmes to keep abreast with the latest developments in the market place and enhance their professionalism in discharging their fiduciary duties to the Company in compliance with paragraph 15.09 of Bursa Securities Listing Requirements.

During the financial year, the Directors have attended the following training programmes:-

Directors	**Seminars**
Dato' Ismail Bin Yusof	Managing Strategic Corporate Training
Dato' Tan Seng Leong	Trends and Property Market Outlook 2007 New UCP 600 : Are you ready? Hasil Tax Seminar 2007
Ash'Ari Bin Ayub	National Accountants Conference Corporate Financial Strategy in Global Market Hasil Tax Seminar 2007 Audit Committee Role and The Internal Audit Function For Governance Process Managing Strategic Corporate Planning

Directors	**Seminars**
Sofian Bin Arshad	Implementing Business Plan Strategies for Company Directors and Senior Management Audit Committee Role and The Internal Audit Function For Governance Process Managing Strategic Corporate Planning
Tan Lay Kim	Risk Management and Internal Control (Mandarin)
Tan Lay Hiang	Risk Management and Internal Control (Mandarin)
Tan Vin Sern	RIIAM – Mandatory Accreditation Programme Trends and Property Market Outlook 2007 New UCP 600 : Are you ready? Hasil Tax Seminar 2007
Syed Abdullah Bin A Hamid	Hasil Tax Seminar 2007

All Directors were also constantly updated by the Company Secretary on changes to the relevant guidelines on the regulatory and statutory requirements.

Re-election

In-accordance with the Company's Articles of Association ("Articles"), all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Articles also provide that at least one-third of the remaining Directors will be subject to re-election by rotation at each Annual General Meeting provided always that all Directors (including the Managing Director) shall retire from office at least once every three years but shall be eligible for re-election.

Upon the recommendation of the Nomination & Remuneration Committee, Y. Bhg. Dato' Tan Seng Leong, En. Sofian Bin Arshad and En. Ash'ari Bin Ayub shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offers themselves for re-election.

Nomination & Remuneration Committee

The Committee comprises the following Independent Non-Executive Directors:
Ash'ari Bin Ayub (Chairman)
Dato' Ismail Bin Yusof
Sofian Bin Arshad

The Committee ordinarily meets once a year with additional meetings convened when necessary to make its recommendations on the candidates for any appointments to the Board. In addition, the Committee also meets to evaluate and make its recommendations on all aspects of the Executive Directors' performance, terms of employment, remuneration package and incentives.

DIRECTORS' REMUNERATION

The Nomination and Remuneration Committee recommends to the Board the remuneration structure and incentives for each Executive Director. The Committee has the right to obtain independent consultants' advice and information about remuneration practices elsewhere.

Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole. Nevertheless, the determination of remuneration packages for all Directors (Executive and Non-Executive Directors) is a matter for the Board as a whole with the Director concerned abstaining from deliberations and voting in respect of his / her own remuneration.

The Committee recommends the Directors' fees to the Board for endorsement and subsequent approval, by the shareholders at the Company's Annual General Meeting.

The individual Directors' remuneration paid/payable to all Directors of the Company by the Group and categorized in appropriate components for the financial year are as follows:

	RM'000					
	Directors' Fees	**Salaries**	**Bonuses**	**Benefits in kind**	**EPF**	**Total**
Dato' Ismail Bin Yusof	60	-	-	-	-	60
Dato' Tan Seng Leong	-	1,320	110	40	264	1,734
Tan Lay Kim	-	142	11	9	28	190
Tan Lay Hiang	-	142	23	9	30	204
Tan Seng Hong**	-	104	-	6	20	130
Tan Vin Sern*		170	-	2	31	203
Sofian Bin Arshad	36	-	-	-	-	36
Ash'ari Bin Ayub	36	-	-	-	-	36
Syed Abdullah bin A Hamid	36	-	-	-	-	36
	168	1,878	144	66	373	2,629

** Resigned on 14 March 2007
* Appointed on 5 September 2006

SHAREHOLDERS

Relationship with Shareholders and Investors

The Board acknowledges the importance of an effective communication channel between the Board, shareholders and the general public. Annual report serves as an important mode as it provides comprehensive information pertaining to the Group. In addition, quarterly result and other significant items affecting the Group are reported to Bursa Malaysia from time to time.

The Annual General Meeting (AGM)

The Annual General Meeting is the principal forum for dialogue with shareholders. Notice of AGM together with a copy of the Company's Annual Report is sent to shareholders at least 21 days prior to the meeting. At the AGM, the Board presents the performance of the Group and shareholders are encouraged to participate and given opportunity to raise question or seek more information. The questions and concerns raised would serve as feedback to the Group's business and corporate decisions. The notice of AGM will be published in at least one newspaper of national circulation for a wider dissemination of such notice and to encourage greater shareholder participation at general meetings.

ACCOUNTABILITY AND AUDIT

Directors' Responsibility for Preparing the Annual Audited Financial Statements

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements, that give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year then ended.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent;
- Ensured that all applicable approved accounting standards in Malaysia have been followed; and
- Considered the going concern basis used as being appropriate.

The Directors are responsible for ensuring that the Company maintains proper accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company; which enables them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to prevent and detect fraud and other irregularities.

Financial Reporting

The Board aims to provide and present a balanced, clear and understandable assessment of the Group's position and prospects in all their reports and announcements to the shareholders, investors, regulatory bodies and the general public. The Board is assisted by the Audit Committee to oversee the Group's financial reporting process and the quality of its financial reporting.

Internal Controls

The Board acknowledges that it is their responsibility for maintaining a sound system of internal controls covering financial controls but also operational, compliance as well as risk management. The internal control system is designed to meet the Group's particular needs and to manage the risk to which it is exposed. The system, by its nature, can only provide reasonable but not absolute assurance against misstatement or loss.

The Board's Statement of Internal Control is set out on page 28 of the Annual Report.

Relationship with the Auditors

An appropriate relationship is maintained with the Group's Auditors through the Audit Committee. The Audit Committee has been accorded the power to communicate directly with both the External and Internal Auditors. From time to time, the External Auditors will bring to the attention of the Audit Committee, any significant deficiency in the Group's system of control.

A full Audit Committee Report and its terms of reference, detailing its role in relation to the Auditors, is set out on pages 17 to 20 of the Annual Report.

COMPLIANCE WITH THE CODE

Except for matters specifically identified, the Company has complied substantially with the Principles and Best Practices in Corporate Governance throughout the financial year ended 30 June 2007.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements, the following additional information are provided:

Share buy-back

Monthly breakdown	No. of shares purchased and retained as Treasury Shares	Lowest (RM)	Highest (RM)	*Average cost per share (RM)	Total consideration paid (RM)
August 2006	2,000	0.405	0.405	0.412	823
February 2007	1,000	0.650	0.650	0.663	663
	3,000				1,486

* Note: Inclusive of brokerage and other charges.

During the financial year ended 30 June 2007, all the shares purchased by the Company were retained as Treasury Shares. As at 30 June 2007, the cumulative total number of shares held as Treasury Shares was 4,363,600 shares. None of the Treasury Shares were resold or cancelled during the financial year.

Non-audit fees

Other than as disclosed, there were no non-audit fees paid to the external auditors, Messrs PricewaterhouseCoopers for the financial year ended 30 June 2007:

Services:-	**Amount Paid (RM)**
Professional services in respect of tax compliance	14,250
Professional services in respect of review Housing Development Account (HDA)	12,000
Professional services in respect of review on the Statement of Internal Control	5,000
Professional services in respect of FRS GAAP Analysis assessment and review	38,000
Professional services in respect of reviews of draft Group's statutory accounts	3,000

Material contracts

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests.

Contracts relating to loans

There were no contracts relating to loans by the Company and its subsidiaries in respect of the preceding item.

Revaluation of landed properties

The Company's revaluation policy is disclosed in Note 3(f) of the Notes to the financial statements.

Recurrent related-party transactions

Details of the transaction with related parties are disclosed in Note 33 to the financial statements.

At the Annual General Meeting of the Company held on 20 December 2006, the Company had obtained the approval of the shareholders' mandate to enter into recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 7.2 of the circular to the shareholders dated 27 November 2006, which are necessary for its day-to-day operations and in the ordinary course of its business.

The said mandate took effect on 20 December 2006 and will continue until the conclusion of the forthcoming Annual General Meeting of the Company.

The Company intends to seek its shareholders' approval to renew the existing mandate for recurrent related party transactions and new shareholders' mandate for recurrent related party transactions at the forthcoming Annual General Meeting of the Company. The details of the mandate to be sought will be furnished in a separate Circular to the shareholders.

The aggregate of recurrent transactions of revenue or trading nature conducted pursuant to the shareholders' mandate during the financial year under review between the Company and/or its subsidiaries companies with related parties are set out below:

BCB/Companies within the BCB Group	Related party	Interested parties and nature of relationship	Nature of transactions	Value of transactions RM' 000
BCB Construction Sdn Bhd ("BCSB")	Marvel Plus Development Sdn Bhd ("Marvel Plus")	Dato' Tan Seng Leong [a] Tan Vin Sern [b] Tan Lay Hiang [c] Tan Lay Kim [d]	Building construction services.	2,603
BCB Road Builder Sdn Bhd ("BRBSB")	Marvel Plus	Dato' Tan Seng Leong [a] Tan Vin Sern [b] Tan Lay Hiang [c] Tan Lay Kim [d]	Road and pavement construction services.	175
BCB Management Sdn Bhd ("BMSB")	Marvel Plus	Dato' Tan Seng Leong [a] Tan Vin Sern [b] Tan Lay Hiang [c] Tan Lay Kim [d]	Project management services and sales & marketing services.	424

Nature of relationships of BCB Group with the Interested Related Parties

a Dato' Tan Seng Leong is a Director of BCB Group and a Major Shareholder of BCB. He is deemed interest by virtue of his relationship with his spouse and his children namely Datin Lim Sui Yong, Tan Vin Sern are the directors as well as the Major Shareholders of Marvel Plus whilst Tan Lindy is the director of Marvel Plus.

b Tan Vin Sern is a Director of BCB, BCSB, BRBSB and BMSB. He is the son of Dato' Tan Seng Leong and the brother of Tan Lindy. He is the Director and Major Shareholder of Marvel Plus.

c Tan Lay Hiang is a Director of BCB, BCSB, BRBSB and BMSB. She is the sister-in-law to Datin Lim Sui Yong, the Director and Major Shareholder of Marvel Plus.

d Tan Lay Kim is a Director of BCB, BCSB and BRBSB. She is the sister-in-law to Datin Lim Sui Yong, the Director and Major Shareholder of Marvel Plus.

This Corporate Governance Statement was approved by the Board of Directors on 23rd October 2007.

Statement of Internal Control

INTRODUCTION

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") requires directors of the listed companies to include a statement on the state of their internal control in their Annual Reports.

The Board of Directors ("Board") is committed in maintaining a sound system of internal control and pleased to provide the Statement on Internal Control, which outlines the status review of the Group's state of internal control throughout the year under review and up to the date of this report.

BOARD RESPONSIBILITY

The Board recognises the importance of sound system of internal control and effective risk management practices in the Group to ensure good corporate governance. The system of internal controls cover, inter alia, risk management and financial, organizational, operational and compliance controls. The Board affirms its overall responsibility for the adequacy and integrity of the Group's systems of internal controls that includes financial and operational aspects, compliance with relevant laws and regulation and its alignment with our business objectives at all times.

However, it should be appreciated that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. The internal control system can only provide reasonable but not absolute assurance against material misstatement and loss.

NATURE OF OUR INTERNAL CONTROLS

The Group has in place an on-going process for identifying, evaluating, monitoring and managing the significant risks that may affect the achievement of its business objectives. The Board reviews the process on a regular basis to ensure proper management of risks and measures are taken to mitigate any weakness in the control environment.

RISK MANAGEMENT FRAMEWORK

The Board has established an organization structure with clearly defined lines of accountability and delegated authority. The risk management functions and effectiveness of such controls have been formalized in February 2002 and reviewed on an annual basis.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group has been outsourced to a reputed professional consultancy company, BDO Governance Advisory Sdn Bhd ("BDOGA"). The Audit Committee reviews and approves the internal audit plan for the year prior to their execution. BDOGA independently reviews the internal controls in the various operating business units of the Group and reports to the Audit Committee on a quarterly basis. BDOGA's review highlights the weaknesses in control procedures and makes recommendations for improvements. Additionally, it monitors the Management's implementation and improvement actions on their recommendations made.

Apart from its risk management and internal audits, the other key elements of the Group's internal control systems are as follows:

- An organizational structure with clearly defined lines of responsibility and delegations of responsibilities to committees of the board and to management, which promotes accountability for appropriate risk management and control procedures. The procedures include the establishment of authority levels for all aspects of the business, which is subject to regular review as to their implementation and continuing suitability;
- Independent assurance on the system of internal controls from regular internal audit visits by the appointed consultants;
- Regular information provided to management on key business indicators, such as sales performance, staff turnover and cash flow positions;
- Scheduled operations and management meetings; and
- Centralised procurement function that ensures approval procedures are adhered to as well as to leverage on the Group's purchasing power.

During the year, no weaknesses in internal control that have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report were noted.

The Board believes that the Group's system of internal control provides a reasonable but not absolute assurance that weaknesses and deficiencies are identified on a timely basis and dealt with appropriately. The Board continues to take appropriate measures and on-going commitment to strengthen the internal control environment and processes.

This statement has been reviewed by the external auditors in compliance with Paragraph 15.24 of the Listing Requirements of the Bursa Malaysia and made in accordance with the resolution approved by the Board of Directors on 23 October 2007.

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Directors' Report

For the financial year ended 30 June 2007

The Directors are pleased to submit their annual report to the members together with the audited financial statements of the Group and Company for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of investment holding, property development and hotel operations. The principal activities of the Group consist of property development, letting of properties, provision of project management, road construction and landscaping services, manufacturing of concrete products and furniture, and trading of building materials.

There was no significant change in the nature of these activities for the Group and Company during the financial year.

FINANCIAL RESULTS

	Group RM	Company RM
Profit for the financial year	3,561,657	2,349,453

DIVIDENDS

No dividends have been paid or declared by the Company since 30 June 2006.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2007.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

TREASURY SHARES

During the financial year, the Company repurchased 3,000 (2006: 2,080,300) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM1,487 (2006: RM972,939). The average price paid for the shares repurchased was RM0.50 (2006: RM0.47) per share.

Details of the treasury shares are set out in Note 27 to the financial statements.

DIRECTORS

The Directors who have held office during the period since the date of the last report are as follows:

Dato' Ismail bin Yusof
Dato' Tan Seng Leong
Tan Lay Kim
Tan Lay Hiang
Sofian bin Arshad
Ash'ari bin Ayub
Syed Abdullah bin A. Hamid
Tan Vin Sern
Tan Seng Hong (resigned on 14 March 2007)

DIRECTORS (CONT'D)

In accordance with the Company's Articles of Association, Tan Vin Sern who was appointed during the financial year, retires at the forthcoming Annual General Meeting and, being eligible, offers himself for election.

In accordance with the Company's Articles of Association, En. Sofian bin Arshad, En. Ash'ari bin Ayub and Dato' Tan Seng Leong retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the register of directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in shares in the Company are as follows:

	Number of ordinary shares of RM1.00 each in the Company			
Shareholdings in the name of the Director	**At 1.7.2006**	**Bought**	**Sold**	**At 30.6.2007**
Dato' Tan Seng Leong	63,775,500	0	0	63,775,500
Tan Lay Kim	5,375,700	0	0	5,375,700
Tan Lay Hiang	491,100	0	0	491,100
Tan Vin Sern	2,534,500	0	0	2,534,500

	Number of ordinary shares of RM1.00 each in the Company			
Shareholdings in which the Director is deemed to have an interest	**At 1.7.2006/ appointment date**	**Bought**	**Sold**	**At 30.6.2007**
Dato' Tan Seng Leong	2,665,500	0	0	2,665,500 [1]

Note:

1. By virtue of the shareholdings of his spouse and child.

By virtue of their deemed interests in the shares of the Company, Dato' Tan Seng Leong, Tan Vin Sern, Tan Lay Kim, and Tan Lay Hiang are also deemed interested in the shares of the subsidiaries.

Other than disclosed above, according to the register of directors' shareholdings, the Directors in office at the end of the financial year did not hold any interest in shares and options over shares in the Company or shares, options over shares and debentures of its related corporations during the financial year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the income statements and balance sheets were made out, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and Company misleading or inappropriate.

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, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

At the date of this report, there does not exist:

(a) any charge on the assets of the Group or Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group or Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

(a) the results of the Group's and Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group or Company for the financial year in which this report is made.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 October 2007.

Dato' Tan Seng Leong
Group Managing Director

Tan Vin Sern
Executive Director

Statement by Directors

Pursuant to Section 169 (15) of the Companies Act 1965

We, Dato' Tan Seng Leong and Tan Vin Sern, two of the Directors of BCB Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 35 to 79 are drawn up so as to give a true and fair view of the state of affairs of the Group and Company as at 30 June 2007 and of the results and cash flows of the Group and Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities

Signed on behalf of the Board of Directors in accordance with their resolution dated 23 October 2007.

Dato' Tan Seng Leong
Group Managing Director

Tan Vin Sern
Executive Director

Statutory Declaration

Pursuant to Section 169 (16) of the Companies Act 1965

I, Dato' Tan Seng Leong, the Director primarily responsible for the financial management of BCB Berhad, do solemnly and sincerely declare that the financial statements set out on pages 35 to 79 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 Dato' Tan Seng Leong

At : Kluang

On : 23 October 2007

Before me : SUCHA SINGH
No: J023
COMMISSIONER FOR OATHS

Report of the Auditors

To the Members of BCB Berhad

We have audited the financial statements set out on pages 35 to 79. These financial statements are the responsibility of the Company's Directors. It is our responsibility to form an independent opinion, based on our audit, on these financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with approved auditing standards 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been prepared in accordance with the provisions of the Companies Act 1965 and the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities so as to give a true and fair view of:

(i) the matters required by Section 169 of the Companies Act 1965 to be dealt with in the financial statements; and

(ii) the state of affairs of the Group and Company as at 30 June 2007 and of the results and cash flows of the Group and Company for the financial year ended on that date;

and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by the subsidiaries have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Our audit reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment made under subsection 3 of Section 174 of the Act.

PricewaterhouseCoopers
(No. AF:1146)
Chartered Accountants

Yee Wai Yin
(No. 2081/08/08(J))
Partner of the firm

Johor Bahru

23 October 2007

Income Statements

For the financial year ended 30 June 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Revenue	5	120,099,451	122,894,083	46,183,915	57,699,405
Cost of sales	6	(87,197,913)	(83,805,572)	(25,861,533)	(35,693,870)
Gross profit		32,901,538	39,088,511	20,322,382	22,005,535
Other operating income		1,020,856	1,167,710	2,192,590	2,146,322
Administrative expenses		(11,359,985)	(10,787,106)	(3,952,724)	(3,419,561)
Marketing expenses		(5,444,203)	(4,849,389)	(4,154,685)	(3,754,880)
Other operating expenses		(6,049,285)	(6,753,720)	(6,785,696)	(5,581,926)
Finance income	7	302,566	652,584	542,753	1,242,316
Finance cost	7	(6,623,358)	(6,468,643)	(5,546,898)	(5,456,803)
Profit before tax	8	4,748,129	12,049,947	2,617,722	7,181,003
Tax	12	(1,186,472)	(4,150,460)	(268,269)	(2,197,202)
Profit for the financial year		3,561,657	7,899,487	2,349,453	4,983,801
Basic earnings per share attributable to ordinary equity holders of the Company (sen)	13	1.76	3.90		

Balance Sheets

As at 30 June 2007

		Group		Company	
	Note	2007	2006	2007	2006
		RM	RM	RM	RM
Non current assets					
Property, plant and equipment	14	52,532,670	53,897,379	44,212,601	44,861,089
Investment properties	15	19,482,436	19,482,436	18,762,436	18,762,436
Land held for property development	16	55,228,410	45,330,930	8,475,148	804,095
Investment in subsidiaries	17	0	0	11,247,012	12,800,008
		127,243,516	118,710,745	82,697,197	77,227,628
Current assets					
Property development cost	18	201,201,147	207,035,914	106,040,018	105,107,686
Inventories	19	62,436,607	65,469,173	36,236,018	39,542,312
Tax refund receivable		2,083,691	1,094,591	1,310,235	0
Receivables, deposits and prepayments	20	87,279,557	103,062,484	14,872,564	28,017,786
Amounts due from subsidiaries	21	0	0	129,911,320	136,708,628
Deposits, bank and cash balances	22	8,412,186	4,928,913	3,361,828	1,824,691
		361,413,188	381,591,075	291,731,983	311,201,103
Less: Current liabilities					
Payables	23	48,251,657	49,219,465	6,322,410	8,234,906
Amounts due to subsidiaries	21	0	0	0	10,761,419
Borrowings (interest bearing)	24	43,370,260	55,068,198	26,278,938	31,644,111
Bank overdrafts	25	33,858,697	37,620,911	30,267,815	35,664,490
Current tax liabilities		282,494	984,391	0	207,731
		125,763,108	142,892,965	62,869,163	86,512,657
Net current assets		235,650,080	238,698,110	228,862,820	224,688,446
Less: Non current liabilities					
Borrowings (interest bearing)	24	44,262,464	41,518,311	24,808,595	17,104,483
Deferred tax liabilities	26	7,305,309	5,982,382	7,482,767	5,829,113
		51,567,773	47,500,693	32,291,362	22,933,596
		311,325,823	309,908,162	279,268,655	278,982,478
Capital and reserves attributable to equity holders of the Company					
Share capital	27	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	27	(2,238,624)	(2,237,137)	(2,238,624)	(2,237,137)
Revaluation reserves	28	6,508,674	7,198,677	6,508,674	6,865,267
Retained earnings		100,805,773	98,696,622	68,748,605	68,104,348
Total equity		311,325,823	309,908,162	279,268,655	278,982,478

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2007

		Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	
	Note	Number of shares	Nominal value	Treasury shares	Revaluation reserves	Retained earnings	Total
At 1 July 2005							
- as previously reported		206,250,000	206,250,000	(1,264,198)	7,198,677	91,386,060	303,570,539
Effect of adopting FRS 116	37	0	0	0	0	(588,925)	(588,925)
- as restated		206,250,000	206,250,000	(1,264,198)	7,198,677	90,797,135	302,981,614
Profit for the financial year		0	0	0	0	7,899,487	7,899,487
Purchase of treasury shares	27	0	0	(972,939)	0	0	(972,939)
At 30 June 2006		206,250,000	206,250,000	(2,237,137)	7,198,677	98,696,622	309,908,162
At 1 July 2006							
- as previously reported		206,250,000	206,250,000	(2,237,137)	7,198,677	99,285,547	310,497,087
Effect of adopting:							
- FRS 116	37	0	0	0	0	(588,925)	(588,925)
- FRS 140	37	0	0	0	(891,386)	(1,452,506)	(2,343,892)
- as restated		206,250,000	206,250,000	(2,237,137)	6,307,291	97,244,116	307,564,270
Reversal of deferred tax liabilities in respect of hotel properties	28	0	0	0	201,383	0	201,383
Income recognised directly into equity	26	0	0	0	201,383	0	201,383
Profit for the financial year		0	0	0	0	3,561,657	3,561,657
Total recognised income and expenses for the financial year		0	0	0	201,383	3,561,657	3,763,040
Purchase of treasury shares	27	0	0	(1,487)	0	0	(1,487)
At 30 June 2007		206,250,000	206,250,000	(2,238,624)	6,508,674	100,805,773	311,325,823

Company Statement of Changes in Equity

For the financial year ended 30 June 2007

		Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	
	Note	Number of shares	Nominal value	Treasury shares	Revaluation reserves	Retained earnings	Total
At 1 July 2005							
- as previously reported		206,250,000	206,250,000	(1,264,198)	6,865,267	63,709,472	275,560,541
Effect of adopting FRS 116	37	0	0	0	0	(588,925)	(588,925)
- as restated		206,250,000	206,250,000	(1,264,198)	6,865,267	63,120,547	274,971,616
Profit for the financial year		0	0	0	0	4,983,801	4,983,801
Purchase of treasury shares	27	0	0	(972,939)	0	0	(972,939)
At 30 June 2006		206,250,000	206,250,000	(2,237,137)	6,865,267	68,104,348	278,982,478
At 1 July 2006							
- as previously reported		206,250,000	206,250,000	(2,237,137)	6,865,267	68,693,273	279,571,403
Effect of adopting:							
- FRS 116	37	0	0	0	0	(588,925)	(588,925)
- FRS 140	37	0	0	0	(557,976)	(1,705,196)	(2,263,172)
- as restated		206,250,000	206,250,000	(2,237,137)	6,307,291	66,399,152	276,719,306
Reversal of deferred tax liabilities in respect of hotel properties	28	0	0	0	201,383	0	201,383
Income recognised directly into equity	26	0	0	0	201,383	0	201,383
Profit for the financial year		0	0	0	0	2,349,453	2,349,453
Total recognised income and expenses for the financial year		0	0	0	201,383	2,349,453	2,550,836
Purchase of treasury shares	27	0	0	(1,487)	0	0	(1,487)
At 30 June 2007		206,250,000	206,250,000	(2,238,624)	6,508,674	68,748,605	279,268,655

Cash Flow Statements

For the financial year ended 30 June 2007

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Operating activities					
Profit for the financial year		3,561,657	7,899,487	2,349,453	4,983,801
Adjustments to reconcile profit for the financial year to cash from operations:					
Allowance for foreseeable loss		0	561,523	0	0
Dividend income		0	0	(3,750,000)	0
Property, plant and equipment					
- depreciation	8	2,219,246	2,406,041	1,347,420	1,123,623
- written off	8	5,819	76,784	1,614	4,772
- gain on disposals	8	(181,295)	(482,594)	(129,987)	(118,085)
Interest income	7	(302,566)	(652,584)	(542,753)	(1,242,316)
Interest expenses	7	6,623,358	6,468,643	5,546,898	5,456,803
Impairment of investment in subsidiary		0	0	1,553,000	0
Tax	12	1,186,472	4,150,460	268,269	2,197,202
		13,112,691	20,427,760	6,643,914	12,405,800
Changes in working capital:					
- property development cost		3,457,510	14,615,868	(646,254)	24,955,775
- inventories		6,788,135	(14,253,794)	3,306,293	(16,151,498)
- receivables, deposits and prepayments		15,782,928	(5,502,893)	13,145,222	(4,463,443)
- payables		(967,808)	1,764,948	(1,912,494)	(297,241)
- amounts with subsidiaries		0	0	(573,291)	(8,347,890)
Cash from operations		38,173,456	17,051,889	19,963,390	8,101,503
Interest received		302,566	652,584	542,753	1,242,316
Interest paid	7	(8,999,176)	(9,096,569)	(5,832,976)	(5,781,058)
Tax paid		(3,997,741)	(4,523,425)	(1,835,188)	(2,737,297)
Tax refunded		300,691	0	0	0
Net cash flow from operating activities		25,779,796	4,084,479	12,837,979	825,464
Investing activities					
Property, plant and equipment					
- additions	14	(809,339)	(1,289,515)	(570,159)	(428,047)
- proceeds from disposals		403,178	492,231	152,500	119,012
Additions to investment in subsidiaries		0	0	(4)	0
Additions to land held for property development		(8,899,974)	(32,283)	(7,671,053)	(420)
Net cash flow used in investing activities		(9,306,135)	(829,567)	(8,088,716)	(309,455)

	Note	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Financing activities					
Purchase of treasury shares	27	(1,487)	(972,939)	(1,487)	(972,939)
Proceeds from bank borrowings		93,733,376	74,684,380	68,945,373	65,634,550
Repayments of bank borrowings		(102,488,542)	(82,350,980)	(66,544,058)	(69,690,009)
Finance lease principal payments		(471,521)	(551,900)	(215,279)	(385,783)
Net cash flow (used in)/from financing activities		(9,228,174)	(9,191,439)	2,184,549	(5,414,181)
Net increase/(decrease) in cash and cash equivalents		7,245,487	(5,936,527)	6,933,812	(4,898,172)
Cash and cash equivalents					
- at start of financial year		(32,691,998)	(26,755,471)	(33,839,799)	(28,941,627)
- at end of financial year	30	(25,446,511)	(32,691,998)	(26,905,987)	(33,839,799)

The principal non-cash transactions during the financial year are as follows:-

(i) acquisition of property, plant and equipment by means of finance leases (Note 14).

(ii) dividend income receivable from subsidiaries amounting to RM3,750,000 in respect of the financial year ended 30 June 2007, which were settled via the intercompany account.

Notes to the Financial Statements

For the financial year ended 30 June 2007

1 GENERAL INFORMATION

The principal activities of the Company consist of investment holding, property development and hotel operations. The principal activities of the Group consist of property development, letting of properties, provision of project management, road construction and landscaping services, manufacturing of concrete products and furniture, and trading of building materials.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Board of Bursa Malaysia Securities Berhad.

The principal place of business and the address of the registered office of the Company are located at 7th Floor, Plaza BCB (Hotel Tower Block), 20 Jalan Bakawali, 86000 Kluang, Johor Darul Takzim.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's overall financial risk management objective is to optimise the value creation for its shareholders. In addition, the Group seeks to ensure that adequate financial resources are available for the Group's business operations whilst managing its risk.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's interest rate risk relates primarily to the Group's debt obligations.

The Group actively reviews its debt portfolio, taking into account the nature and requirements of its businesses as well as the current business and economic environment. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and to achieve an optimum cost of capital whilst also looking into long term funding rates for long term investments.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Cash flow risk is the risk that future cash flow associated with a financial instrument will fluctuate.

The Group actively manages its debts maturity profile, operating cash flow and the availability of funding so as to ensure that all operating, investing and financing needs are met. As part of its overall prudent liquidity management, the Group forecasts its cash commitments, monitors and maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group strives to maintain available banking facilities at a reasonable level against its overall debt position.

(c) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to credit risk mainly from trade receivables. The Group extends credit to its customers based upon careful evaluation of the customers' creditworthiness. Trade receivables are monitored on an ongoing basis via the Group's management reporting procedures. If necessary, the Group may obtain collaterals/assignments as a mean of mitigating the risk of default.

(d) Foreign currency exchange risk

Foreign currency exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency exchange risk (Cont'd)

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by subsidiaries. The currency giving rise to the risk is primarily US Dollar.

The movement in the exchange rate of US Dollar is closely monitored with a view of competitive rate is secured to minimise the foreign exchange risk in relation to transactions entered. The Group does not hedge nor speculate in foreign currency derivatives.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared in accordance with the provisions of the Companies Act 1965 and Financial Reporting Standards ("FRS"), the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities.

The financial statements have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies. For example, land and buildings and investment properties are stated at fair value.

The preparation of financial statements in conformity with the MASB Approved Accounting Standards in Malaysia for Entities Other than Private Entities requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(i) Standards, amendments to published standards and interpretations that are effective.

The new accounting standards, amendments to published standards and IC Interpretations to existing standards that are effective for the Company's financial year beginning on or after 1 July 2006 are as follows:

- FRS 1 First-time Adoption of Financial Reporting Standards
- FRS 2 Share-based Payment
- FRS 3 Business Combinations
- FRS 5 Non Current Assets Held for Sale and Discontinued Operations
- FRS 101 Presentation of Financial Statements
- FRS 102 Inventories
- FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- FRS 110 Events After the Balance Sheet Date
- FRS 116 Property, Plant and Equipment
- FRS 121 The Effect of Changes in Foreign Exchange Rates
- FRS 127 Consolidated and Separate Financial Statements
- FRS 128 Investment in Associates
- FRS 131 Interests in Joint Ventures
- FRS 132 Financial Instruments: Disclosure and Presentation

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

(i) Standards, amendments to published standards and interpretations that are effective. (Cont'd)

- FRS 133 Earnings Per Share
- FRS 136 Impairment of Assets
- FRS 138 Intangible Assets
- FRS 140 Investment Property
- IC 107 Introduction of the Euro
- IC 110 Government Assistance – No Specific Relation to Operating Activities
- IC 112 Consolidation – Special Purpose Entities
- IC 113 Jointly Controlled Entities – Non-Monetary Contribution by Ventures
- IC 115 Operating Leases – Incentives
- IC 121 Income Taxes – Recovery of Revalued Non-Depreciable Assets
- IC 125 Income Taxes – Changes in the Tax Status of an Entity or its Shareholders
- IC 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- IC 129 Disclosure – Service Concession Arrangements
- IC 131 Revenue – Barter Transactions Involving Advertising Services
- IC 132 Intangible Assets – Web Site Costs

All changes in accounting policies have been made in accordance with the transaction provisions in the respective standards, amendments to published standards and interpretations. All standards, amendments and interpretations adopted by the Group require retrospective application other than:

- FRS 2 - retrospective application for all equity instruments granted after 31 December 2004 and not vested at financial period beginning on/after 1 July 2006
- FRS 3 - prospectively for business combinations for which the agreement date is or on after 1 January 2006
- FRS 5 - prospectively to non-current assets (or disposal groups) that meet the criteria to be classified as held for sale and to operations that meet the criteria to be classified as discontinued on/after 1 July 2006
- FRS 116 - the exchange of property, plant and equipment is accounted at fair value prospectively
- FRS 121 - prospective accounting for goodwill and fair value adjustments as part of foreign operations
- FRS 136 & 138 - applies to goodwill and intangible assets acquired in business combinations for which the agreement date is on or after 1 January 2006 and all other assets prospectively from financial period beginning on or after 1 July 2006.
- FRS 140 - prospective accounting for investment properties at fair value

A summary of the impact of the new accounting standards, amendments to published standards and interpretations to existing standards on the financial statements of the Group and Company is set out in Note 37.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted.

The new standards, amendments to published standards and interpretations that a mandatory for the Group's financial periods beginning on or after 1 July 2007 or later periods, but which the Group has not early adopted, are as follows:

- FRS 117 Leases (effective for accounting periods beginning on or after 1 October 2006). The Group will apply this standard from financial periods beginning on 1 July 2007. The Group has applied the transitional provision in FRS 117 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group but not yet effective and have not been early adopted. (Cont'd)

- FRS 124 Related Party Disclosures (effective for accounting periods beginning on or after 1 October 2006). The Group will apply this standard from financial periods beginning 1 July 2007. The Group has applied the transitional provision in FRS 124 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

- FRS 112 Income Taxes (effective for accounting periods beginning on or after 1 July 2007). This revised standard removes the requirements that prohibit recognition of deferred tax on unutilised reinvestment allowances or other allowances in excess of capital allowances. The Group will apply this standard from financial periods beginning on 1 July 2007.

- FRS 139 Financial Instruments: Recognition and Measurement (effective date yet to be determined by the Malaysian Accounting Standards Board). The Group will apply this standard when effective. The Group has applied the transitional provision in FRS 139 which exempts entities from disclosing the possible impact arising from the initial application of this standard on the financial statements of the Group and Company.

- Other revised standards (effective for accounting periods beginning on or after 1 July 2007) that have no significant changes compared to the original standards:
  - FRS 107 Cash Flow Statement
  - FRS 111 Construction Contracts
  - FRS 118 Revenue
  - FRS 137 Provisions, Contingent Liabilities and Contingent Assets

The Group will apply these standards from financial periods beginning on 1 July 2007.

(iii) Standards that are not yet effective and not relevant for the Group's operations

- FRS 6 Exploration for and Evaluation of Mineral Resources (effective for accounting periods beginning on or after 1 January 2007).

- Amendment to FRS 119 Employee Benefits – Actuarial Gains and Losses, Group Plans and Disclosures (effective for accounting periods beginning on or after 1 January 2007). This amendment introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined accounting. It also adds new disclosure requirements. Amendment to FRS 119 is not relevant to the Group operations as the Group does not have any defined benefit plan.

- Amendment to FRS 121- The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operations (effective for accounting periods beginning on or after 1 July 2007). This amendment requires exchange differences on monetary items that form part of the net investment in a foreign operation to be recognised in equity instead of in profit or loss regardless of the currency in which these items are denominated in. The Group will apply this amendment from financial periods beginning on 1 July 2007.

- FRS 120 Accounting for Government Grants and Disclosure of Government Assistance (effective for accounting periods beginning on or after 1 July 2007). This revised standard allows the alternative treatment of recording non-monetary government grant at nominal amount on initial recognition.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Basis of preparation (Cont'd)

(iii) Standards that are not yet effective and not relevant for the Group's operations. (Cont'd)

- IC Interpretation 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (effective for accounting periods beginning on or after 1 July 2007). This interpretation deals with changes in the estimated timing or amount of the outflow of resources required to settle the obligation, or a change in the discount rate.

- IC Interpretation 2 Members' Shares in Co-operative Entities and Similar Instruments (effective for accounting periods beginning on or after 1 July 2007). This interpretation deals with liability or equity classification of financial instruments which give the holder the right to request redemption, but subject to limits on whether it will be redeemed.

- IC Interpretation 5 Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds (effective for accounting periods beginning on or interests arising from decommissioning funds. The Group will apply this IC Interpretation from financial periods beginning on 1 July 2007.

- IC Interpretation 6 Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment (effective for accounting periods beginning on or after 1 July 2007). This interpretation provides guidance on the recognition, in the financial statements of the procedures, or liabilities for waste management under the European Union Directive in respect of sales of historical household equipment.

- IC Interpretation 7 Applying the Restatement Approach under FRS 129 Financial Reporting in Hyperinflationary Economies (effective for accounting periods beginning on or after 1 July 2007). This interpretation provides guidance on how to apply the requirements of FRS 129 in a reporting period in which an entity identifies the existence of hyperinflationary in the economy of its functional currency, when that economy was not hyperinflationary in the prior period.

- IC Interpretation 8 Scope of FRS 2 (effective for accounting period beginning on or after 1 July 2007). This interpretation clarifies that FRS 2 Share-based Payment applies even in the absence of specifically identifiable goods and services.

(b) Subsidiaries

Subsidiaries are those corporations, in which the Group has power to exercise control over the financial and operating policies so as to obtain benefits from their activities. Generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or controls another entity.

Subsidiaries are consolidated using the purchase method of accounting.

Under the purchase method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases. The cost of an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Identified assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's shares of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly on the income statement.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries (Cont'd)

Minority interest represent that portion of the profit or loss and net assets of a subsidiary attributable to equity interests that are not owned, directly or indirectly through subsidiaries, by the parent. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since that date.

Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group's share of its net assets as of the date of disposal including the cumulative amount of any exchange differences that relate to the subsidiary is recognised in the consolidated income statement.

(c) Investments

Investments in subsidiaries are shown at cost. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(e) on impairment of non-financial assets.

On disposal of an investment, the difference between net disposal proceeds and its carrying amount is charged/credited to income statement.

(d) Property, plant and equipment

Hotel properties comprise leasehold land, hotel buildings and their integral plant and machinery.

Leasehold hotel properties are initially stated at cost and are subsequently stated at fair value based on periodic valuation by independent professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. It is the Group's policy to revalue all its hotel properties once in every five years and at shorter intervals whenever the fair value of the revalued hotel properties is expected to differ materially from their carrying value based on open market value on an existing use basis. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Surpluses arising on revaluation are credited to revaluation reserve except that a surplus, to the extent that such surplus is related to and not greater than a deficit arising on revaluation previously recorded as an expense, is credited to the income statement. Deficits arising from revaluation are charged against the revaluation reserve to the extent of the surplus previously held in the revaluation reserve for the same asset. In all other cases, a decrease in carrying amount is charged to the income statement.

Freehold land is not depreciated as it has an infinite life. Other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(d) Property, plant and equipment (Cont'd)

Property, plant and equipment are depreciated on the straight line basis to write off the cost of the assets, or their revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

	Years
Leasehold land and buildings of the hotel properties	over lease period
Hotel properties	over lease period
Buildings on freehold land	50
Plant and machinery	5
Motor vehicles	5
Renovation	6.67 – 50
Furniture, fittings, office and site equipment	5 – 10
Electrical and kitchen equipment	10

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each balance sheet date.

As disclosed in Note 37(a), the Group revised the useful life and residual value of its hotel properties at the balance sheet date. The revision was accounted for as a change in accounting estimate and resulted in an additional depreciation charge of RM365,478 being recognised during the financial year.

At each balance sheet date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note 3(e) on impairment of non-financial assets.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in profit before tax. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(e) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment losses whenever events of changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there is separately identifiable cash flows. Non current assets that suffered an impairment are reviewed for possible reversal of the impairment at each balance sheet date.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Any subsequent increase in recoverable amount is recognised in the income statement unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(f) Investment properties

Investment properties, comprising principally retail space in a shopping complex, are held for long term rental yields and are not occupied by the Group. These properties are stated at fair value, representing open-market value determined annually by external valuers. Fair value is based on active market price, adjusted, if necessary for any differences in the nature, location or condition of the specific asset. These valuations are reviewed annually by a registered valuer. Changes in fair values are recorded in the income statement as part of other income.

On disposal of an investment property, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal, it is derecognised. The difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement in the period of the retirement or disposal.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Land held for property development

Land held for property development consist of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Such land is classified as non-current asset and is stated at cost less accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies. Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(e) on impairment of non-financial assets.

Land held for property development is transferred to property development cost (under current assets) when development activities have commenced and where the development activities can be completed within the Group normal operating cycle.

(h) Property development costs

Property development costs comprise costs associated with the acquisition of land and all costs directly attributable to development activities or that can be allocated on a reasonable basis to these activities.

When the outcome of the development activity can be estimated reliably, property development revenue and expenses are recognised by using the stage of completion method. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of projects.

When the outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, property development costs on the development units sold are recognised when incurred.

Irrespective of whether the outcome of a property development activity can be estimated reliably, when it is probable that total property development costs (including expected defect liability expenditure) will exceed total property development revenue, the expected loss is recognised as an expense immediately.

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

Where revenue recognised in the income statement exceed billings to purchasers the balance is shown as accrued billings under receivables, deposits and prepayments (within current assets). Where billings to purchasers exceed revenue recognised in the income statement, the balance is shown as progress billings under payables (within current liabilities).

(i) Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the benefits and risks of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate of interest on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance charge is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Property, plant and equipment acquired under finance leases in depreciated over the shorter of the estimated useful life of the asset and the lease term.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of completed development properties comprises proportionate land and development expenditure determined on the specific identification basis. Cost of food and beverages and general supplies comprises the purchase price and other directly attributable cost determined on a weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

(k) Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by using the stage of completion method. The stage of completion is measured by reference to the survey of work performed.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable; contract costs are recognised when incurred.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amounts due from customers on construction contracts under receivables, deposits and prepayments (within current assets). Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on construction contracts under payables (within current liabilities).

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

(l) Trade receivables

Trade receivables are carried at invoiced amount less an allowance for doubtful debts. The allowance is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables.

(m) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and short-term, highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

(n) Income taxes

Current tax expense is determined according to the Malaysian tax laws and include all taxes based upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(n) Income taxes (Cont'd)

Deferred tax assets are recognised to the extent that is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is recognised on temporary differences arising on investments in subsidiaries, associates and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax as realised or the deferred tax liability is settled.

(o) Employee benefits

(i) Short term employee benefits

Wages, salaries and paid annual leave are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plans

A defined contributions plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group contributes to the Employees Provident Fund, the national defined contribution plan. The contribution is charged to the income statement in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(p) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable, net of discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Revenue earned by the Group and the Company are recognised on the following basis:

- Revenue from sale of development properties is recognised net of discounts, based on the percentage of completion method. The stage of completion is measured by reference to the value of work certified to date as a percentage of the total value of the projects.

- Revenue from sale of completed properties is recognised net of discounts, in accordance with the terms of the sale and purchase agreements.

- Rental income is recognised on receivable basis.

- Revenue from construction contracts is recognised based on the percentage of completion method. The stage of completion is measured by reference to the survey of work performed.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) Revenue recognition (Cont'd)

(i) Revenue earned by the Group and the Company are recognised on the following basis: (Cont'd)

- Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.
- Project management services are recognised upon performance of services, net of service taxes and discounts.
- Hotel operations revenue comprise rental of hotel rooms, sale of food and beverages and other hotel related income, and is recognised on an accrual basis, net of service and sales taxes.

(ii) Other revenues earned by the Group and the Company are recognised on the following basis:

- Interest income is recognised on time proportion basis, taking into accounts the principal outstanding and the effective rate over the period of maturity, when it is determined that such income will accrue to the Group.
- Dividend income is recognised when the Group's right to receive payment is established

(q) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(r) Share capital

(i) Classification

Ordinary shares are classified as equity.

Distribution to holders of a financial instrument is charged directly to equity.

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities, in the period in which they are declared.

(iii) Purchase of own shares

Where the Company or its subsidiaries purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental external costs, net of tax, is deducted from total shareholders' equity as treasury shares until they are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental external costs and the related tax effects, is included in shareholders' equity.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Borrowings

(i) Classification

Borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transactions costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Interest, dividends, losses and gains relating to a financial instrument, or a component part, classified as a liability is reported within finance cost in the income statement.

Borrowings are classified as current liabilities unless the Group has an unconditional rights to defer settlement of the liability for at least 12 months after the balance sheet date.

(ii) Capitalisation of borrowing cost

Borrowing costs incurred to finance property development activities are capitalised as part of the costs of the assets during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed.

(t) Contingent liabilities and contingent assets

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

(u) Financial instruments

(i) Description

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset from another enterprise, a contractual right to exchange financial instruments with another enterprise under conditions that are potentially favourable, or an equity instrument of another enterprise.

A financial liability is a contractual obligation to deliver cash or another financial asset to another enterprise, or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Financial instruments recognised on the balance sheet

The particular recognition method adopted for financial instruments recognised on the balance sheet is disclosed in the individual policy statements associated with each item.

(iii) Fair value estimation for disclosure purposes

The face values of financial assets, (less any estimated credit adjustments) and financial liabilities with a maturity of less than one year are assumed to approximate their fair values.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. A business segment is a group of assets and operations engaged in providing products or services that are subject to risk and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those components.

Segment revenue, expense, assets and liabilities are those amounts resulting from the operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and segment liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such intragroup balances and transactions are between group enterprises within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the Directors and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions made that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) <u>Estimated impairment of property development costs</u>

The Group tests property development costs for impairment annually in accordance with its accounting policy stated in Note 3(e).

The recoverable amounts of the development properties are determined based on the fair value less costs to sell.

The Group uses the selling price of the assets as the basis of its fair value. The selling price is based on the best information available to reflect the amount that the Group could obtain, at the balance sheet date, from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

As the recoverable amount of the assets is higher than its carrying value, no additional impairment loss was recognised for the year ended 30 June 2007.

(ii) <u>Construction contract and revenue recognition</u>

The Group recognised construction contract revenue and expenses in the income statement using the stage of completion method. The stage of completion is determined by the survey of work performed.

Significant judgement is required in determining the stage of completion, the extent of the costs incurred and the estimated total revenue and costs, as well as recoverability of the construction projects. In making the judgement, the company evaluates based on past experience, external economic factors and by relying on the work of specialists.

(b) Critical judgment in applying the entity's accounting policies

There were no critical judgments used in applying the Group accounting policies.

5 REVENUE

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Property development	79,670,471	86,633,752	31,013,599	45,790,842
Project management services	937,253	1,305,205	0	0
Hotel operations revenue	8,818,028	8,599,916	8,818,028	8,599,916
Sales of goods	15,776,519	13,459,845	0	0
Construction contracts	11,838,376	9,423,808	0	0
Rental income	3,058,804	3,471,557	2,602,288	3,308,647
Dividend income from subsidiaries	0	0	3,750,000	0
	120,099,451	122,894,083	46,183,915	57,699,405

6 COST OF SALES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Property development	56,298,192	61,042,811	17,708,420	31,216,722
Hotel operations cost	2,348,112	2,235,408	2,348,112	2,235,408
Cost of completed properties sold	6,506,202	3,848,714	5,805,001	2,241,740
Cost of inventories sold	13,973,946	12,113,852	0	0
Construction contract costs	8,071,461	4,564,787	0	0
	87,197,913	83,805,572	25,861,533	35,693,870

7 FINANCE COST

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Finance cost				
Interest expenses:				
- term loans/bridging loans	3,939,179	4,238,003	1,811,481	1,767,345
- short term borrowings	4,430,300	4,350,431	3,827,163	3,804,682
- finance leases	47,020	72,800	24,087	55,356
- others	582,677	435,335	170,245	153,675
	8,999,176	9,096,569	5,832,976	5,781,058
Less interest capitalised:				
- land held for property development (Note 16)	(871,884)	(773,481)	0	0
- property development costs (Note 18)	(1,503,934)	(1,854,445)	(286,078)	(324,255)
	6,623,358	6,468,643	5,546,898	5,456,803
Finance income				
- interest income	(302,566)	(652,584)	(542,753)	(1,242,316)
Net finance cost	6,320,792	5,816,059	5,004,145	4,214,487

8 PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at profit before tax:

		Group		Company	
		2007	2006	2007	2006
	Note	RM	RM	RM	RM
Allowance for obsolete inventories		0	21,379	0	0
Allowance for foreseeable losses		0	561,523	0	0
Auditors' remuneration	9	127,715	114,000	59,200	50,000
Directors' remuneration	11	2,578,751	2,513,125	1,080,817	1,010,566
Hire charges of machinery		466,738	730,441	0	0
Inventories write off		0	25,392	0	0
Impairment of investment in a subsidiary		0	0	1,553,000	0
Material costs		37,253,978	41,145,036	0	0
Net exchange losses/(gain)		103,837	2,383	(3,602)	(4,192)
Property, plant and equipment:					
- depreciation		2,219,246	2,406,041	1,347,420	1,123,623
- write off		5,819	76,784	1,614	4,772
- gain on disposals		(181,295)	(482,594)	(129,987)	(118,085)
Investment properties					
- rental income		(1,639,163)	(1,639,363)	(1,609,163)	(1,609,163)
- assessment and quit rent		51,352	50,440	49,201	48,288
Rental of premises		230,515	197,840	192,000	96,000
Staff costs	10	8,508,722	8,728,507	4,192,235	4,256,208
Subcontractors' costs		27,908,838	26,239,398	0	0

9 AUDITORS' REMUNERATION

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
PricewaterhouseCoopers Malaysia firm				
Statutory audit (Note 8):				
Current year	123,790	113,000	56,700	50,000
Under accruals in prior financial year	3,925	1,000	2,500	0
	127,715	114,000	59,200	50,000
Fee for other services:				
Current year:				
- tax compliance work	14,250	15,800	14,250	15,800
- other non-audit services	58,000	0	58,000	0
	72,250	15,800	72,250	15,800
Total remuneration	199,965	129,800	131,450	65,800

10 STAFF COSTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Wages, salaries and bonus	7,368,968	7,507,790	3,522,628	3,602,048
Defined contribution retirement plan	743,788	808,409	360,359	353,500
Other employee benefits	395,966	412,308	309,248	300,660
	8,508,722	8,728,507	4,192,235	4,256,208

11 DIRECTORS' REMUNERATION

The Directors of the Company in office during the financial year are as follows:

Independent Non-executive Directors

Dato' Ismail bin Yusof
Sofian bin Arshad
Ash'ari bin Ayub
Syed Abdullah bin A. Hamid

Executive Directors

Dato' Tan Seng Leong
Tan Lay Kim
Tan Lay Hiang
Tan Vin Sern
Tan Seng Hong (resigned on 14 March 2007)

The aggregate amount of emoluments receivable by Directors of the Company during the financial year is as follows:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Non-executive Directors:				
- fees	168,000	160,500	168,000	160,500
Executive Directors:				
- basic salaries and bonus	2,038,330	1,991,450	782,652	728,880
- defined contribution retirement plan	372,421	361,175	130,165	121,186
	2,578,751	2,513,125	1,080,817	1,010,566

The estimated money value of benefits in kind paid to Directors of the Group and the Company during the financial year amounting to RM66,449 (2006: RM87,300).

12 TAX

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Current tax				
- current financial year	1,931,759	3,666,388	576,790	1,732,724
- under accrual in prior financial years	74,295	151,392	99,614	148,365
	2,006,054	3,817,780	676,404	1,881,089
Deferred tax (Note 26)				
- current financial year	(840,536)	465,235	(421,663)	448,325
- over accrual in prior financial years	20,954	(132,555)	13,528	(132,212)
	(819,582)	332,680	(408,135)	316,113
	1,186,472	4,150,460	268,269	2,197,202

12 TAX (CONT'D)

The explanation of the relationship between tax and profit before tax is as follows:

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Numerical reconciliation between the average effective tax rate and the Malaysian income tax rate				
Malaysia income tax rate	27.0	28.0	27.0	28.0
Tax effects of:				
- different tax rates apply to different levels of taxable income	(1.8)	(1.3)	0	0
- income not subject to tax	(0.2)	0	(25.0)	0
- utilisation of investment tax allowance	(2.5)	(0.7)	(4.5)	(1.3)
- deferred tax assets not recognised	2.7	4.2	0	0
- expenses not deductible for tax purposes	6.6	4.1	24.0	3.7
- under/(over) accrual in prior financial years:				
- current tax	1.6	1.2	3.8	2.0
- deferred tax	0.4	(1.1)	0.5	(1.8)
- change in tax rate	(8.9)	0	(15.5)	0
Average effective tax rate	24.9	34.4	10.3	30.6

There are sufficient Section 108 tax credit and tax exempt account to frank all the retained earnings of the Company as at 30 June 2007 if paid out as dividends.

13 BASIC EARNINGS PER SHARE

Basic earnings per share of the Group is calculated by dividing the profit attributable to ordinary equity holders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year, excluding ordinary shares purchased by the Company and held as treasury shares (Note 27).

	Group	
	2007	2006
	RM	RM
Profit for the financial year (RM)	3,561,657	7,899,487
Weighted average number of ordinary shares in issue	201,887,317	202,489,267
Basic earnings per share (sen)	1.76	3.90

14 PROPERTY, PLANT AND EQUIPMENT

Group

2007	Hotel property RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture, fittings, office and site equipment RM	Electrical and kitchen equipment RM	Total RM
At 1 July 2006									
At cost	0	5,491,901	13,647,641	5,026,809	7,746,344	5,517,429	7,718,440	3,593,666	48,742,230
At valuation	31,796,564	0	0	0	0	0	0	0	31,796,564
Additions	0	0	0	23,262	445,040	126,297	386,959	100,681	1,082,239
Disposals	0	(48,144)	(161,442)	(12,659)	(651,427)	0	(4,800)	0	(878,472)
Write off	0	0	0	(10,838)	0	(38,776)	(17,797)	0	(67,411)
At 30 June 2007	31,796,564	5,443,757	13,486,199	5,026,574	7,539,957	5,604,950	8,082,802	3,694,347	80,675,150
Accumulated depreciation									
At 1 July 2006	0	0	1,750,303	4,738,132	6,146,003	4,618,463	6,238,025	3,150,489	26,641,415
Charge for the financial year	365,478	0	268,776	167,393	671,776	204,728	420,725	120,370	2,219,246
Disposals	0	0	(23,629)	(12,657)	(618,423)	0	(1,880)	0	(656,589)
Write off	0	0	0	(10,838)	0	(38,771)	(11,983)	0	(61,592)
At 30 June 2007	365,478	0	1,995,450	4,882,030	6,199,356	4,784,420	6,644,887	3,270,859	28,142,480
Net book value									
30 June 2007	31,431,086	5,443,757	11,490,749	144,544	1,340,601	820,530	1,437,915	423,488	52,532,670

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group

2006	Hotel property RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture, fittings, office and site equipment RM	Electrical and kitchen equipment RM	Other equipment RM	Total RM
At 1 July 2005										
At cost	0	5,400,191	13,439,606	5,897,834	7,768,638	5,439,180	7,545,890	3,478,367	588,925	49,558,631
At valuation	31,796,564	0	0	0	0	0	0	0	0	31,796,564
Additions	0	244,800	291,860	38,114	850,714	78,249	306,479	115,299	0	1,925,515
Disposals	0	(169,090)	(83,825)	(863,060)	(868,071)	0	(12,910)	0	0	(1,996,956)
Write off	0	0	0	(46,079)	(4,937)	0	(121,019)	0	(588,925)	(760,960)
Adjustment	0	16,000	0	0	0	0	0	0	0	16,000
At 30 June 2006	31,796,564	5,491,901	13,647,641	5,026,809	7,746,344	5,517,429	7,718,440	3,593,666	0	80,538,794
Accumulated depreciation										
At 1 July 2005	0	0	1,485,984	4,954,640	6,390,641	4,398,248	5,840,125	2,884,006	0	25,953,644
Charge for the financial year	0	0	279,580	531,539	609,880	220,215	498,344	266,483	0	2,406,041
Disposals	0	0	(15,261)	(741,422)	(854,353)	0	(11,983)	0	0	(1,623,019)
Write off	0	0	0	(6,625)	(165)	0	(88,461)	0	0	(95,251)
At 30 June 2006	0	0	1,750,303	4,738,132	6,146,003	4,618,463	6,238,025	3,150,489	0	26,641,415
Net book value										
30 June 2006	31,796,564	5,491,901	11,897,338	288,677	1,600,341	898,966	1,480,415	443,177	0	53,897,379

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

2007	Hotel property RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture, fittings, office and site equipment RM	Electrical and kitchen equipment RM	Total RM
At 1 July 2006									
At cost	0	2,256,097	10,442,406	1,171,107	3,873,722	3,998,069	4,796,337	3,593,666	30,131,404
At valuation	31,796,564	0	0	0	0	0	0	0	31,796,564
Additions	0	0	0	0	169,900	126,297	326,181	100,681	723,059
Disposals	0	0	0	0	(466,427)	0	0	0	(466,427)
Write off	0	0	0	0	0	0	(2,928)	0	(2,928)
At 30 June 2007	31,796,564	2,256,097	10,442,406	1,171,107	3,577,195	4,124,366	5,119,590	3,694,347	62,181,672
Accumulated depreciation									
At 1 July 2006	0	0	1,534,917	1,161,935	3,106,606	3,785,230	4,327,702	3,150,489	17,066,879
Charge for the financial year	365,478	0	208,848	5,379	398,210	60,594	188,541	120,370	1,347,420
Disposals	0	0	0	0	(443,914)	0	0	0	(443,914)
Write off	0	0	0	0	0	0	(1,314)	0	(1,314)
At 30 June 2007	365,478	0	1,743,765	1,167,314	3,060,902	3,845,824	4,514,929	3,270,859	17,969,071
Net book value									
30 June 2007	31,431,086	2,256,097	8,698,641	3,793	516,293	278,542	604,661	423,488	44,212,601

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

2006	Hotel property RM	Freehold land RM	Buildings RM	Plant and machinery RM	Motor vehicles RM	Renovation RM	Furniture, fittings, office and site equipment RM	Electrical and kitchen equipment RM	Other equipment RM	Total RM
At 1 July 2005										
At cost	0	2,256,097	10,442,406	1,171,107	4,130,230	3,919,820	4,594,748	3,478,367	588,925	30,581,700
At valuation	31,796,564	0	0	0	0	0	0	0	0	31,796,564
Additions	0	0	0	0	200,000	78,249	214,499	115,299	0	608,047
Disposals	0	0	0	0	(451,571)	0	(12,910)	0	0	(464,481)
Write off	0	0	0	0	(4,937)	0	0	0	(588,925)	(593,862)
At 30 June 2006	31,796,564	2,256,097	10,442,406	1,171,107	3,873,722	3,998,069	4,796,337	3,593,666	0	61,927,968
Accumulated depreciation										
At 1 July 2005	0	0	1,326,068	1,156,479	3,137,700	3,729,592	4,173,130	2,884,006	0	16,406,975
Charge for the financial year	0	0	208,849	5,456	420,642	55,638	166,555	266,483	0	1,123,623
Disposals	0	0	0	0	(451,571)	0	(11,983)	0	0	(463,554)
Write off	0	0	0	0	(165)	0	0	0	0	(165)
At 30 June 2006	0	0	1,534,917	1,161,935	3,106,606	3,785,230	4,327,702	3,150,489	0	17,066,879
Net book value										
30 June 2006	31,796,564	2,256,097	8,907,489	9,172	767,116	212,839	468,635	443,177	0	44,861,089

14 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Net book value of assets under finance leases:				
- motor vehicles	1,092,762	1,312,838	496,221	720,187
Net book value of assets pledged as security for bank borrowings (Note 24):				
- freehold land	4,953,269	5,762,429	1,924,502	1,924,502
- buildings	9,320,692	10,184,441	7,581,881	7,765,007
- hotel properties	31,431,086	31,796,564	31,431,086	31,796,564
	45,705,047	47,743,434	40,937,469	41,486,073

During the financial year, the Group and Company acquired property, plant and equipment with an aggregate cost of RM1,082,239 (2006: RM1,925,515) and RM723,059 (2006: RM608,047) respectively, of which RM272,900 (2006: RM636,000) for the Group and RM152,900 (2006: RM180,000) for the Company were acquired by means of finance leases. Cash payments of RM809,339 (2006: RM1,289,515) and RM570,159 (2006: RM428,047) were made to purchase the assets for the Group and Company respectively.

The hotel property of the Group stated at valuation was last revalued in December 2004 by the following independent qualified valuer, using a combination of the comparison, depreciated replacement cost and investment methods to reflect fair value:

Hj. Sukiman bin Kasmin, member of the Institution of Surveyors, Malaysia, a registered valuer with Henry Butcher, Lim & Long (Kluang) Sdn. Bhd..

The book value of hotel property was adjusted to reflect the revaluations and the resultant surpluses were credited to revaluation reserve.

Net book value of revalued hotel property, had these assets been carried at cost less accumulated depreciation is RM22,771,650 (2006: RM23,036,437).

15 INVESTMENT PROPERTIES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Investment properties				
At start/end of the financial year end	19,482,436	19,482,436	18,762,436	18,762,436
Investment properties pledged as security for borrowings (Note 24)	19,482,436	19,482,436	18,762,436	18,762,436

The fair value of the properties approximated their carrying values based on a valuation by an independent professionally qualified valuer, Hj Sukiman bin Kassim, member of the Institution of Surveyors, Malaysia, a registered valuer with Henry Butcher, Lim & Long (Kluang) Sdn. Bhd., using open-market value method.

16 LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Freehold land including improvements, at cost:				
At start of financial year	45,330,930	68,003,844	804,095	803,675
Additions	8,899,974	951,000	7,671,053	420
Transfer from/(to) property development cost (Note 18)	997,506	(23,623,914)	0	0
At end of financial year	55,228,410	45,330,930	8,475,148	804,095
Land held for property development is pledged as security for borrowings (Note 24)	47,316,862	45,090,435	563,600	536,600

Borrowing cost of the Group amounting to RM871,884 (2006: RM773,481) arising on funds borrowed generally for property development activities, were capitalised during the financial year by applying a capitalisation rate of 7.5% (2006: 7.2%) per annum and are included in additions of land held for property development during the financial year (Note 7).

17 INVESTMENT IN SUBSIDIARIES

	Company	
	2007	2006
	RM	RM
Unquoted shares, at cost	15,500,008	15,500,008
Acquisition of subsidiaries	4	0
Accumulated impairment losses	(4,253,000)	(2,700,000)
	11,247,012	12,800,008

The shares of all subsidiaries are held directly by the Company. Details of subsidiaries are as follows:

Name of company	Group's effective interest 2007	Group's effective interest 2006	Principal activities
	%	%	
Johbase Development Sdn. Bhd.	100	100	Property development and letting of properties
BCB Management Sdn. Bhd.	100	100	Provision of project management services
BCB Construction Sdn. Bhd.	100	100	Provision of project construction services
BCB Concrete Sdn. Bhd.	100	100	Manufacturing of concrete products
BCB Road Builder Sdn. Bhd.	100	100	Provision of road construction services
BCB Furniture Sdn. Bhd.	100	100	Manufacturing of furniture
BCB Development Sdn. Bhd.	100	100	Dormant
BCB Resources Sdn. Bhd.	100	100	Property development
BCB Land Sdn. Bhd.	100	100	Property development
BCB Trading Sdn. Bhd.	100	100	Trading of building materials
BCB Greens Sdn. Bhd.	100	100	Provision of landscaping services
BCB Technologies Sdn. Bhd.	100	100	Dormant
Laser Lagun Sdn. Bhd. #	100	0	Dormant
Luna Starcity Sdn. Bhd. ##	100	0	Dormant

All subsidiaries are incorporated in Malaysia and audited by PricewaterhouseCoopers, Malaysia.

On 8 May 2006, the Company paid RM2 in cash to subscribe for 100% equity interest in this newly incorporated company.

On 21 August 2006, the Company paid RM2 in cash to subscribe for 100% equity interest in this newly incorporated company.

18 PROPERTY DEVELOPMENT COST

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
At start of financial year:				
- land, at cost	75,840,831	68,031,053	33,420,912	42,422,783
- development costs	250,143,110	275,890,060	99,413,588	172,962,180
	325,983,941	343,921,113	132,834,500	215,384,963
Costs incurred during the financial year:				
- transfer (to)/from land held for property development (Note 16)	(997,506)	23,623,914	0	0
- development costs	55,216,500	66,547,264	21,510,429	25,557,886
	54,218,994	90,171,178	21,510,429	25,557,886
Accumulated costs charged to income statement:				
At start of financial year	(118,948,028)	(147,040,931)	(27,726,814)	(85,645,756)
Additions	(56,298,192)	(61,042,811)	(17,708,420)	(31,216,772)
At end of financial year	(175,246,220)	(208,083,742)	(45,435,234)	(116,862,528)
Transfer to inventories	(3,755,568)	(18,972,635)	(2,869,677)	(18,972,635)
Property development costs	201,201,147	207,035,914	106,040,018	105,107,686
At end of financial year:				
- land, at cost	69,782,432	75,840,831	30,293,444	33,420,912
- development costs	269,453,170	250,800,111	93,915,529	99,413,588
- accumulated cost charged to income statement	(138,034,455)	(119,605,028)	(18,168,955)	(27,726,814)
	201,201,147	207,035,914	106,040,018	105,107,686
Property development cost pledged as securities for borrowings (Note 24)	169,213,102	172,470,549	71,987,122	69,885,321

Borrowing costs of the Group and Company amounting to RM1,503,934 and RM286,078 (2006: RM1,854,445 and RM324,255), arising on funds borrowed generally for property development activities, were capitalised during the financial year by applying a capitalisation rate of 7.5% (2006: 7.2%) and 7.8% (2006: 6.8%) per annum for the Group and Company respectively and are included in development cost incurred during the financial year (Note 7).

19 INVENTORIES

	Group 2007 RM	Group 2006 RM	Company 2007 RM	Company 2006 RM
Completed development units	60,623,294	63,791,779	35,965,417	39,318,591
Raw materials	396,839	512,346	0	0
Work in progress	113,724	345,160	0	0
Finished goods	810,019	357,546	0	0
Food and beverages	187,536	163,968	187,536	163,968
General supplies	83,065	59,753	83,065	59,753
Consumable stocks	222,130	238,621	0	0
	62,436,607	65,469,173	36,236,018	39,542,312
Inventories pledged as securities for borrowings (Note 24)	21,632,699	27,148,609	18,325,505	23,473,950

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade receivables	70,147,075	72,314,176	7,124,251	10,158,054
Accumulated impairment losses	(248,659)	(248,659)	0	0
	69,898,416	72,065,517	7,124,251	10,158,054
Amounts due from customers on contracts (Note 31)	6,610,419	10,389,109	0	0
Accrued billings in respect of property development	145,000	0	145,000	0
Other receivables	5,523,800	15,551,696	3,232,071	13,386,130
Deposits	4,456,486	1,369,700	3,984,784	941,389
Prepayments	645,436	3,686,462	386,458	3,532,213
	87,279,557	103,062,484	14,872,564	28,017,786

The currency exposure profile of receivables, deposits and prepayments is as follows:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
- Ringgit Malaysia	87,127,167	102,863,156	14,872,564	28,017,786
- US Dollar	152,390	199,328	0	0
	87,279,557	103,062,484	14,872,564	28,017,786

Credit terms of trade receivables range from payment in advance to 90 days.

Concentrations of credit risk with respect to trade receivables are limited due to the Group's large number of customers. The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Included in trade receivables of the Group are amounts due from related parties of RM3,405,635 (2006: RM477,580).

The amounts due from related parties are interest free, unsecured and have no fixed terms of repayment. The related parties are companies in which certain directors are the Company's Directors.

21 AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2007	**2006**
	RM	**RM**
Amounts due from subsidiaries		
- Johbase Development Sdn. Bhd.	22,518,550	24,912,328
- BCB Management Sdn. Bhd.	532,432	0
- BCB Construction Sdn. Bhd.	8,435,834	0
- BCB Concrete Sdn. Bhd.	3,924,235	2,657,186
- BCB Road Builder Sdn. Bhd.	3,868,772	4,305,176
- BCB Furniture Sdn. Bhd.	4,880,985	5,484,175
- BCB Development Sdn. Bhd.	246,742	242,977
- BCB Resources Sdn. Bhd.	52,901,956	60,440,551
- BCB Land Sdn. Bhd.	7,110,343	7,842,282
- BCB Trading Sdn. Bhd.	25,178,511	29,303,281
- BCB Greens Sdn. Bhd.	298,644	1,509,784
- BCB Technologies Sdn. Bhd.	13,233	10,888
- Laser Lagun Sdn. Bhd.	501	0
- Luna Starcity Sdn. Bhd.	582	0
	129,911,320	136,708,628
Amounts due to subsidiaries		
- BCB Management Sdn. Bhd.	0	1,450,005
- BCB Construction Sdn. Bhd.	0	9,311,414
	0	10,761,419

The amounts due from/to subsidiaries are denominated in Ringgit Malaysia.

The net amounts due from subsidiaries comprise the following:

	Company	
	2007	**2006**
	RM	**RM**
Advances	0	1,961,428
Current account	129,911,320	123,985,781
	129,911,320	125,947,209

The weighted average effective interest rate of advances at balance sheet date is nil % (2006: 3.99%) per annum. Interest was charged at 3.99% to 8% per annum during the financial year. The current account is interest free. Both accounts are unsecured and have no fixed terms of repayment.

22 DEPOSITS, BANK AND CASH BALANCES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Bank and cash balances (Note 30)	8,412,186	4,928,913	3,361,828	1,824,691

Included in bank and cash balances of the Group and Company are amounts of RM1,169,677 (2006: RM980,647) and RM837,396 (2006 : RM388,875) respectively held under Housing Development Accounts (opened and maintained under Section 7A of the Housing Developers (Control and Licensing) Act 1966) that may only be used in accordance with the said Act.

22 DEPOSITS, BANK AND CASH BALANCES (CONT'D)

Other bank balances are deposits held at call with banks and bear no interest.

	Group		Company	
	2007	2006	2007	2006
Weighted average effective interest rate at balance sheet date (%):				
- Housing Development Accounts	2.1	2.1	2.1	2.1

The deposits, bank and cash balances are denominated in Ringgit Malaysia.

23 PAYABLES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Trade payables	26,676,712	27,801,877	1,754,039	3,234,163
Amounts due to customers on contracts (Note 31)	13,244,086	14,271,312	0	0
Progress billings in respect of property development	653,389	85,000	627,407	75,000
Other payables	5,026,580	4,501,970	1,984,082	3,044,467
Accrued expenses	959,357	978,168	328,623	365,943
Payroll liabilities	454,325	418,348	391,051	352,542
Deposits received	1,237,208	1,162,790	1,237,208	1,162,791
	48,251,657	49,219,465	6,322,410	8,234,906

The currency exposure profile of payables is as follows:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
- Ringgit Malaysia	48,245,285	49,196,510	6,322,410	8,234,906
- US Dollar	6,372	22,955	0	0
	48,251,657	49,219,465	6,322,410	8,234,906

Credit terms of trade payables and suppliers of property, plant and equipment granted to the Group and Company vary from no credit to 150 days.

Included in other payable of the Group is an amount due to a related party of RM451,469 (2006: RM 999,993). The amount due to a related party is interest free, unsecured and has no fixed terms of repayment. The related party is a company in which certain directors are the Company's Directors.

24 BORROWINGS (INTEREST BEARING)

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Current				
Bridging loans	6,545,635	10,435,630	2,726,685	2,922,167
Term loans	9,609,411	11,768,384	3,591,156	4,125,028
Finance lease liabilities (Note 29)	429,455	421,796	173,338	202,534
Revolving credits	4,401,000	4,521,000	4,401,000	4,521,000
Bankers' acceptances	22,384,759	27,921,388	15,386,759	19,873,382
	43,370,260	55,068,198	26,278,938	31,644,111
Non current				
Term loans	43,992,667	41,042,234	24,649,595	16,912,300
Finance lease liabilities (Note 29)	269,797	476,077	159,000	192,183
	44,262,464	41,518,311	24,808,595	17,104,483
Total				
Bridging loans	6,545,635	10,435,630	2,726,685	2,922,167
Term loans	53,602,078	52,810,618	28,240,751	21,037,328
Finance lease liabilities	699,252	897,873	332,338	394,717
Revolving credit	4,401,000	4,521,000	4,401,000	4,521,000
Bankers' acceptance	22,384,759	27,921,388	15,386,759	19,873,382
	87,632,724	96,586,509	51,087,533	48,748,594
Term loans are repayable as follows:				
- not later than 1 year	9,609,410	11,768,384	3,591,156	4,125,028
- later than 1 year and not later than 5 years	29,216,135	34,451,003	11,156,095	12,260,632
- later than 5 years	14,776,533	6,591,231	13,493,500	4,651,668
	53,602,078	52,810,618	28,240,751	21,037,328

The bridging loans of the Group and Company are secured by way of legal charges over certain development properties and inventories of the Group and Company. The bridging loans are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

The term loans of the Company are secured by way of legal charges over certain investment properties, inventories, development properties, and land and buildings of the Company and are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

Other short term borrowings are secured by way of personal guarantee from certain Directors, legal charges over the investment properties, hotel properties and certain freehold land and buildings of the Company as well as certain development properties of the Group.

The term loans of the Group are secured by way of legal charges over certain investment properties, inventories, development properties, and land and buildings and jointly and severally guaranteed by the Directors. The term loans of the Group are repayable by way of fixed monthly instalments or on redemption of titles of properties sold, whichever is earlier.

	Group		Company	
	2007	**2006**	**2007**	**2006**
	%	**%**	**%**	**%**
Weighted average effective interest rates at balance sheet date:				
- bridging loans	8.0	8.3	7.9	8.3
- term loans	7.5	7.1	7.8	6.6
- revolving credits	7.7	7.7	7.7	7.7
- bankers' acceptances	5.1	5.1	5.6	5.4

24 BORROWINGS (INTEREST BEARING) (CONT'D)

The borrowings are denominated in Ringgit Malaysia.

The carrying amount and fair value of term loans are as follows:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Carrying amount	53,602,078	50,154,368	28,240,751	18,381,078
Fair value	51,461,853	48,888,148	28,082,781	18,227,570

25 BANK OVERDRAFTS

The bank overdrafts are secured by way of legal charges over certain investment and development properties of the Group and Company.

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Weighted average effective interest rate at balance sheet date	8.3	8.3	8.3	8.3

The bank overdrafts are denominated in Ringgit Malaysia.

26 DEFERRED TAX LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the balance sheet:

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Deferred tax liabilities				
- subject to income tax	(7,305,309)	(5,982,382)	(7,482,767)	(5,829,113)
At beginning of the financial year				
- as previously stated	(5,982,382)	(5,649,702)	(5,829,113)	(5,513,000)
Effect of adopting FRS 140	(2,343,892)	0	(2,263,172)	0
- as restated	(8,326,274)	(5,649,702)	(8,092,285)	(5,513,000)
Credited/(charged) to income statement (Note 12)				
- property, plant and equipment	498,937	(246,034)	422,614	(207,878)
- others	320,645	(86,646)	(14,479)	(108,235)
	819,582	(332,680)	408,135	(316,113)
Credited to equity	201,383	0	201,383	0
At end of the financial year	(7,305,309)	(5,982,382)	(7,482,767)	(5,829,113)
Deferred tax assets (prior to offsetting)				
- others	372,991	52,346	2,622	17,101
Offsetting	(372,991)	(52,346)	(2,622)	(17,101)
Deferred tax assets (after offsetting)	0	0	0	0
Deferred tax liabilities (prior to offsetting)				
- property, plant and equipment	(7,678,300)	(6,034,728)	(7,485,389)	(5,846,214)
Offsetting	372,991	52,346	2,622	17,101
Deferred tax liabilities (after offsetting)	(7,305,309)	(5,982,382)	(7,482,767)	(5,829,113)

26 DEFERRED TAX LIABILITIES (CONT'D)

The amount of deductible temporary differences and unused tax losses (both of which have no expiry date) for which no deferred tax asset is recognised in the balance sheet are as follows:

	Group		Company	
	2007	**2006**	**2007**	**2006**
	RM	**RM**	**RM**	**RM**
Deductible temporary differences	3,421,931	3,203,180	0	0
Tax losses	4,957,205	4,796,456	0	0
	8,379,136	7,999,636	0	0

The Group and Company have an investment tax allowance not recognised amounting to RM17.59 million as at 30 June 2007 (2006: RM18.02 million) for its hotel operations.

27 SHARE CAPITAL

	Group and Company	
	2007	**2006**
	RM	**RM**
Authorised:		
Ordinary shares of RM1.00 each		
At start/end of financial year	500,000,000	500,000,000
Issued and fully paid:		
Ordinary shares of RM1.00 each		
At start/end of financial year	206,250,000	206,250,000

Treasury shares

The shareholders of the Company have approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 3,000 (2006: 2,080,300) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM 1,487 (2006: RM972,939). The average price paid for the shares repurchased was RM0.50 (2006: RM 0.47) per share. The Share Buy Back transactions were financed by internally generated funds. The shares bought back are being held as treasury shares as allowed under Section 67A of Companies Act 1965. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended. None of the treasury shares repurchased has been sold as at 30 June 2007.

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 201,886,400 (2006: 201,889,400).

28 REVALUATION RESERVES

	Hotel properties	Investment properties	Total
	RM	**RM**	**RM**
Group			
At 1 July 2006			
- as previously stated	6,307,291	891,386	7,198,677
Effect of adopting FRS 140	0	(891,386)	(891,386)
- as restated	6,307,291	0	6,307,291
Reversal of deferred tax liabilities	201,383	0	201,383
At 30 June 2007	6,508,674	0	6,508,674
At 1 July 2005/30 June 2006	6,307,291	891,386	7,198,677

28 REVALUATION RESERVES (CONT'D)

	Hotel properties	Investment properties	Total
	RM	RM	RM
Company			
At 1 July 2006			
- as previously stated	6,307,291	557,976	6,865,267
Effect of adopting FRS 140	0	(557,976)	(557,976)
- as restated	6,307,291	0	6,307,291
Reversal of deferred tax liabilities	201,383	0	201,383
At 30 June 2007	6,508,674	0	6,508,674
At 1 July 2005/30 June 2006	6,307,291	557,976	6,857,267

The reversal of deferred tax liabilities for hotel properties is because of the reduction in tax rate.

29 FINANCE LEASE LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Minimum lease payments:				
- not later than 1 year	467,359	465,908	192,207	225,576
- later than 1 year and not later than 5 years	287,660	512,725	171,685	212,424
	755,019	978,633	363,892	438,000
Future finance charges	(55,767)	(80,760)	(31,554)	(43,283)
Present value of finance lease liabilities	699,252	897,873	332,338	394,717
Current (Note 24)	429,455	421,796	173,338	202,534
Non current (Note 24)	269,797	476,077	159,000	192,183
	699,252	897,873	332,338	394,717
Present value of finance lease liabilities				
- not later than 1 year	429,455	421,796	173,338	202,534
- later than 1 year and not later than 5 year	269,797	476,077	159,000	192,183
	699,252	897,873	332,338	394,717

	Group		Company	
	2007	2006	2007	2006
	%	%	%	%
Weighted average effective interest rate at the balance sheet date	6.7	7.2	6.1	8.8

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Fair value at the balance sheet date	652,966	813,582	310,181	343,711

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

30 CASH AND CASH EQUIVALENTS

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Bank and cash balances (Note 22)	8,412,186	4,928,913	3,361,828	1,824,691
Bank overdrafts	(33,858,697)	(37,620,911)	(30,267,815)	(35,664,490)
	(25,446,511)	(32,691,998)	(26,905,987)	(33,839,799)

31 CONSTRUCTION CONTRACTS

	Group	
	2007	2006
	RM	RM
Aggregate costs incurred to date	261,982,578	240,453,934
Add: Estimated attributable profits	26,720,282	23,979,075
Less: Recognised losses	(2,744,623)	(1,613,286)
	285,958,237	262,819,723
Less: Progress billings	(292,591,904)	(266,701,926)
	(6,633,667)	(3,882,203)
Represented by:		
Amounts due from customers on contracts (Note 20)	6,610,419	10,389,109
Amounts due to customers on contracts (Note 23)	(13,244,086)	(14,271,312)
	(6,633,667)	(3,882,203)
Retention sum on contracts	12,821,802	13,496,591

32 CONTINGENT LIABILITIES

	Group		Company	
	2007	2006	2007	2006
	RM	RM	RM	RM
Unsecured				
Corporate guarantees for trade credits granted to third parties	0	19,679,158	0	19,679,158
Corporate guarantees for trade credits granted to subsidiaries	0	0	2,190,387	2,626,655
Claim by third party	5,276,807	5,276,807	5,276,807	5,276,807
	5,276,807	24,955,965	7,467,194	27,582,620
Secured				
Corporate guarantees for borrowings facilities granted by financial institutions to subsidiaries	0	0	35,542,349	44,644,474
	5,276,807	24,955,965	43,009,543	72,227,094

32 CONTINGENT LIABILITIES (CONT'D)

(a) Guarantees for borrowings granted to third parties are in respect of the corporate guarantee on credit facilities granted to a land owner/developer for the development of a project undertaken by the subsidiaries. In the opinion of the Directors, these corporate guarantees have not become enforceable.

(b) On 10.6.1995, the Company entered into a Joint Venture Agreement (JVA) with Sime Hock Sdn Bhd (Sime Hock) to undertake the development of a mix development project; namely Taman Megah, Pontian, Johor.

On 29.1.1999, a Supplemental Agreement (SA) was signed between the Company and Sime Hock in essence to finalise Sime Hock's entitlement of completed units per the SA and the delivery of the units within 5 years from the SA date. Pursuant to Clause 5 of the SA, Sime Hock is entitled to a 10% per annum Liquidated Damages (LD) for the late delivery of the entitled units.

There is at present an action in the Johor Bahru High Court commenced by Sime Hock for the termination of the JVA due to the late delivery of the balance entitled units and the sum of RM5,276,807 being the amount allegedly due upon the termination. The Company in turn filed a counterclaim of RM2,119,006 against Sime Hock and contends that Sime Hock cannot unilaterally rescind the JVA as Clause 5 of the SA provides for LD of 10% per annum on the late delivery of the balance entitled units.

The Directors are of the opinion, after taking appropriate legal advice, that the Company has an arguable defense and that no provision for this claim is necessary.

33 SIGNIFICANT RELATED PARTY DISCLOSURES

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances. The related party transactions described below were carried out on agreed terms.

(a) Intercompany transactions

	Company	
	2007	2006
	RM	RM
Interest income receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	169,451	522,549
- Johbase Development Sdn. Bhd.	106,915	82,375
Progress billings by subsidiaries:		
- BCB Construction Sdn. Bhd.	17,237,878	19,562,198
- BCB Road Builder Sdn. Bhd.	951,711	1,009,688
Purchase of goods from subsidiaries:		
- BCB Trading Sdn. Bhd.	28,641	95,443
- BCB Furniture Sdn. Bhd.	4,022	7,595
- BCB Greens Sdn. Bhd.	7,418	91,679
Management fee receivable from subsidiaries:		
- BCB Concrete Sdn. Bhd.	96,000	96,000
- BCB Construction Sdn. Bhd.	840,000	840,000
- BCB Greens Sdn. Bhd.	48,000	48,000
- BCB Resources Sdn. Bhd.	360,000	360,000
- BCB Trading Sdn. Bhd.	180,000	180,000
- BCB Road Builder Sdn. Bhd.	96,000	96,000
- Johbase Development Sdn. Bhd.	240,000	240,000
Hiring charges:		
- BCB Road Builder Sdn. Bhd.	109,554	53,681
Rental income:		
- BCB Construction Sdn. Bhd.	12,000	12,000
- BCB Furniture Sdn. Bhd.	60,000	0

33 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Office rental paid to:

	Company	
	2007	2006
	RM	RM
Ju-Ichi Enterprise Sdn. Bhd. ("JIE")	192,000	96,000

JIE is a related party by virtue of the directorship of Dato' Tan Seng Leong and Syed Abdullah bin A. Hamid, Directors of the Company.

(c) Project management services to:

	Group	
	2007	2006
	RM	RM
- Marvel Plus Development Sdn. Bhd. ("MPD")	431,865	563,602

(d) Sales of goods to:

	Group	
	2007	2006
	RM	RM
- Marvel Plus Development Sdn. Bhd. ("MPD")	2,779,505	430,204

MPD is a related party by virtue of the directorships of Tan Vin Sern, a Director of the Company, and directorship of Datin Lim Sui Yong, who is the major shareholder and spouse of Dato' Tan Seng Leong, a Director of the Company.

(e) Sales to related parties

	Group	
	2007	2006
	RM	RM
Progress billing in respect of sale of development properties to related parties:		
- Tan Lindy	0	15,980
- Tan Vin Sern	0	15,980
	0	31,960

Tan Lindy is the daughter of Dato' Tan Seng Leong, a Director of the Company.

34 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group	
	2007	2006
	RM	RM
Authorised and contracted for		
- land held for development	0	2,933,000

35 FAIR VALUE

The carrying amount of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair value except as disclosed in Note 24 and 29 which the fair values of borrowings were determined based on the future contractual cash flows discounted at current market interest rates available for similar financial instruments.

36 SEGMENTAL REPORTING

(a) The Group is organised into the following four main business segments:

- Property development and management activities
- Construction and related activities
- Hotel operations
- Manufacturing of furniture.

Intersegment sales comprise mainly:

- provision of project construction and road services to property development and management activities segment.
- sales of building materials and furniture to property development and management activities and construction segments.

These transactions are conducted on agreed terms.

(b) An analysis by geographical segments has not been presented as the Group operates mainly in Malaysia.

Primary reporting format – business segments

Group 2007	Property development and management activities	Construction and related activities	Hotel operations	Manufacturing	Elimination	Total
	RM	RM	RM	RM	RM	RM
Revenue						
External sales	82,988,310	17,530,562	9,181,228	10,399,351	0	120,099,451
Inter-segment sales	3,822,000	52,232,719	120,000	11,217	(56,185,936)	0
Total revenue	86,810,310	69,763,281	9,301,228	10,410,568	(56,185,936)	120,099,451
Results						
Segment results	13,931,830	(941,655)	1,043,679	(209,687)	0	13,824,167
Unallocated costs						(2,755,246)
Finance income						302,566
Finance cost						(6,623,358)
Tax						(1,186,472)
Profit for the financial year						3,561,657
Other information						
Segment assets	549,197,491	120,504,454	33,885,356	2,684,819	(219,699,107)	486,573,013
Unallocated assets						2,083,691
Total assets						488,656,704
Segment liabilities	178,872,786	99,291,013	16,824,906	6,820,756	(219,699,107)	82,110,354
Unallocated liabilities						95,220,527
Total liabilities						177,330,881
Capital expenditure	208,721	200,681	637,933	34,904		1,082,239
Depreciation	772,184	564,345	664,561	218,156		2,219,246
Non cash items expenses	(105,911)	35,697	152,900	0		82,686

36 SEGMENTAL REPORTING (CONT'D)

Group 2006	Property development and management activities	Construction and related activities	Hotel operations	Manufacturing	Elimination	Total
	RM	RM	RM	RM	RM	RM
Revenue						
External sales	91,082,708	17,600,417	8,910,716	5,300,242	0	122,894,083
Inter-segment sales	0	63,694,790	120,000	287,691	(64,102,481)	0
Total revenue	91,082,708	81,295,207	9,030,716	5,587,933	(64,102,481)	122,894,083
Results						
Segment results	16,735,884	946,246	1,795,182	(1,307,794)	0	18,169,518
Unallocated costs						(303,512)
Finance income						652,584
Finance cost						(6,468,643)
Tax						(4,150,460)
Profit for the financial year						7,899,487
Other information						
Segment assets	448,894,440	97,664,973	34,194,733	2,135,657	(83,682,574)	499,207,229
Unallocated assets						1,094,591
Total assets						500,301,820
Segment liabilities	38,700,277	73,859,444	19,668,744	6,655,956	(83,682,574)	55,201,847
Unallocated liabilities						135,191,811
Total liabilities						190,393,658
Capital expenditure	452,279	1,145,920	314,496	12,820		1,925,515
Depreciation	809,335	534,131	398,313	664,262		2,406,041
Non cash items expenses	686,655	583,155	0	(113,798)		1,156,012

Unallocated costs represent corporate expenses. Segment assets consist of property, plant and equipment, investment properties, land held for property development, inventories, property development costs, operating receivables and cash and cash equivalents. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 14).

37 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS

The list of new accounting standards, amendments to published standards and interpretations on existing standards that are effective for the Group's and Company's accounting periods beginning on 1 July 2006 is set out in Note 3.

The adoption of the new/revised FRS, amendments and interpretations above have not resulted in substantial changes to the accounting policies of the Group and have no material impact on the financial statements other than:

37 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS (CONT'D)

(a) FRS 116 – Property, Plant and Equipment

Prior to 1 July 2006, it was the Group's policy to maintain its freehold and long term leasehold hotel properties in their standard condition in order to maintain their image and market share. Consequently, the Directors were of the opinion that the long term leasehold hotel properties maintained residual values at least equal to their respective book values such that depreciation would be insignificant. The related maintenance expenditure was charged to the income statement when incurred.

The revised FRS 116 defines residual values as the estimated amount that the Group would currently obtain from disposal of the asset after deducting the estimated costs of disposals if the asset were already of the age and in the condition expected at the end of its useful life.

For the financial year commencing 1 July 2006, the Group reviewed and revised the estimated useful lives and residual values of property, plant and equipment – hotel properties, so as to reflect the latest available information of the expected pattern of consumption of the future economic benefits embodied in these depreciable assets.

Arising from this review, there were revisions in the estimated useful lives and residual values of hotel properties, resulting in an additional depreciation charge of RM365,478 being recognised during the financial year ended 30 June 2007.

The change in estimated useful lives and residual values has been accounted for as a change in an accounting estimate, in accordance with FRS 108 Accounting Policies, Changes in Accounting Estimates and Errors, and is recognised prospectively in the consolidated income statement.

Base stocks include crockery, glassware, cutleries, linen, kitchen utensils and general supplies which were capitalised at the minimum level requirement for normal hotel operations. Prior to 1 July 2006, these base stocks were not depreciated and subsequent additions were charged out to income statement on a replacement basis. With the adoption of FRS 116, there is a change in accounting policy and the base stocks are now charged to the income statement when incurred and the previous carrying value of RM588,925 has been charged to retained earnings as a prior year adjustment.

(b) FRS 140 Investment Properties

Prior to 1 July 2006, investment properties, comprising principally retail space in a shopping complex, are held for long term rental yields and are not occupied by the Group. These properties are treated as long term investments and carried at fair value determined by independent professional valuers once in every five year. Investment properties are not subject to depreciation. Adjustments will be made to the carrying value if the revaluation surplus/deficit is significant.

Increases in carrying amount are credited to revaluation reserve. Decreases that offset previous increases of the same assets are charged against revaluation reserve; all other decreases are charged to the income statement.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement; any amount in revaluation reserve relating to that investment properties is transferred to retained earnings.

The adoption of FRS 140 has resulted in a change in accounting policy for investment properties (Note 15). Investment properties are now stated at fair value based on an annual valuation by independent professional valuers. Any significant gain or loss arising from a change in the fair value of investment properties is recognised in the income statement for the period in which it arises.

In accordance with the transitional provisions of FRS 140, this change in accounting policy in relation to the measurement of investment properties is applied prospectively and the comparatives as at 30 June 2006 are not restated. Accordingly, the opening balance of revaluation reserve and related deferred taxation as at 1 July 2007 in respect of investment properties is transferred/charged to the opening balance of retained earnings.

37 CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS (CONT'D)

(b) FRS 140 Investment Properties (Cont'd)

The following tables disclose the adjustments that have been made in accordance with the transitional and new provisions of the respective FRS to each of the line items in the Group and Company's income statements for the financial year ended 30 June 2007 and balance sheets as at 30 June 2007, including restatement of comparatives and prior year adjustments as highlighted in the preceding paragraphs.

(i) Summary of significant effects to income statement for the financial year ended 30 June 2007

Group and Company	**FRS 116**
	RM
Increase in depreciation of property, plant and equipment	
- hotel properties	365,478

(ii) Summary of significant effects to balance sheet for the financial year ended 30 June 2007

	FRS 116	**FRS 140**
	RM	**RM**
Group		
Increase/(decrease)		
Property, plant and equipment		
- hotel properties	(365,478)	0
Deferred tax liabilities	0	2,343,892
Revaluation reserve	0	(891,386)
Retained earnings	(365,478)	(1,452,506)
Company		
Increase/(decrease)		
Property, plant and equipment		
- hotel properties	(365,478)	0
Deferred tax liabilities	0	2,263,172
Revaluation reserve	0	(557,976)
Retained earnings	(365,478)	(1,705,196)

(iii) Restatement of comparative and prior year adjustment

	As previously stated	**FRS 116**	**As restated**
	RM	**RM**	**RM**
Balance sheet as at 30 June 2006			
Group			
Property, plant and equipment	54,486,304	(588,925)	53,897,379
Retained earnings	99,285,547	(588,925)	98,696,622
Company			
Property, plant and equipment	45,450,014	(588,925)	44,861,089
Retained earnings	68,693,273	(588,925)	68,104,348

38 COMPARATIVES

The Group and Company's comparative figures have been restated to conform with current year's presentation and policies.

Income statement

	As previously stated	FRS 116	As restated
	RM	RM	RM
Group			
- other operating income	1,820,294	(652,584)	1,167,710
- finance income	0	652,584	652,584
Company			
- other operating income	3,388,638	(1,242,316)	2,146,322
- finance income	0	1,242,316	1,242,316

39 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 23 October 2007.

Shareholdings Statistics

As at 19 October 2007

Authorised share capital	:	RM500,000,000
Issued and paid-up capital	:	RM206,250,000 (inclusive of 4,364,600 as Treasury Shares)
Types of shares	:	Ordinary shares of RM1.00 each
Voting rights	:	One vote per ordinary share

Analysis of Shareholdings By Range Groups

	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
less than 100 shares	185	0.00	4	0.08
100 to 1,000 shares	503,600	0.25	545	11.43
1,001 to 10,000 shares	13,466,515	6.67	3,528	73.96
10,001 to 100,000 shares	15,983,300	7.92	600	12.58
100,001 to less than 5% of issued shares	106,171,800	52.59	89	1.87
5% and above of issued shares	65,760,000	32.57	4	0.08
Company Total	201,885,400	100.00	4,770	100.00

List of Thirty Largest Shareholders as at 19 October 2007 (as per Record of Depositors)

Name	No. of Shares Held	%
1. RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Effective Strategy Sdn Bhd	19,300,000	9.56
2. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Dato' Tan Seng Leong	18,410,000	9.12
3. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Dato' Tan Seng Leong	15,053,000	7.46
4. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Dato' Tan Seng Leong	12,997,000	6.44
5. EB Nominees (Tempatan) Sdn Bhd Pledged securities account for Abdul Manap Bin Hussain	6,106,000	3.02
6. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Soh Jin Chai	5,775,500	2.86
7. EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Lai Chee Hoong	5,316,000	2.63
8. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Key Siew	4,953,200	2.45
9. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Wan Mee Choo	4,906,400	2.43
10. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Leong	3,750,000	1.86
11. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Chin Ee	3,190,000	1.58

List of Thirty Largest Shareholders as at 19 October 2007 (as per Record of Depositors) (Cont'd)

No. of Name		Shares Held	%
12.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Lay Kim	3,180,000	1.58
13.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Dato' Tan Seng Leong	3,078,000	1.52
14.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Haven Venture Sdn Bhd	2,962,800	1.47
15.	Tan Vin Sern	2,534,500	1.26
16.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Leong	2,410,500	1.19
17.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lai Chee Hoong	2,400,200	1.19
18.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Hoo	2,285,000	1.13
19.	Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Ong Li Tak	2,073,700	1.03
20.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lasercoin (M) Sdn Bhd	2,048,400	1.01
21.	Puncak Angkasa Sdn Bhd	2,000,000	0.99
22.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Hon Lai Yin	1,971,000	0.98
23.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Lay Kim	1,920,000	0.95
24.	Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Leong	1,884,000	0.93
25.	Southern Investment Bank Bhd Kumpulan Wang Simpanan Pekerja for Dato' Tan Seng Leong	1,839,200	0.91
26.	RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Dato' Tan Seng Leong	1,764,300	0.87
27.	Matrix International Berhad	1,667,000	0.83
28.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Hoo	1,665,000	0.82
29.	Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Keng	1,665,000	0.82
30.	HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Tan Seng Hong	1,581,100	0.78
	Total Share	140,686,800	69.69

Substantial Shareholders as at 19 October 2007 (as per Register of Substantial Shareholders)

		No. of Shares Held		% of Issued Share Capital	
	Name of Substantial Shareholders	**Direct**	**Indirect**	**Direct**	**Indirect**
1.	Dato' Tan Seng Leong	63,775,500	* 2,665,500	31.59	1.32
2.	Datin Lim Sui Yong	131,000	# 66,310,000	0.06	32.85
3.	Effective Strategy Sdn Bhd	19,304,500	-	9.56	-
4.	Chan Toong Kit	-	@19,304,500	-	9.56
5.	Chong Shiung Foh	-	^19,304,500	-	9.56

Notes:

* Deemed interest by virtue of:-
(1) his spouse, Datin Lim Sui Yong's shareholding in the Company - 131,000 (0.06%); and
(2) his son, Mr Tan Vin Sern's shareholding in the Company - 2,534,500 (1.26%).

\# Deemed interest by virtue of:-
(1) her spouse, Dato' Tan Seng Leong's shareholding in the Company -63,775,500 (31.59%); and
(2) her son, Mr Tan Vin Sern's shareholding in the Company - 2,534,500 (1.26%).

@ Deemed interest by virtue of his 50% shareholdings in Effective Strategy Sdn Bhd

^ Deemed interest by virtue of his 50% shareholdings in Effective Strategy Sdn Bhd

Directors' Shareholdings as at 19 October 2007 (as per Register of Directors' Shareholdings)

		Number of ordinary shares of RM1 each			
	Shareholdings in the name of the Director	**Direct**	**%**	**Indirect**	**%**
1.	Dato' Tan Seng Leong	63,775,500	31.59	* 2,665,500	1.32
2.	Tay Lay Kim	5,375,700	2.66	-	-
3.	Tan Lay Hiang	491,100	0.24	-	-
4.	Tan Vin Sern	2,534,500	1.26	-	-

Notes:

* Deemed interest by virtue of:-
(1) his spouse, Datin Lim Sui Yong's shareholding in the Company - 131,000 (0.06%); and
(2) his son, Mr. Tan Vin Sern's shareholding in the Company - 2,534,500 (1.26%).

List of Landed Properties

The details of the BCB Group's properties as at 30 June 2007 are as follows:

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2007 RM'000	Date of acquisition/ revaluation*
KLUANG, JOHOR						
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	16 storey hotel	Leasehold (expiring 10.11.2093)	12 years	0.35	31,431	13/12/2004 *
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	A basement and 4 storey shopping complex	Leasehold (expiring 10.11.2093)	12 years	0.23	18,762	13/12/2004 *
PTD 32927-32930 70, 72, 74, 76, Jalan Intan 3, Taman Intan, 86000 Kluang, Johor.	4 units double storey shop house	Freehold	14 years	0.15	720	23/03/2004 *
PTD 49840 No. 1, Jalan 6, Taman Sri Kluang, 86000 Kluang, Johor.	Single storey hypermarket	Freehold	9 years	1.44	3,935	24/06/1998
PTD 49657-49667 No. 54-56, Jalan 2, PTD 49770-49780 No. 49-59, Jalan 2, Taman Sri Kluang, 86000 Kluang, Johor.	22 units shop / badminton hall	Freehold	9 years	0.84	2,658	27/06/1998
PTD 50047-50049 No. 29-33, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor.	3 units industry factory	Freehold	7.5 years	3.29	4,361	12/01/2000
Lot 6806 & 6808 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Sri Kluang	Freehold	N/A	67.05	14,948	12/01/1996
Lot 7186 & 7187 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Emas III	Freehold	N/A	0.09	89	21/04/1990
Lot 1574 Mukim of Kluang District of Kluang, Johor	Proposed residential & commercial development	Freehold	N/A	17.97	463	25/01/1991
Lot 4562 Mukim of Kluang District of Kluang, Johor	Proposed residential development	Freehold	N/A	2.99	622	25/05/1996
Lot 321 & Lot 440 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Kluang Baru 2	Freehold	N/A	10.83	1,100	29/12/1999

List of Landed Properties

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2007 RM'000	Date of acquisition/ revaluation*
BATU PAHAT, JOHOR						
Lot 4091 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	11.64	4,312	07/12/1994
Lot 559, 2954-2959, 2656 & 2660	Being developed as Taman Bukit Perdana III	Freehold	N/A	18.54	6,545	07/12/1994
Lot 5297, 5298 & 5299 Mukim Tanjong Sembrong, District of Batu Pahat, Johor	Being developed as Taman BCB	Freehold	N/A	5.19	955	06/07/1999
Lot 2664-2666 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Taman Bukit Perdana II	Freehold	N/A	21.04	1,937	27/06/1994
Lot 3131 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	4.05	220	06/09/1994
Lot 8096 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	438	13/12/2006
Lot 8097 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	2	441	13/12/2006
Lot 708 Mukim of Sri Gading District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	3	837	13/12/2006
HS(D) 23056-23076, 23081-23087 & 23181 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential development	Freehold	N/A	72.11	6,282	29/03/2000
Lot 5267 & 7918 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	7.07	1,555	20/03/2001
HS(D) 23287, 23308-23337, 23526-23540, 23551-23565, 23581-23596, 23371-23388, 23464-23474, 23485-23525, 23566-23580, 36168, 36169, 36165, 36166 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Being developed as Evergreen Heights	Freehold	N/A	353.74	56,190	06/02/2002
Lot 4207 Mukim of Simpang Kanan, District of Batu Pahat, Johor	Proposed residential & commercial development	Freehold	N/A	35	5,500	23/09/2003

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2007 RM'000	Date of acquisition/ revaluation*
PONTIAN, JOHOR						
Lot 4681, Mukim of Pontian District of Pontian, Johor	Being developed as Taman Megah	Freehold	N/A	26.83	5,959	17/11/1994
SEREMBAN, NEGERI SEMBILAN						
Lot 5527 Mukim of Rantau, District of Seremban, Negeri Sembilan	Being developed as Taman Seremban Jaya	Freehold	N/A	17.25	1,473	15/07/1994

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Company will be held at Prime City Hotel, Mars 1, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Takzim on Thursday, 13 December 2007 at 1.00 p.m. for the following purposes:-

AGENDA

1. To receive the Statutory Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon. **Resolution 1**

2. To approve the payment of the Directors' fees amounting to RM168,000 for the financial year ended 30 June 2007. **Resolution 2**

3. To re-elect the following Directors who retire in accordance with the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   Article 105

   (a) Dato' Tan Seng Leong **Resolution 3**

   (b) En. Sofian bin Arshad **Resolution 4**

   (c) En. Ash'ari bin Ayub **Resolution 5**

4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. **Resolution 6**

5. To transact any other ordinary business of which due notice shall be given.

AS SPECIAL BUSINESS:

To consider, and if thought fit, to pass the following resolutions as an Ordinary Resolution:

6. **Approval for Issuance of new ordinary shares pursuant to Section 132D of Companies Act, 1965** **Resolution 7**

   "THAT, subject to the Companies Act 1965, the Articles of Association of the Company and the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the issued share capital of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad."

7. **Proposed Renewal of Shareholders' Mandate and New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 8**

   "THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with the related parties ("Recurrent Related Party Transactions") as set out in Section 2.1.5 of the Circular to the Shareholders dated 19 November 2007 ("the Circular"), subject further to the following:

(i) the Recurrent Related Party Transactions are entered into in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public, and the Recurrent Related Party Transactions are undertaken on arms' length basis and are not to the detriment of the minority shareholders of the Company;

(ii) the disclosure is made in the annual report of the breakdown of the aggregate value of the Recurrent Related Party Transactions conducted pursuant to the shareholders' mandate during the financial year, amongst others, based on the following information:

(a) the type of Recurrent Related Party Transactions made; and

(b) the names of the related parties involved in each type of Recurrent Related Party Transaction made and their relationship with the Company;

(iii) the shareholders' mandate is subject to annual renewal and this shareholders' mandate shall only continue to be in full force until:

(a) the conclusion of the next AGM of the Company following this AGM, at which this shareholders' mandate will lapse, unless by a resolution passed at the said AGM, such authority is renewed;

(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 143(1) of the Companies Act, 1965 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

AND THAT the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the Recurrent Related Party Transactions contemplated and/or authorised by this Ordinary Resolution;

AND THAT, the estimates given of the Recurrent Related Party Transactions specified in Section 2.1.5 of the Circular being provisional in nature, the Directors and/or any of them be and are hereby authorised to agree to the actual amount or amounts thereof provided always that such amount or amounts comply with the procedures set out in Section 2.1.7 of the Circular."

8. **Proposed Renewal of Share Buy-Back Mandate** **Resolution 9**

"THAT, subject to the provisions of the Companies Act, 1965 ("Act"), the Articles of Association of the Company, the Listing Requirements of the Bursa Malaysia Securities Berhad ("Bursa Securities") and all other applicable laws, regulations and guidelines and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised to utilise an amount not exceeding the total audited retained earnings of the Company as at 30 June 2007 of approximately RM68,748,605.00 to purchase on the Bursa Securities up to 16,260,400 ordinary shares of RM1.00 each of the Company being the number of ordinary shares which when aggregated with 4,364,600 ordinary shares already purchased and held as treasury shares as defined under Section 67A of the Act ("Treasury Shares") by the Company, would result in 20,625,000 BCB Berhad shares or ten per cent (10%) of its issued and paid-up share capital which stands at 206,250,000 ordinary shares as at 19 October 2007.

AND THAT, such authority shall commence upon the passing of this resolution until the conclusion of the next annual general meeting of the Company which shall be held no later than 31 December 2008 unless earlier revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting,

AND THAT, upon completion of the purchase by the Company of its own shares ("BCB Shares"), the Directors are authorised to retain BCB Shares as the treasury shares or cancel BCB Shares or retain part of BCB Shares so purchased as treasury shares and cancel the remainder. The Directors are further authorised to resell the treasury shares on the Bursa Securities or distribute the treasury shares as dividends to the Company's shareholders or subsequently cancel the treasury shares or any combination of the three,

AND THAT, the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

(i) the conclusion of the first annual general meeting of the Company following the general meeting at which this resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting;

whichever is the earliest but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors deem fit and expedient in the interest of the Company to give full effect to the proposed purchase of BCB Shares with full powers to assent to any condition, modification, revaluation, variation and/or amendment (if any) as may be imposed by the relevant authorities."

9. **Proposed Amendments to the Articles of Association of the Company** **Special Resolution 1**

"THAT alterations, modifications, additions or deletions to the Articles of Associations of the Company contained in in Part C of the Circular to Shareholders dated 19 November 2007 be and are hereby approved."

BY ORDER OF THE BOARD

YEAP KOK LEONG (MAICSA No. 0862549)
TAN BEE HWEE (MAICSA No. 7021024)
Company Secretaries

19 November 2007

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *A proxy may but need not be a member of the Company and such a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
4. *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority, shall be deposited at the Company's Registered Office at 7th Floor, Plaza BCB (Hotel Tower Block), 20, Jalan Bakawali, 86000 Kluang, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*
5. *If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received" A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.*

Explanatory Notes on Special Business

1. *Explanatory note for Ordinary Resolution No. 7*

   Section 132D of the Companies Act, 1965

   Resolution pursuant to Section 132D of the Companies Act 1965. The Ordinary Resolution proposed under agenda 6, if passed will give the Directors of the Company from the date of the above meeting, authority to allot and issue ordinary shares from the unissued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. The authority will, unless revoked or varied by the Company in General Meeting, expire at the next Annual General Meeting.

2. *Explanatory note for Ordinary Resolution No. 8*

   Proposed Renewal of Shareholders' Mandate and New Shareholder's Mandate for Recurrent Related Party Transactions

   Resolution pursuant to the proposed renewal shareholders' mandate and new shareholder's mandate for recurrent related party transactions. The Ordinary Resolution proposed under agenda 7, if passed, will enable the Company and/or its subsidiary companies to enter into recurrent transactions involving the interest of Related Parties, which are necessary for the Group's day-to-day operations and undertaken at arm's length, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

3. *Explanatory note for Ordinary Resolution No. 9*

   Proposed Renewal of Share Buy-Back Mandate

   Resolution pursuant to the proposed renewal of Share Buy-Back Mandate. The Ordinary Resolution proposed under agenda 8, if passed, will empower the Directors to purchase the Company's shares of up to ten per cent of the issued and paid-up share capital of the Company by utilising the funds allocated out of the retained earnings of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

   Based on the Company's audited financial statements for the financial year ended 30 June 2007, the Company's retained earnings stood at RM68,748,605.00.

4. ***Proposed Amendments to Articles of Association of the Company***

   The proposed amendments will bring the Articles of Association of the Company in line with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad.

Further information on the Proposed Renewal of Shareholders' Mandate and New Shareholder's Mandate for Recurrent Related Party Transactions, Proposed Renewal of Share Buy-Back Authority and the Proposed Amendments to Articles of Association of the Company are set out in the Part A, Part B and Part C of the Circular to Shareholders dated 19 November 2007, enclosed together with this annual report.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.28(2) of the Bursa Securities Listing Requirements appended hereunder are:

DIRECTORS STANDING FOR RE-ELECTION

The following Directors are standing for re-election at the Annual General Meeting for the financial year 2007 of the company which will be held at Prime City Hotel, Mars 1, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Takzim on Thursday, 13 December 2007 at 1.00 p.m.

Name of Director	Details of Attendance for Board Meeting	Details of Individual Director
Dato' Tan Seng Leong	Refer to Page 22 of Annual Report	Refer to Page 14 of Annual Report
En. Sofian bin Arshad	Refer to Page 22 of Annual Report	Refer to Page 15 of Annual Report
En. Ash'ari bin Ayub	Refer to Page 22 of Annual Report	Refer to Page 14 of Annual Report

Proxy Form

CDS account no. of authorised nominee

BCB BERHAD (172003-W)
(Incorporated in Malaysia)

I/We ____________________ IC No./ Passport No./ Company No. ____________________

of ____

being a member of BCB Berhad ("the Company"), hereby appoint ____________________

____________________ IC No./ Passport No. ____________________

of ____

or failing him/her ____________________ IC No./ Passport No. ____________________

or failing him/her the CHAIRMAN OF THE MEETING as my/our proxy, to vote for me/us on my/our behalf at the ANNUAL GENERAL MEETING of the Company to be held at the **Prime City Hotel, Mars 1, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Takzim** on **Thursday, 13 December 2007** at **1.00 p.m** and at any adjournment thereof.

My/Our proxy is to vote as indicated below.

	RESOLUTIONS		**FOR**	**AGAINST**
1.	To receive the Statutory Financial Statements for the financial year ended 30 June 2007	**Resolution 1**		
2.	To approve the payment of Directors' fees for the financial year ended 30 June 2007	**Resolution 2**		
3.	To re-elect the following Director(s) who retire in accordance with Article No. 105 of the Articles of Association: (a) Dato' Tan Seng Leong (b) Encik Sofian bin Arshad (c) Encik Ash'ari bin Ayub	 **Resolution 3** **Resolution 4** **Resolution 5**		
4.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors	**Resolution 6**		
5.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	**Resolution 7**		
6.	Proposed Renewal of Shareholders' Mandate and New Shareholder's Mandate for Recurrent Related Party Transactions	**Resolution 8**		
7.	Proposed Renewal of Share Buy-Back	**Resolution 9**		
8.	Proposed Amendments to the Articles of Association of the Company	**Special Resolution 1**		

(Please indicate with an "x" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.)

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	No of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100 %

____
Signature/Common Seal of Appointor
Number of shares held :
Date :

Notes:

1. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorized.*
2. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
3. *A proxy may but need not be a member of the Company and such a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(b) of the Act shall not apply to the Company. Where a member appoints more than one (1) proxy the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.*
4. *The instrument appointing a proxy, with the power of attorney or other authority (if any) under which it is signed or a notarially certified or office copy of such power of authority, shall be deposited at the Company's Registered Office at 7th Floor, Plaza BCB (Hotel Tower Block), 20, Jalan Bakawali, 86000 Kluang, Johor not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.*
5. *If this Proxy Form is signed under the hand of an officer duly authorised, it should be accompanied by a statement reading "signed as authorised officer under Authorisation Document which is still in force, no notice of revocation having been received". If this Proxy Form is signed under the attorney duly appointed under a Power of Attorney, it should be accompanied by a statement reading "signed under Power of Attorney which is still in force, no notice of revocation having been received". A copy of the Authorisation Document or the Power of Attorney, which should be valid in accordance with the laws of the jurisdiction in which it was created and is exercised, should be enclosed in this Proxy Form.*

BCB BERHAD (172003-W)

Registered Office:
7th Floor, Plaza BCB (Hotel Tower Block), No. 20, Jalan Bakawali, 86000 Kluang, Johor Darul Takzim.
Tel: 607-776 0089 (5 Lines) Fax: 607-772 0089

Sales Office:
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