

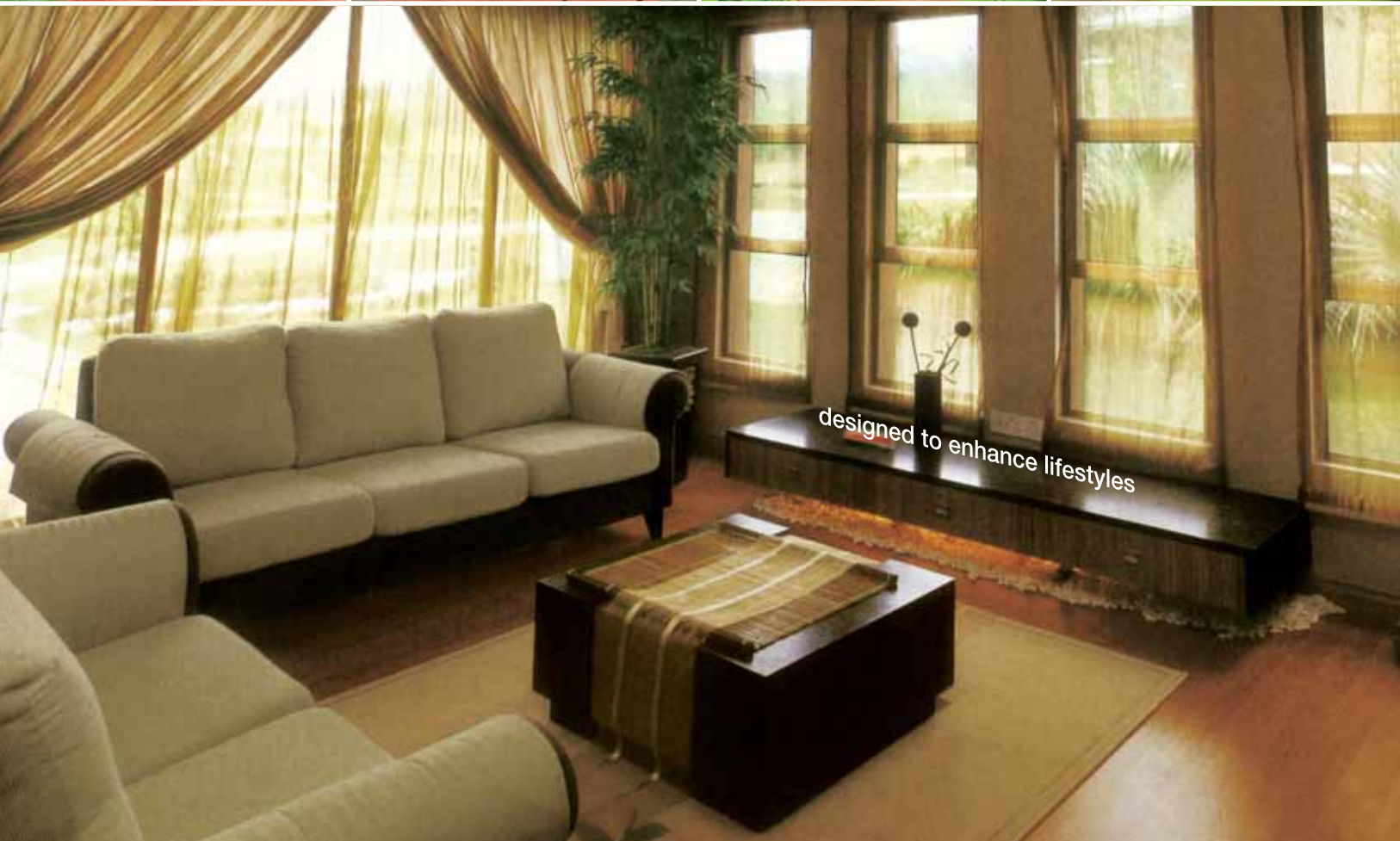
BCB

龍城集團

BCB BERHAD

(172003-W)

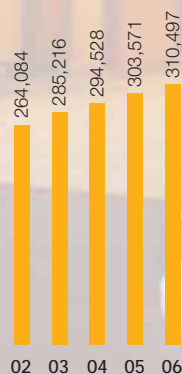
2006 annual report



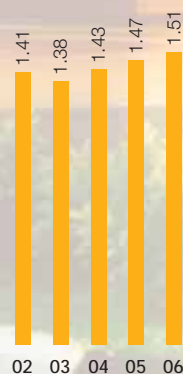
committed to
inspire and fulfill

Five Years' Financial Highlights

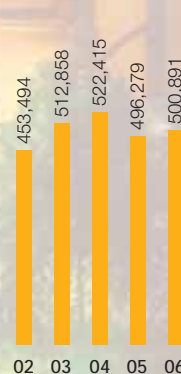
Shareholders' equity
RM million



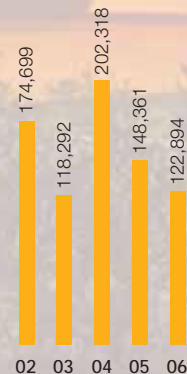
Net assets per share
RM



Total assets
RM million



Revenue
RM million

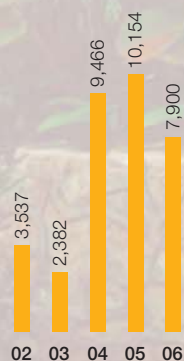


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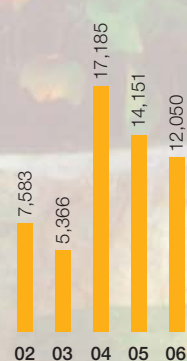
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Night view from vantage point Taman Bukit Perdana, Batu Pahat.
Show units featured; DSSD Helicornia.

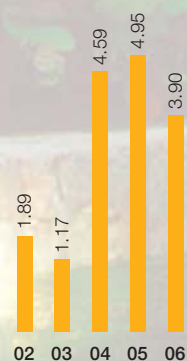
Profit after taxation
RM million



Profit before taxation
RM million



Basic EPS
Sen





Our passion for the future...

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.

We shall strive for

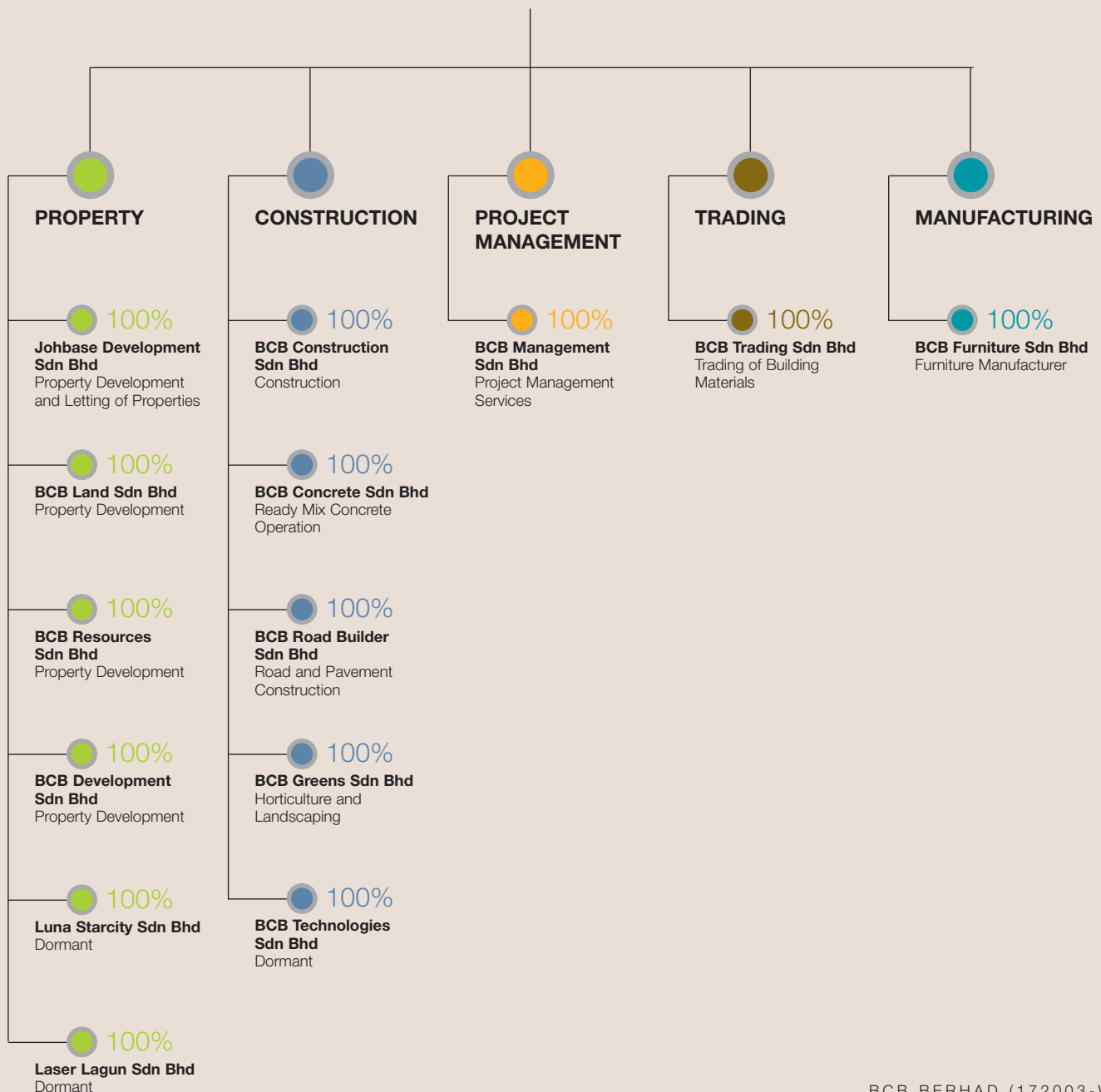
- Total customer satisfaction through the provision of quality, desirable and affordable products, consistent delivery and a dedication to continuous improvement.
- Sustained growth and earnings capacity.
- Greater environmental concern and a more caring, nurturing eco-friendly development.
- And an efficient and effective work culture emphasising personal development, teamwork and performance-based rewards.

...keeps us one step ahead

Corporate Structure

BCB BERHAD

INVESTMENT HOLDING, PROPERTY DEVELOPMENT AND HOTEL OPERATIONS




Chairman's Statement

Dear valued shareholders,

On behalf of the Board members of BCB Berhad, it gives me great pleasure to present to you the annual report and financial statements of the Company and the Group for the financial year ended 30 June 2006.

OVERVIEW

The year under review proved to be challenging and somewhat restrained for the Malaysian property business amidst higher energy prices and increasing interest rates dampening the property market activities. With new launches from established and new developers competing for market presence and visibility, offering ample selection of attractively designed concept homes and numerous promotion packages, the homebuyers were spoilt for choice. These have inevitably lead to lower take-up rates for our new launches. Nevertheless, we were able to adjust our product mix by focusing on higher-end and commercial units to counter the slack in demand.

A portrait of Dato' Ismail bin Yusof, the Independent Non-Executive Chairman. He is a middle-aged man with dark hair and a beard, wearing a dark suit, a light blue shirt, and a red and white striped tie. He is standing in front of a background of vertical metal bars.

Dato' Ismail bin Yusof
Independent Non-Executive Chairman



FINANCIAL REVIEW

Acknowledging that the year was challenging, the Group performed reasonably well in FY 2006. The Group posted a moderate revenue of RM122.9 million as compared to RM148.3 million in FY 2005 and net profit of RM7.9 million compared to prior year's RM10.1 million.

REVIEW OF OPERATION

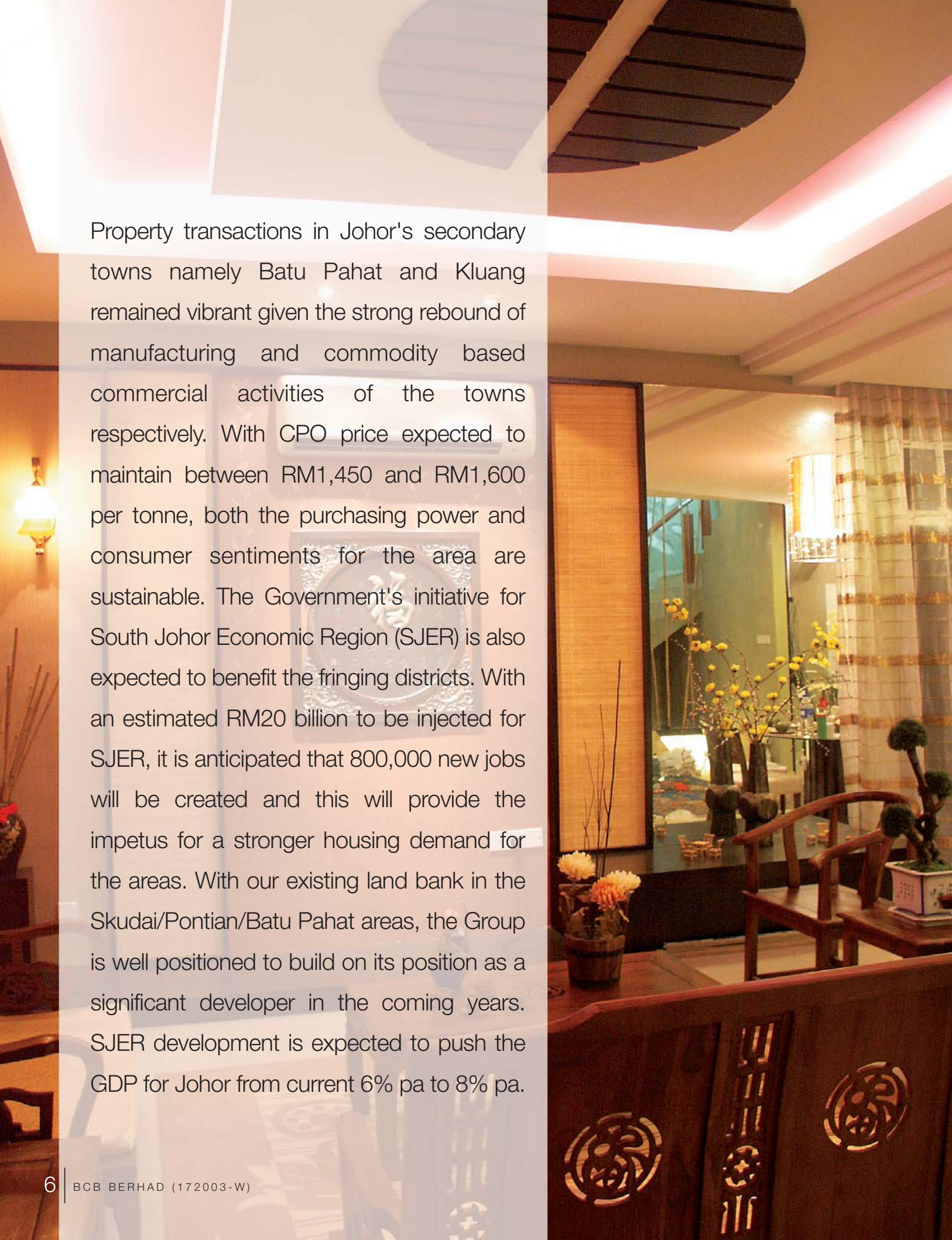
Property Development and Project Management Division

The core division continued to be the main contributor to the Group's revenue with RM91 million representing a 74% overall contribution. The bulk of the division's revenue were generated from the Group's flagship projects namely Evergreen Heights and Taman Bukit Perdana (TBP) in Batu Pahat and Taman Saujana in Kluang.

Despite the sturdy competition in housing market as mentioned, Evergreen Heights and Taman Saujana performed well with continued emphasis on the Group's

trade brand lines of lifestyle and community based housing. Added features incorporated into the homes include perimeter fencing and security guard house postings. The Group's commitment to quality housing extends to all aspects of architectural esthetics and functionality, cost efficiency, excellent infrastructures and public amenities.

The Group strives to offer our homebuyers various selection from the latest product trends, to the evergreen contemporary designs to suit our homebuyer's individual preferences and value for money purchases. Our commitment placed on interior designs for our showunits was rewarded with a 2nd prize win in the Annual IIDA InteriCAD ID Award in 2006. Evergreen Heights and TBP continued to receive the support from our homebuyers chalking up sales of RM57 million during the year. The higher-end residential units featuring DSSD Helicornia (RM450,000), DSB Topaz (RM550,000) and the ever popular DSTH Sunflower (RM250,000) series remained the homebuyer's favourites.



Property transactions in Johor's secondary towns namely Batu Pahat and Kluang remained vibrant given the strong rebound of manufacturing and commodity based commercial activities of the towns respectively. With CPO price expected to maintain between RM1,450 and RM1,600 per tonne, both the purchasing power and consumer sentiments for the area are sustainable. The Government's initiative for South Johor Economic Region (SJER) is also expected to benefit the fringing districts. With an estimated RM20 billion to be injected for SJER, it is anticipated that 800,000 new jobs will be created and this will provide the impetus for a stronger housing demand for the areas. With our existing land bank in the Skudai/Pontian/Batu Pahat areas, the Group is well positioned to build on its position as a significant developer in the coming years. SJER development is expected to push the GDP for Johor from current 6% pa to 8% pa.

Construction Division

The division contributed a total revenue of RM9 million to the Group compared to RM17 million in year 2005. Acting as the main contractor to the Group's development projects, the division's main objective is to assist the Group in the delivery of quality products and enhancing our brand image. The current emphasis on higher-end homes in effect resulted in a reduction of the number of units constructed by the division hence the lower turnover posted during the year. Nevertheless the division shall continue to maintain its objective as the Group's main contractor while maintaining cost efficiency and applying modern construction techniques.

The division is expected to perform better with the Group's planned expansion to new market segment; namely Selangor and Kuala Lumpur area in the near future.



Manufacturing Division

The division recorded higher sales of RM5.6 million as compared to RM5 million last year; however, the division posted a loss of RM1.3 million during the financial year. The manufacturing division continued to operate in a challenging environment with competitors from other parts of region namely China and Vietnam. Depressed selling prices coupled with rising energy cost led to an average 8% to 10% increase in manufacturing cost. In the effort to reverse the negative impact, the division has ventured to new market namely Germany, France and United Kingdom where consistent quality and innovative designs commands a higher premium with better margins. The division expects to perform better in next financial year.

Hotel Division

The Prime City Hotel, a 126 room hotel situated in the heart of Kluang town maintains its market position as the premier hotel in Kluang and the venue for the town's main commercial and social gathering activities. The hotel





occupancy rate for the year maintained at 50% to 60% average. The Division contributed sales of RM9 million to the Group during the financial year.

LOOKING AHEAD

With our mission to be the choice developer, the Group shall continue to enhance the quality of our product offered and to expand our activities beyond Johor state. The Group

is looking to expand its presence to Selangor/Kuala Lumpur area in effort to improve its profitability and to diversify market reach. The expansion shall be either by way of land acquisition or joint development of land parcels.

Barring any unforeseen circumstances, the Board expect the Group to maintain its profitability for the next financial year.

APPRECIATION

On behalf of the Board, I would like to express my heartfelt appreciation to the Management and staff for their untiring efforts, loyalty, dedication and commitment in the performance of their duties, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their continued support and co-operation.

Finally, I would like to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Dato' Ismail bin Yusof
Independent Non-Executive Chairman

Harmonised Living

The Group's commitment to quality housing extends to all aspects of architectural esthetics and functionality, cost efficiency, excellent infrastructures and public amenities.

The Group strives to offer our homebuyers various selection from the latest product trends, to the evergreen contemporary designs to suit our homebuyer's individual preferences and value for money purchases.

Five Years' Financial Highlights

Consolidated Balance Sheets as at 30 June

	2002*	2003*	2004	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Share Capital	187,500	206,250	206,250	206,250	206,250
Treasury Shares	-	-	(153)	(1,264)	(2,237)
Non-Distributable Reserve	7,199	7,199	7,199	7,199	7,199
Retained Earnings	69,385	71,767	81,232	91,386	99,285
Shareholders' Equity	264,084	285,216	294,528	303,571	310,497
Represented by:					
Property, Plant and Equipment	65,596	59,878	56,323	55,402	54,486
Investment Properties	19,482	19,482	19,482	19,483	19,483
Land Held for Development	18,957	64,594	67,192	68,004	45,331
Deferred Tax Assets	-	-	13	8	-
Current Assets	352,458	368,904	379,405	353,383	381,591
Current Liabilities	(155,614)	(165,604)	(177,471)	(138,285)	(142,893)
Less: Non Current Liabilities	196,844	203,300	201,934	215,098	238,698
	(33,795)	(62,038)	(50,416)	(54,424)	(47,501)
	264,084	285,216	294,528	303,571	310,497
Number of Ordinary Shares of RM1.00 in Issue ('000)	187,500	206,250	206,250	206,250	206,250
Net Assets Per Share (RM)	1.41	1.38	1.43	1.47	1.51
Total Assets	453,494	512,858	522,415	496,279	500,891

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



Five Years' Financial Highlights

Consolidated Income Statements for the Years Ended 30 June

	2002*	2003*	2004	2005	2006
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	174,699	118,292	202,318	148,361	122,894
Profit Before Charging Depreciation and Interest Expenses	17,779	16,249	27,290	23,385	20,925
Depreciation	(4,059)	(4,133)	(3,768)	(2,980)	(2,406)
Interest Expenses	(6,137)	(6,750)	(6,337)	(6,254)	(6,469)
Profit Before Taxation	7,583	5,366	17,185	14,151	12,050
Taxation	(4,046)	(2,984)	(7,719)	(3,997)	(4,150)
Profit After Taxation	3,537	2,382	9,466	10,154	7,900
Adjusted Weighted Average Number of Shares in Issue	187,500	204,247	206,180	205,099	202,489
Gross EPS (sen)	4.04	2.63	8.33	6.90	5.95
Basic EPS (sen)	1.89	1.17	4.59	4.95	3.90
Dividend Rate	-	-	-	-	-

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



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 Seng Hong

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

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

Tenaga Koperat Sdn Bhd
(118401-V)
20th Floor, East Wing
Plaza Permata, Jalan Kampar
Off Jalan Tun Razak
50400 Kuala Lumpur
Tel : 03-4041 6522
Fax: 03-4042 6352

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

Board of Directors' Profile

1. Dato' Ismail Bin Yusof *®

Independent Non-Executive Chairman

Dato' Ismail Bin Yusof, aged 62, 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.

2. Dato' Tan Seng Leong *

Group Managing Director

Dato' Tan Seng Leong, aged 50, 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.

3. Ash'ari Bin Ayub *®

Independent Non-Executive Director

Encik Ash'ari Bin Ayub, aged 64, 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.

4. Sofian Bin Arshad *®

Independent Non-Executive Director

Encik Sofian Bin Arshad, aged 42, 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 16 years of experience in project management.

5. Syed Abdullah Bin A Hamid

Independent Non-Executive Director

Encik Syed Abdullah Bin A Hamid, aged 49, 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.

6. Tan Lay Kim

Executive Director

Ms Tan Lay Kim, aged 44, a Malaysian, was appointed to the Board on 9 November 1988. She is responsible

Board of Directors' Profile



for the daily management and operations of BCB's Prime City Hotel in Kluang. She also holds directorships in BCB's subsidiaries.

7. Tan Lay Hiang

Executive Director

Ms Tan Lay Hiang, aged 38, 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.

8. Tan Seng Hong

Executive Director

Mr Tan Seng Hong, aged 31, a Malaysian, was appointed to the Board on 21 September 1999 and is responsible for the Group's Construction and Trading Divisions. He holds a Bachelor of Business Administration in Finance from Western Michigan University, USA. Upon his graduation, Mr Tan joined the BCB Group as the Corporate Planning Manager. He was subsequently appointed to his present position. He holds directorships in all of BCB's wholly-owned subsidiaries.

9. Tan Vin Sern

Executive Director

Mr Tan Vin Sern, aged 23, 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, Ms Tan Lay Hiang and Mr Tan Seng Hong 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

...the Group shall continue to enhance the quality of our product offered and to seek for expansion beyond Johor...



Show village Evergreen Heights,
Batu Pahat, DSB Citrine.

Report of the Audit Committee

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 amongst their number 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; and
- (iii) 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:

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)

- (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

Report of the Audit Committee

determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

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

In order to form a quorum for any meeting of the Committee, the majority of members present must be independent.

(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 once 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:

Report of the Audit Committee

- (i) the going concern assumption;
 - (ii) changes in or implementation of major accounting policy changes;
 - (iii) significant and unusual events; and
 - (iv) compliance with 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; and
 - (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 action is 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 seven (7) meetings during the financial year ended 30 June 2006. Details of the attendance of the meetings by the Committee Members are as follows:

Report of the Audit Committee

Members	No. of Meetings Attended	%
Dato' Ismail Bin Yusof	7/7	100.00
Dato' Tan Seng Leong	7/7	100.00
Sofian Bin Arshad	7/7	100.00
Ash'ari Bin Ayub	7/7	100.00

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 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 2006;
- (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 2006 and unaudited quarterly financial results prior to the approval by the Board of Directors for subsequent announcements;
- (vii) reviewing any related party transaction; and

- (viii) reviewing the Company's compliance with the revamped Listing Requirements of the Bursa Malaysia Securities Berhad.

8) INTERNAL AUDIT FUNCTION

The Board has outsourced its Internal Audit functions to BDO Governance Advisory Sdn Bhd ("BDOGA"); a reputed company of internal audit professionals 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 Construction; Manufacturing and Hotel (room division). In addition, Risk Assessment Review was carried out during the year. 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.

Corporate Governance Statement

The Board of Directors believes that good corporate governance is essential to the Group's continued progress and success. Thus, the Board is committed in ensuring the integrity, transparency and professionalism are in place at all level 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 in its business divisions.

Board Committees

The Board has delegated specific responsibilities to three (3) committees to assist in its functions. The committees, namely; Audit, ESOS 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 nine (9) members, of whom 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.

Corporate Governance Statement

Shown below is the attendance of each Director for the financial year ended 30 June 2006:

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	6/6	100
Tan Lay Kim	Executive Director	6/6	100
Tan Lay Hiang	Executive Director	6/6	100
Tan Seng Hong	Executive Director	5/6	83
Tan Vin Sern*	Executive Director	N/A	N/A
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	4/4	100

* 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 obtain independent advice from external resources at the cost of the Company.

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 themselves abreast with the latest developments in the market place and enhance their professionalism in discharging their fiduciary duties to the Company.

Pursuant to Paragraph 15.09(2) and Appendix 9C (Part A, Paragraph 27) of the Listing Requirements, the Directors have during the year attended training programme in area of finance.

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.

Directors over seventy (70) years of age are required to submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Upon the recommendation of the Nomination & Remuneration Committee, Dato' Ismail Bin Yusof, Tan Seng Hong, Tan Lay Kim and Tan Vin Sern shall retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer 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 meets once a year and also when required to make its recommendation 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 (Executive and Non-Executive Directors) 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 shown below:

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.

	RM'000					
	Directors' Fees	Salaries	Bonuses	Benefits in kind	EPF	Total
Dato' Ismail Bin Yusof	60	-	-	-	-	60
Dato' Tan Seng Leong	-	1,320	80	60	260	1,720
Tan Lay Kim	-	142	12	10	28	192
Tan Lay Hiang	-	142	35	9	31	217
Tan Seng Hong	-	142	-	9	27	178
Tan Vin Sern*	-	-	-	-	-	-
Sofian Bin Arshad	36	-	-	-	-	36
Ash'ari Bin Ayub	36	-	-	-	-	36
Syed Abdullah Bin A Hamid	29	-	-	-	-	29
	161	1,746	127	88	346	2,468

* Appointed on 5 September 2006

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 and meaningful assessment of the Group's performance 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 responsible 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 26 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.

ADDITIONAL COMPLIANCE INFORMATION

To comply with the Listing Requirements, the following additional information is 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)
July 2005	281,000	0.485	0.500	0.4981	139,963
September 2005	509,000	0.460	0.480	0.4756	242,064
October 2005	476,200	0.450	0.485	0.4685	223,106
November 2005	174,500	0.440	0.470	0.4606	80,370
December 2005	28,000	0.440	0.455	0.4575	12,811
January 2006	329,000	0.435	0.460	0.4483	147,493
February 2006	193,000	0.435	0.460	0.4482	86,509
March 2006	73,600	0.435	0.450	0.4435	32,640
	2,064,300				964,956

* Note: Inclusive of brokerage and other charges.

During the financial year ended 30 June 2006, all the shares purchased by the Company were retained as Treasury Shares. As at 30 June 2006, the cumulative total number of shares held as Treasury Shares was 4,360,600 shares. None of the Treasury Shares were resold or cancelled during the financial year.

Non-audit fees

Other than the following, there were no non-audit fees paid to the external auditors for the financial year ended 30 June 2006:

Auditors	Services	Amount Paid (RM)
Messrs PricewaterhouseCoopers	Professional services in respect of tax compliance	15,800
Messrs PricewaterhouseCoopers	Professional services in respect of review Housing Development Account (HDA)	112,000
Messrs PricewaterhouseCoopers	Professional services in respect of review on the Statement of Internal Control	5,000

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 32 to the financial statements.

The Company intends to seek 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.

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. Para 15.27(b) of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") has made mandatory for directors of listed companies to include a statement in their Annual Reports on the state of their internal controls.

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 recognizes the importance of sound internal control for 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.

It should be appreciated that such systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives. However effective the systems are, they can only provide reasonable and not absolute assurance against misstatement, loss or irregularities.

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 reviews highlight 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 remains committed towards operating a sound system of internal control and continues to take appropriate measures to strengthen the control environment and certain weaknesses of the controls identified and highlighted by BDOGA are currently being improved.



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Directors' Report

for the financial year ended 30 June 2006

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 2006.

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
Net profit for the financial year	7,899,487	4,983,801

DIVIDENDS

No dividends have been paid or declared by the Company since 30 June 2005.

The Directors do not recommend the payment of any dividend for the financial year ended 30 June 2006.

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 2,080,300 (2005: 2,031,500) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM972,939 (2005: RM1,110,979). The average price paid for the shares repurchased was RM0.47 (2005: RM0.55) per share.

Details of the treasury shares are set out in Note 26 to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The Company implemented an ESOS in financial year 2000 for a period of 5 years. The ESOS is governed by the by-laws which were approved by the shareholders on 4 February 2000 and lapsed on 14 March 2005. The Company has not established any new scheme since then.

Details of the ESOS are set out in Note 26 to the financial statements.

Directors' Report

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
Tan Seng Hong
Sofian bin Arshad
Ash'ari bin Ayub
Tan Vin Sern (appointed on 5 September 2006)
Syed Abdullah bin A. Hamid

In accordance with the Company's Articles of Association, YBhg Dato' Ismail bin Yusof, Mr Tan Seng Hong and Ms Tan Lay Kim retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

In accordance with the Company's Article of Association, Mr Tan Vin Sern, who was appointed during the period, retire at the forthcoming Annual General Meeting and, being eligible, offer himself for 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 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 and options over shares in the Company are as follows:

Shareholdings in the name of the Director	Number of ordinary shares of RM1.00 each in the Company			
	At 1.7.2005	Bought	Sold	At 30.6.2006
Dato' Tan Seng Leong	65,125,500	0	(1,350,000)	63,775,500
Tan Lay Kim	5,375,700	0	0	5,375,700
Tan Lay Hiang	491,100	0	0	491,100
Tan Seng Hong	3,797,800	274,800	0	4,072,600

Directors' Report

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

Shareholdings in which the Director is deemed to have an interest	Number of ordinary shares of RM1.00 each in the Company			
	At 1.7.2005	Bought	Sold	At 30.6.2006
Dato' Tan Seng Leong	131,000	2,534,500	0	2,665,500 ¹
Tan Seng Hong	1,971,000	0	0	1,971,000 ¹

Note:

1. By virtue of the shareholdings of their spouse and children.

By virtue of their deemed interests in the shares of the Company, Dato' Tan Seng Leong, Tan Lay Kim, Tan Seng Hong 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.

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONT'D)

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 10 October 2006

Dato' Tan Seng Leong
Group Managing Director

Tan Seng Hong
Executive Director

Statement by Directors

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

We, Dato' Tan Seng Leong and Tan Seng Hong, two of the Directors of BCB Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 34 to 74 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 2006 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.

Signed on behalf of the Board of Directors in accordance with their resolution dated 10 October 2006

Dato' Tan Seng Leong
Group Managing Director

Tan Seng Hong
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 34 to 74 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 : 10 October 2006

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 34 to 74. 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 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 2006 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

Johor Bahru

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

Income Statements

for the financial year ended 30 June 2006

		Group		Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	122,894,083	148,361,219	57,699,405	78,125,200
Cost of sales	5	(83,805,572)	(107,816,796)	(35,693,870)	(54,698,676)
Gross profit		39,088,511	40,544,423	22,005,535	23,426,524
Other operating income		1,820,294	1,053,523	3,388,638	3,501,840
Administrative expenses		(10,787,106)	(9,884,981)	(3,419,561)	(2,910,462)
Marketing expenses		(4,849,389)	(4,858,835)	(3,754,880)	(4,036,998)
Other operating expenses		(6,753,720)	(6,448,073)	(5,581,926)	(5,982,701)
Profit from operations	6	18,518,590	20,406,057	12,637,806	13,998,203
Finance cost	10	(6,468,643)	(6,254,999)	(5,456,803)	(5,280,489)
Profit from ordinary activities before tax		12,049,947	14,151,058	7,181,003	8,717,714
Tax expense	11	(4,150,460)	(3,997,013)	(2,197,202)	(2,678,075)
Net profit for the financial year		7,899,487	10,154,045	4,983,801	6,039,639
Basic earnings per share (sen)	12	3.90	4.95		

The notes on pages 40 to 74 form an integral part of these financial statements.

Balance Sheets

as at 30 June 2006

		Group		Company	
	Note	2006 RM	2005 RM	2006 RM	2005 RM
Non current assets					
Property, plant and equipment	13	54,486,304	55,401,551	45,450,014	45,971,289
Investment properties	14	19,482,436	19,482,436	18,762,436	18,762,436
Land held for property development	15	45,330,930	68,003,844	804,095	803,675
Subsidiaries	16	0	0	12,800,008	12,800,008
Deferred tax assets	17	0	8,000	0	0
		119,299,670	142,895,831	77,816,553	78,337,408
Current assets					
Property development cost	18	207,035,914	196,880,182	105,107,686	129,739,206
Inventories	19	65,469,173	51,215,379	39,542,312	23,390,814
Tax recoverable		1,094,591	705,535	0	0
Receivables, deposits and prepayments	20	103,062,484	97,211,292	28,017,786	23,554,342
Amounts due from subsidiaries	21	0	0	136,708,628	124,126,563
Deposits, bank and cash balances	22	4,928,913	7,371,002	1,824,691	3,233,463
		381,591,075	353,383,390	311,201,103	304,044,388
Less: Current liabilities					
Payables	23	49,219,465	47,454,517	8,234,906	8,532,146
Amounts due to subsidiaries	21	0	0	10,761,419	6,527,245
Borrowings (interest bearing)	24	55,068,198	55,403,188	31,644,111	32,902,167
Bank overdrafts	25	37,620,911	34,126,473	35,664,490	32,175,090
Current tax liabilities		984,391	1,300,980	207,731	1,063,937
		142,892,965	138,285,158	86,512,657	81,200,585
Net current assets		238,698,110	215,098,232	224,688,446	222,843,803
Less: Non current liabilities					
Borrowings (interest bearing)	24	41,518,311	48,765,822	17,104,483	20,107,670
Deferred tax liabilities	17	5,982,382	5,657,702	5,829,113	5,513,000
		47,500,693	54,423,524	22,933,596	25,620,670
		310,497,087	303,570,539	279,571,403	275,560,541
Capital and reserves					
Share capital	26	206,250,000	206,250,000	206,250,000	206,250,000
Treasury shares	26	(2,237,137)	(1,264,198)	(2,237,137)	(1,264,198)
Revaluation reserves	27	7,198,677	7,198,677	6,865,267	6,865,267
Retained earnings		99,285,547	91,386,060	68,693,273	63,709,472
Shareholders' equity		310,497,087	303,570,539	279,571,403	275,560,541

The notes on pages 40 to 74 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2006

Note	Issued and fully paid ordinary shares of RM1.00 each		Treasury shares RM	Revaluation reserves RM	Retained earnings RM	Total RM
	Number of shares	Nominal value RM				
At 1 July 2004	206,250,000	206,250,000	(153,219)	7,198,677	81,232,015	294,527,473
Net profit for the financial year	0	0	0	0	10,154,045	10,154,045
Buy back of shares 26	0	0	(1,110,979)	0	0	(1,110,979)
At 30 June 2005	206,250,000	206,250,000	(1,264,198)	7,198,677	91,386,060	303,570,539
At 1 July 2005	206,250,000	206,250,000	(1,264,198)	7,198,677	91,386,060	303,570,539
Net profit for the financial year	0	0	0	0	7,899,487	7,899,487
Buy back of shares 26	0	0	(972,939)	0	0	(972,939)
At 30 June 2006	206,250,000	206,250,000	(2,237,137)	7,198,677	99,285,547	310,497,087

The notes on pages 40 to 74 form an integral part of these financial statements.

Company Statement of Changes in Equity

for the financial year ended 30 June 2006

	Note	Issued and fully paid ordinary shares of RM1.00 each		Non-distributable		Distributable	Total
		Number of shares	Nominal value RM	Treasury shares RM	Revaluation reserves RM	Retained earnings RM	
At 1 July 2004		206,250,000	206,250,000	(153,219)	6,865,267	57,669,833	270,631,881
Net profit for the financial year		0	0	0	0	6,039,639	6,039,639
Buy back of shares	26	0	0	(1,110,979)	0	0	(1,110,979)
At 30 June 2005		206,250,000	206,250,000	(1,264,198)	6,865,267	63,709,472	275,560,541
At 1 July 2005		206,250,000	206,250,000	(1,264,198)	6,865,267	63,709,472	275,560,541
Net profit for the financial year		0	0	0	0	4,983,801	4,983,801
Buy back of shares	26	0	0	(972,939)	0	0	(972,939)
At 30 June 2006		206,250,000	206,250,000	(2,237,137)	6,865,267	68,693,273	279,571,403

The notes on pages 40 to 74 form an integral part of these financial statements.

Cash Flow Statements

for the financial year ended 30 June 2006

		Group		Company	
	Note	2006	2005	2006	2005
		RM	RM	RM	RM
Operating activities					
Net profit for the financial year		7,899,487	10,154,045	4,983,801	6,039,639
Adjustments to reconcile net profit for the financial year to cash from operations:					
Allowance for foreseeable loss		561,523	63,100	0	63,100
Property, plant and equipment:					
- depreciation		2,406,041	2,980,116	1,123,623	1,266,299
- written off		76,784	19,011	4,772	11,047
- gain on disposals		(482,594)	(252,921)	(118,085)	(43,467)
Interest income		(652,584)	(319,424)	(1,242,316)	(1,437,516)
Interest expenses		6,468,643	6,254,999	5,456,803	5,280,489
Impairment of investment in subsidiary		0	0	0	700,000
Tax expense		4,150,460	3,997,013	2,197,202	2,678,075
		20,427,760	22,895,939	12,405,800	14,557,666
Changes in working capital:					
- property development cost		14,615,868	10,404,063	24,955,775	15,150,535
- inventories		(14,253,794)	5,881,510	(16,151,498)	3,486,693
- receivables, deposits and prepayments		(5,502,893)	13,517,624	(4,463,443)	5,358,022
- payables		1,764,948	(16,602,828)	(297,241)	(1,389,393)
- amounts with subsidiaries		0	0	(8,347,890)	(22,355,376)
Cash from operations		17,051,889	36,096,308	8,101,503	14,808,147
Interest received		652,584	319,424	1,242,316	1,437,516
Interest paid		(9,096,569)	(6,254,999)	(5,781,058)	(5,280,489)
Tax paid		(4,523,425)	(6,334,010)	(2,737,297)	(3,157,642)
Net cash flow from operating activities		4,084,479	23,826,723	825,464	7,807,532
Investing activities					
Property, plant and equipment					
- additions	13	(1,289,515)	(2,430,363)	(428,047)	(143,151)
- proceeds from disposals		492,231	1,121,797	119,012	44,000
Land held for property development		(32,283)	(1,665,560)	(420)	0
Net cash flow used in investing activities		(829,567)	(2,974,126)	(309,455)	(99,151)

Cash Flow Statements

for the financial year ended 30 June 2006 (Cont'd)

	Note	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Financing activities					
Deposit previously pledged to a bank		0	15,288	0	0
Purchase of treasury shares	26	(972,939)	(1,110,979)	(972,939)	(1,110,979)
Proceeds from bank borrowings		74,684,380	75,563,412	65,634,550	73,101,567
Repayments of bank borrowings		(82,350,980)	(101,095,349)	(69,690,009)	(88,308,664)
Finance lease principal payments		(551,900)	(506,304)	(385,783)	(417,568)
Net cash flow used in financing activities		(9,191,439)	(27,133,932)	(5,414,181)	(16,735,644)
Net decrease in cash and cash equivalents		(5,936,527)	(6,281,335)	(4,898,172)	(9,027,263)
Cash and cash equivalents					
- at start of financial year		(26,755,471)	(20,474,136)	(28,941,627)	(19,914,364)
- at end of financial year	29	(32,691,998)	(26,755,471)	(33,839,799)	(28,941,627)

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 13).
- (ii) outstanding proceeds from disposal of property, plant and equipment for the Group of RM348,300 (2005: RM Nil) is included in other receivable balances.
- (iii) the increase in investment in subsidiary by the company of RM Nil (2005: RM199,998) by way of capitalising the amount due from the subsidiary.

The notes on pages 40 to 74 form an integral part of these financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2006

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.

Notes to the Financial Statements

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

(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.

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

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and Company have been prepared under the historical cost convention except as disclosed in this summary of significant accounting policies.

The financial statements comply with the provisions of the Companies Act 1965 and the MASB approved accounting standards in Malaysia.

The preparation of financial statements in conformity with the provisions of the Companies Act 1965 and the MASB approved accounting standards in Malaysia requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Although these estimates are based on the Directors' best knowledge of current events and actions, actual results may differ from those estimates.

(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.

Subsidiaries are consolidated using acquisition method of accounting.

Under the acquisition method of accounting, subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The cost of an acquisition is the amount of cash paid and the fair value at the date of acquisition of other purchase consideration given by the acquirer, together with directly attributable expenses of the acquisition. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the consolidated financial statements. The difference between the cost of acquisition over the Group's share of the fair value of the identifiable net assets of the subsidiary acquired at the date of acquisition is reflected as goodwill or negative goodwill. See accounting policy Note (g) on goodwill.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) Subsidiaries (Cont'd)

Intragroup transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of 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 together with any unamortised balance of goodwill on acquisition and exchange differences which were not previously 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 (e) on impairment of 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

Property, plant and equipment are initially stated at cost. Property, plant and equipment (except for hotel property and other equipment which are further explained below) are stated at cost less accumulated depreciation and impairment losses.

Freehold land is not depreciated as it has an infinite life. Other 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
Buildings	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

Crockery, glassware, cutlery, linen, kitchen utensils and general supplies are included as other equipment and are capitalised at the minimum level required for normal hotel operations. These base stocks are not depreciated but subsequent additions are charged out to income statement on a replacement basis.

Hotel property comprises land, hotel and their integral plant and machinery.

Freehold hotel property is initially stated at cost and is subsequently stated at fair value based on valuation by independent valuers.

It is the Group's policy to revalue its hotel property once in every five years. Adjustments will be made to the carrying value if the revaluation surplus/deficit is significant.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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. Deficit arising from revaluation is 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 income statement.

It is the Group's policy to maintain its freehold hotel property in the highest standard and condition in order to maintain its image and market share. Consequently, the Directors are of the opinion that freehold hotel property maintains residual values at least equal to their respective book values such that depreciation would be insignificant. The related maintenance expenditure is charged to the income statement when incurred.

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

Repairs and maintenance are charged to the income statement during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

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 (e) on impairment of assets.

(e) Impairment of assets

Property, plant and equipment and other non current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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.

The impairment loss is charged to the income statement unless it reverses a previous revaluation in which case it is charged to the revaluation reserves. 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 reserves.

(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 treated as long term investments and carried at fair value determined by independent professional valuers once in every five years. 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 property is transferred to retained earnings.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group's share of the fair value of their identifiable net assets at the date of acquisition.

Goodwill on consolidation is written off to income statement. Intra group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(h) 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 assets is assessed and written down immediately to its recoverable amount. See accounting policy Note (e) on impairment of 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's normal operating cycle.

(i) 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)

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(j) 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 on the finance 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.

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

(k) 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 selling expenses.

(l) 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 over the period of the contract as revenue and expenses respectively. The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to recognise in a given period; the stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total costs for the contract.

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/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).

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) 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. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. Bad debts are written off when identified.

(n) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents represent cash on hand, deposits held at call with banks, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(o) 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.

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

Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred tax.

(p) Employee benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Post-employment benefits

Defined contribution plans

A defined contribution 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. Once the contributions have been paid, the Group has no further payment obligations.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(q) Revenue recognition

Sales of goods are recognised upon delivery of products and customers' acceptance, if any, or performance of services, net of sales tax and discounts, and after eliminating sales within the Group.

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 of development properties is measured by reference to the value of work certified to date as a percentage of the total value of the projects.

The recognition of contract revenue and contract costs are recognised by using the stage of completion method. The stage of completion of a construction contract is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total costs for the contract.

Management fees, interest income and rental income are recognised on a receivable basis unless collectibility is in doubt.

Revenue from hotel operations is recognised when earned.

(r) Foreign currencies

(i) Reporting currency

The financial statements are presented in Ringgit Malaysia.

(ii) Foreign currency transactions and balances

Foreign currency transactions in Group companies are accounted for at exchange rates prevailing at the transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates prevailing at the balance sheet date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the income statement.

(iii) Closing rates

The principal closing rate used in translation of foreign currency amounts is as follows:

	2006	2005
Foreign currency	RM	RM
1 US Dollar	3.67	3.80

(s) Share capital

(i) Classification

Ordinary shares are classified as equity.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) Share capital (Cont'd)

(ii) Dividends to shareholders of the Company

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the balance sheet date. A dividend proposed or declared after the balance sheet date is not recognised as a liability at the balance sheet date until it is approved by the shareholders at the forthcoming Annual General Meeting.

(t) Treasury shares

When the Company purchases the Company's equity share capital, the consideration paid, including any attributable transaction costs is deducted from total shareholders' equity as treasury shares until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

(u) 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 transaction 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.

(ii) Capitalisation of borrowing cost

Borrowing costs incurred to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use. Borrowing costs incurred to finance property development activities and construction contracts are accounted for in a similar manner. All other borrowing costs are expensed.

(v) 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.

(w) 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.

Notes to the Financial Statements

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(w) Financial instruments (Cont'd)

(i) Description (Cont'd)

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.

(x) Segment reporting

Segment reporting is presented for enhanced assessment of the Group's risks and returns. Business segments provide products or services that are subject to risk and returns that are different from those of other business segments. Geographical segments provide products or services within a particular economic environment that is subject to risks and returns that are different from those components operating in other economic environments.

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.

4 REVENUE

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Property development	86,633,752	108,393,070	45,790,842	66,729,054
Rental income	3,471,557	3,112,476	3,308,647	2,962,253
Hotel revenue	8,599,916	8,433,893	8,599,916	8,433,893
Construction contracts	9,423,808	16,696,322	0	0
Sales of goods	13,459,845	9,868,984	0	0
Project management services	1,305,205	1,856,474	0	0
	122,894,083	148,361,219	57,699,405	78,125,200

Notes to the Financial Statements

5 COST OF SALES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Property development and management costs	61,042,811	81,835,709	31,216,772	48,390,708
Cost of inventories sold	18,197,974	17,368,524	4,477,098	6,307,968
Construction contract costs	4,564,787	8,612,563	0	0
	83,805,572	107,816,796	35,693,870	54,698,676

6 SUPPLEMENTARY INCOME STATEMENTS DISCLOSURES

The following items have been charged/(credited) in arriving at profit from operations:

	Notes	Group		Company	
		2006 RM	2005 RM	2006 RM	2005 RM
Directors' remuneration	9	2,513,125	2,275,842	1,010,566	894,512
Auditors' remuneration	7	114,000	110,075	50,000	50,000
Impairment of investment in subsidiary		0	0	0	700,000
Property, plant and equipment:					
- depreciation		2,406,041	2,980,116	1,123,623	1,266,299
- written off		76,784	19,011	4,772	11,047
- gain on disposals		(482,594)	(252,921)	(118,085)	(43,467)
Subcontractors' costs		26,239,398	29,436,431	0	0
Staff costs	8	8,728,507	8,443,103	4,256,208	3,955,593
Inventories written off		25,392	0	0	0
Rental deposit written off		0	12,000	0	0
Rental of premises		197,840	195,189	120,000	120,000
Hire charges of machinery		730,441	260,439	0	0
Allowance for obsolete inventories		21,379	0	0	0
Allowance for foreseeable losses		561,523	63,100	0	63,100
Rental income		(142,164)	(99,517)	(47,000)	0
Foreign exchange (gain)/loss					
- realised		(3,301)	1,298	(4,192)	(5,363)
- unrealised		5,684	0	0	0
Interest income:					
- subsidiaries		0	0	(604,924)	(1,111,049)
- overdue interest		(14,628)	(21,112)	(10,594)	(21,112)
- others		(637,956)	(310,387)	(626,798)	(305,355)

Notes to the Financial Statements

7 AUDITORS' REMUNERATION

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current year	113,000	111,000	50,000	50,000
Under/(over) accruals in respect of prior financial year	1,000	(925)	0	0
	114,000	110,075	50,000	50,000
Fee for other services: - tax services	15,800	15,000	15,800	15,000
Total remuneration	129,800	125,075	65,800	65,000

8 STAFF COSTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Wages, salaries and bonus	7,507,790	7,225,226	3,602,048	3,281,180
Defined contribution retirement plan	808,409	801,979	353,500	332,110
Other employee benefits	412,308	415,898	300,660	342,303
	8,728,507	8,443,103	4,256,208	3,955,593

The number of employees (including executive directors) at the end of the financial year amounted to 362 (2005: 359) employees in the Group and 199 (2005: 197) employees in the Company respectively.

9 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 Seng Hong
Tan Vin Sern (appointed on 5 September 2006)

Notes to the Financial Statements

9 DIRECTORS' REMUNERATION (CONT'D)

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

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-executive Directors:				
- fees	160,500	132,000	160,500	132,000
Executive Directors:				
- basic salaries and bonus	1,991,450	1,811,588	728,880	643,638
- defined contribution retirement plan	361,175	332,254	121,186	118,874
	2,513,125	2,275,842	1,010,566	894,512

The estimated money value of benefits in kind paid to directors of the Group and the Company during the financial year amounting to RM87,300 (2005: 83,700).

Executive Directors of the Company have been granted options under the ESOS on the same terms and conditions as those offered to other employees of the Group (as disclosed in Note 26) as follows:

Grant date	Expiry date	Exercise price RM/shares	At start of financial year	Number of shares			At end of financial year
				Granted	Exercise	Lapsed	
2005							
14.03.2000	14.03.2005	1.44	800,000	0	0	(800,000)	0
14.03.2000	14.03.2005	1.00	1,200,000	0	0	(1,200,00)	0

There is no ESOS issued during the financial year.

10 FINANCE COST

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest expenses:				
- term loans/bridging loans	4,238,003	4,834,536	1,767,345	1,784,346
- short term borrowings	4,350,431	4,533,282	3,804,682	3,808,866
- finance leases	72,800	68,175	55,356	56,414
- others	435,335	418,678	153,675	217,466
	9,096,569	9,854,671	5,781,058	5,867,092
Less interest capitalised:				
- land held for property development	(773,481)	(1,779,751)	0	0
- property development costs	(1,854,445)	(1,819,921)	(324,255)	(586,603)
	6,468,643	6,254,999	5,456,803	5,280,489

Notes to the Financial Statements

11 TAX EXPENSE

(a) Tax charge for the financial year:

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current tax				
- current year	3,666,388	3,040,552	1,732,724	1,713,119
- under/(over)accrual in prior financial years	151,392	(103,582)	148,365	(127,044)
Deferred tax (Note 17)				
- current year	465,235	1,065,640	448,325	1,092,000
- over-accrual in prior financial years	(132,555)	(5,597)	(132,212)	0
	332,680	1,060,043	316,113	1,092,000
	4,150,460	3,997,013	2,197,202	2,678,075

(b) Numerical reconciliation between the average effective tax rate and the applicable tax rate

The average effective tax rate of the Group and Company differs from the statutory income tax rate of Malaysia as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Statutory income tax rate of Malaysia	28.0	28.0	28.0	28.0
Effect of different tax rates apply to different levels of taxable income	(1.3)	(2.9)	0	0
Income not subject to tax	0	(0.2)	0	0
Utilisation of investment tax allowance	(0.7)	0	(1.3)	0
Deferred tax assets not recognised	4.2	1.3	0	0
Expenses not deductible for tax purposes	4.1	3.0	3.7	4.2
Under/(over) accrual in prior financial years				
- current tax liability	1.2	(0.7)	2.0	(1.5)
- deferred tax liability	(1.1)	(0.3)	(1.8)	0
Average effective tax rate	34.4	28.2	30.6	30.7

Company has unabsorbed capital allowances and Investment Tax Allowance amounting to approximately RM Nil (2005: RM18,000) and RM17,738,000 (2005: RM18,000,000) respectively, available to be set off against the future taxable income of the hotel business.

There are sufficient Section 108 tax credit and tax exempt account to frank all the retained earnings of the Company as at 30 June 2006 if paid out as dividends.

12 BASIC EARNINGS PER SHARE

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

	Group	
	2006 RM	2005 RM
Net profit for the financial year (RM)	7,899,487	10,154,045
Weighted average number of ordinary shares in issue	202,489,267	205,099,483
Basic earnings per share (sen)	3.90	4.95

No account is taken of the outstanding ESOS granted to Directors and employees in the computation of diluted earnings per share in 2005 as the effect on the basic earnings per share is anti-dilutive. The ESOS has lapsed in 2005.

13 PROPERTY, PLANT AND EQUIPMENT

Group	2006	Furniture, fittings, office and site equipment									
		Hotel property	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovation	equipment	Electrical equipment	Other equipment	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	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	0	(172,035)
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	588,925	81,127,719
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	588,925	54,486,304

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	2005	Hotel property	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovation	Furniture, fittings, office and site equipment	Electrical and kitchen equipment	Other equipment	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2004											
At cost	0	4,682,636	13,313,206	5,890,461	7,951,328	5,357,180	7,258,494	3,387,402	588,925	48,429,632	
At valuation	31,796,564	0	0	0	0	0	0	0	0	31,796,564	
Additions	0	1,096,000	616,000	100,419	564,197	82,000	397,298	90,965	0	2,946,879	
Disposals	0	(378,445)	(489,600)	(60,773)	(746,887)	0	(7,397)	0	0	(1,683,102)	
Write off	0	0	0	(32,273)	0	0	(102,505)	0	0	(134,778)	
At 30 June 2005	31,796,564	5,400,191	13,439,606	5,897,834	7,768,638	5,439,180	7,545,890	3,478,367	588,925	81,355,195	
Accumulated depreciation											
At 1 July 2004	0	0	1,251,955	4,171,616	6,421,416	4,179,635	5,378,807	2,500,092	0	23,903,521	
Charge for the financial year	0	0	263,810	869,361	694,472	218,613	549,946	383,914	0	2,980,116	
Disposals	0	0	(29,781)	(54,333)	(725,247)	0	(4,865)	0	0	(814,226)	
Write off	0	0	0	(32,004)	0	0	(83,763)	0	0	(115,767)	
At 30 June 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	
Net book value											
30 June 2005	31,796,564	5,400,191	11,953,622	943,194	1,377,997	1,040,932	1,705,765	594,361	588,925	55,401,551	

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

2006	Hotel property	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovation	Furniture, fittings, office and site equipment	Electrical and kitchen equipment	Other equipment	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	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	0	(4,937)
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	588,925	62,516,893
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	588,925	45,450,014

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Hotel property	Freehold land	Buildings	Plant and machinery	Motor vehicles	Renovation	Furniture, fittings, office and site equipment	Electrical and kitchen equipment	Other equipment	Total
2005	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2004										
At cost	0	2,256,097	10,442,406	1,171,107	4,029,262	3,919,820	4,626,072	3,387,402	588,925	30,421,091
At valuation	31,796,564	0	0	0	0	0	0	0	0	31,796,564
Additions	0	0	0	0	314,084	0	52,186	90,965	0	457,235
Disposals	0	0	0	0	(213,116)	0	(3,550)	0	0	(216,666)
Write off	0	0	0	0	0	0	(79,960)	0	0	(79,960)
At 30 June 2005	31,796,564	2,256,097	10,442,406	1,171,107	4,130,230	3,919,820	4,594,748	3,478,367	588,925	62,378,264
Accumulated depreciation										
At 1 July 2004	0	0	1,117,220	1,150,870	2,929,020	3,677,555	4,050,965	2,500,092	0	15,425,722
Charge for the financial year	0	0	208,848	5,609	421,796	52,037	194,095	383,914	0	1,266,299
Disposals	0	0	0	0	(213,116)	0	(3,017)	0	0	(216,133)
Write off	0	0	0	0	0	0	(68,913)	0	0	(68,913)
At 30 June 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
Net book value										
30 June 2005	31,796,564	2,256,097	9,116,338	14,628	992,530	190,228	421,618	594,361	588,925	45,971,289

Notes to the Financial Statements

13 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Net book value of assets under finance leases:				
- motor vehicles	1,312,838	1,142,969	720,187	899,194
Net book value of assets pledged for bank borrowings:				
- freehold land	5,762,429	4,530,646	1,924,502	1,592,908
- buildings	10,184,441	8,760,524	7,765,007	6,775,906
	15,946,870	13,291,170	9,689,509	8,368,814

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM1,925,515 (2005: RM2,946,879) and RM608,047 (2005: RM457,235) respectively, of which RM636,000 (2005: RM516,516) for the Group and RM180,000 (2005: RM314,084) for the Company were acquired by means of finance leases. Cash payments of RM1,289,515 (2005: RM2,430,363) and RM428,047 (2005: RM143,151) were made to purchase the assets for the Group and Company respectively.

The hotel property of the Group stated at valuation was 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.

14 INVESTMENT PROPERTIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At valuation:				
- long term leasehold land and buildings	18,762,436	18,762,436	18,762,436	18,762,436
- freehold land and buildings	720,000	720,000	0	0
	19,482,436	19,482,436	18,762,436	18,762,436
Investment properties pledged as security for borrowings	19,482,436	19,482,436	18,762,436	18,762,436

Investment properties were revalued once in every five years and were revalued in December 2004 by the Directors based on a comparative method basis by Hj Sukiman bin Kasmin, member of the Institution of Surveyors, Malaysia, a registered valuer with Henry Butcher, Lim & Long (Kluang) Sdn. Bhd.

Notes to the Financial Statements

15 LAND HELD FOR PROPERTY DEVELOPMENT

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Freehold land including improvements, at cost:				
At start of financial year	68,003,844	67,192,365	803,675	803,675
Additions	951,000	1,665,560	420	0
Transfer to property development cost (Note 18)	(23,623,914)	(854,081)	0	0
At end of financial year	45,330,930	68,003,844	804,095	803,675
Land held for property development as security for borrowings	45,090,435	67,763,409	536,600	563,240

16 SUBSIDIARIES

	Company	
	2006 RM	2005 RM
Unquoted shares, at cost	15,500,008	15,500,008
Accumulated impairment losses	(2,700,000)	(2,700,000)
	12,800,008	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		Principal activities
	2006 %	2005 %	
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	Property development
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

* These subsidiaries have not commenced operations.

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

Notes to the Financial Statements

17 DEFERRED TAX

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Deferred tax assets	0	8,000	0	0
Deferred tax liabilities				
- subject to income tax	(5,982,382)	(5,657,702)	(5,829,113)	(5,513,000)
	(5,982,382)	(5,649,702)	(5,829,113)	(5,513,000)
At beginning of the financial year	(5,649,702)	(4,589,659)	(5,513,000)	(4,421,000)
Charged to income statement				
- property, plant and equipment	(246,034)	(561,556)	(207,878)	(579,513)
- others	(86,646)	(498,487)	(108,235)	(512,487)
	(332,680)	(1,060,043)	(316,113)	(1,092,000)
At end of the financial year	(5,982,382)	(5,649,702)	(5,829,113)	(5,513,000)
Deferred tax assets (prior to offsetting)				
- foreseeable losses	0	125,336	0	125,336
- other	52,346	22,000	17,101	0
Offsetting	(52,346)	(139,336)	(17,101)	(125,336)
Deferred tax assets (after offsetting)	0	8,000	0	0
Deferred tax liabilities (prior to offsetting)				
- revaluation reserve	(2,970,666)	(2,962,378)	(2,944,830)	(2,944,830)
- property, plant and equipment	(3,064,062)	(2,834,660)	(2,901,384)	(2,693,506)
	(6,034,728)	(5,797,038)	(5,846,214)	(5,638,336)
Offsetting	52,346	139,336	17,101	125,336
Deferred tax liabilities (after offsetting)	(5,982,382)	(5,657,702)	(5,829,113)	(5,513,000)

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	
	2006 RM	2005 RM	2006 RM	2005 RM
Deductible temporary differences	3,203,180	1,849,139	0	0
Tax losses	4,796,456	3,991,709	0	0
	7,999,636	5,840,848	0	0
Deferred tax asset not recognised at 28%	2,239,898	1,635,437	0	0

Notes to the Financial Statements

18 PROPERTY DEVELOPMENT COST

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At start of financial year:				
- land, at cost	68,031,053	74,198,099	42,422,783	46,933,340
- development costs	275,890,060	264,278,809	172,962,180	183,818,036
	343,921,113	338,476,908	215,384,963	230,751,376
Costs incurred during the financial year:				
- transfer from land held for property development (Note 15)	23,623,914	854,081	0	0
- development costs	66,547,264	71,313,730	25,557,886	33,396,406
	90,171,178	72,167,811	25,557,886	33,396,406
Accumulated costs charged to income statement:				
At start of financial year	(147,040,931)	(131,562,995)	(85,645,756)	(85,798,535)
Current year	(61,042,811)	(81,780,893)	(31,216,772)	(48,335,892)
At end of financial year	(208,083,742)	(213,343,888)	(116,862,528)	(134,134,427)
Transfer to inventories	(18,972,635)	(420,649)	(18,972,635)	(274,149)
	(18,972,635)	(420,649)	(18,972,635)	(274,149)
Property development costs	207,035,914	196,880,182	105,107,686	129,739,206
At end of financial year:				
- land, at cost	75,840,831	68,031,053	33,420,912	42,422,783
- development costs	250,800,111	275,890,060	99,413,588	172,962,180
- accumulated cost charged to income statement	(119,605,028)	(147,040,931)	(27,726,814)	(85,645,757)
	207,035,914	196,880,182	105,107,686	129,739,206
Property development cost pledged as securities for borrowings	172,470,549	124,755,595	69,885,321	58,573,977

19 INVENTORIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At cost				
Completed development properties	58,314,423	49,267,870	33,841,235	23,187,657
Raw materials	512,346	965,867	0	0
Work in progress	345,160	183,832	0	0
Finished goods	357,546	405,091	0	0
Food and beverages	163,968	160,413	163,968	160,413
General supplies	59,753	42,744	59,753	42,744
Consumable stocks	238,621	189,562	0	0
	59,991,817	51,215,379	34,064,956	23,390,814

Notes to the Financial Statements

19 INVENTORIES (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
At net realisable value				
Completed development properties	5,477,356	0	5,477,356	0
	65,469,173	51,215,379	39,542,312	23,390,814
Inventories pledged as securities for borrowings	27,148,609	21,359,761	23,473,950	17,685,101

20 RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	72,314,176	73,582,461	10,158,054	10,235,703
Allowance for doubtful debts	(248,659)	(248,659)	0	0
	72,065,517	73,333,802	10,158,054	10,235,703
Amounts due from customers on contracts (Note 30)	10,389,109	8,379,354	0	0
Other receivables	15,551,696	13,831,544	13,386,130	12,133,563
Deposits	1,369,700	1,349,230	941,389	949,842
Prepayments	3,686,462	317,362	3,532,213	235,234
	103,062,484	97,211,292	28,017,786	23,554,342

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

	2006 RM	2005 RM	2006 RM	2005 RM
- Ringgit Malaysia	102,863,156	96,639,622	28,017,786	23,554,342
- US Dollar	199,328	571,670	0	0
	103,062,484	97,211,292	28,017,786	23,554,342

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 is an amount due from a related party of RM477,580 (2005: RM99,645).

The amount due from 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 close family members of the Company's Directors.

Included in other receivables of the Group and Company are advance payments made to a contractor amounting to RM1,508,518 (2005: RM5,246,374).

Notes to the Financial Statements

21 AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2006	2005
	RM	RM
Amounts due from subsidiaries		
- Johbase Development Sdn Bhd	24,912,328	29,024,069
- BCB Concrete Sdn Bhd	2,657,186	0
- BCB Road Builder Sdn Bhd	4,305,176	3,678,957
- BCB Furniture Sdn Bhd	5,484,175	5,679,422
- BCB Development Sdn Bhd	242,977	239,546
- BCB Resources Sdn Bhd	60,440,551	48,452,300
- BCB Land Sdn Bhd	7,842,282	9,382,078
- BCB Trading Sdn Bhd	29,303,281	26,316,552
- BCB Greens Sdn Bhd	1,509,784	1,344,595
- BCB Technologies Sdn Bhd	10,888	9,044
	136,708,628	124,126,563
Amounts due to subsidiaries		
- BCB Management Sdn Bhd	1,450,005	439,209
- BCB Construction Sdn Bhd	9,311,414	6,088,036
	10,761,419	6,527,245

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

The net amounts due from subsidiaries comprise the following:

	Company	
	2006	2005
	RM	RM
Advances	1,961,428	12,906,834
Current account	123,985,781	104,692,484
	125,947,209	117,599,318

The weighted average effective interest rate of advances at balance sheet date is 3.99% (2005: 7.37%) per annum. 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	
	2006	2005	2006	2005
	RM	RM	RM	RM
Bank and cash balances (Note 29)	4,928,913	7,371,002	1,824,691	3,233,463

Included in bank and cash balances of the Group and Company is an amount of RM980,647 (2005: RM933,749) and RM388,875 (2005 : RM508,976) respectively held under Housing Development Accounts (maintained under Section 7A of the Housing Developers (Control and Licensing) Act 1966).

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

	Group		Company	
	2006	2005	2006	2005
Weighted average effective interest rate at balance sheet date (%):				
- Housing Development Accounts	2.1	2.0	2.1	2.0

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

Notes to the Financial Statements

23 PAYABLES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	27,801,877	28,324,018	3,234,163	3,440,476
Amounts due to customers on contracts (Note 30)	14,271,312	11,874,494	0	0
Progress billings in respect of property development	85,000	218,400	75,000	218,400
Other payables	4,501,970	4,301,609	3,044,467	2,674,061
Accrued expenses	978,168	1,019,398	365,943	579,199
Payroll liabilities	418,348	436,053	352,542	340,765
Deposits received	1,162,790	1,280,545	1,162,791	1,279,245
	49,219,465	47,454,517	8,234,906	8,532,146

The currency exposure profile of payables is as follows:

	2006 RM	2005 RM	2006 RM	2005 RM
- Ringgit Malaysia	49,196,510	47,413,046	8,234,906	8,532,146
- US Dollar	22,955	41,471	0	0
	49,219,465	47,454,517	8,234,906	8,532,146

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

Included in other payable of the Group and the Company is an amount due to a related party, RM999,993 (2005: RM Nil). The amount due to a related party is interest free, unsecured and has no fixed term of repayment. The related party is a company in which certain Directors are Company's Directors.

24 BORROWINGS

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Current				
Bridging loans	10,435,630	9,577,894	2,922,167	3,825,293
Term loans - repayable within 12 months	11,768,384	14,081,410	4,125,028	3,664,695
Finance lease liabilities (Note 28)	421,796	452,638	202,534	369,109
Revolving credits	4,521,000	4,521,000	4,521,000	4,521,000
Bankers' acceptances	27,921,388	26,770,246	19,873,382	20,522,070
	55,068,198	55,403,188	31,644,111	32,902,167
Non current				
Term loans	41,042,234	48,404,687	16,912,300	19,876,279
Finance lease liabilities (Note 28)	476,077	361,135	192,183	231,391
	41,518,311	48,765,822	17,104,483	20,107,670

Notes to the Financial Statements

24 BORROWINGS (CONT'D)

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Total				
Bridging loans	10,435,630	9,577,894	2,922,167	3,825,293
Term loans	52,810,618	62,486,097	21,037,328	23,540,974
Finance lease liabilities	897,873	813,773	394,717	600,500
Revolving credit	4,521,000	4,521,000	4,521,000	4,521,000
Bankers' acceptance	27,921,388	26,770,246	19,873,382	20,522,070
	96,586,509	104,169,010	48,748,594	53,009,837
Term loans are repayable as follows:				
- not later than 1 year	11,768,384	14,081,410	4,125,028	3,664,695
- later than 1 year and not later than 2 years	10,998,385	12,505,657	3,814,459	3,814,285
- later than 2 years and not later than 5 years	23,452,618	26,255,653	8,446,173	8,906,672
- later than 5 years	6,591,231	9,643,377	4,651,668	7,155,322
	52,810,618	62,486,097	21,037,328	23,540,974

The bridging loans of the Group and the Company are secured by way of legal charges over certain development properties and inventories of the Group and the 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 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	
	2006 %	2005 %	2006 %	2005 %
Weighted average effective interest rates at balance sheet date:				
- bridging loans	8.3	7.5	8.3	7.8
- term loans	7.1	6.7	6.6	5.9
- revolving credits	7.7	8.5	7.7	8.5
- bankers' acceptances	5.1	4.5	5.4	5.0

The borrowings are denominated in Ringgit Malaysia.

The carrying amount and fair value of term loans excluding Islamic borrowings of RM2,656,250 (2005: RM3,281,250) are as follows:

	Group		Company	
	2006 %	2005 %	2006 %	2005 %
Carrying amount	50,154,368	59,204,847	18,381,078	20,259,724
Fair value	48,888,148	57,262,313	18,227,570	20,031,164

Notes to the Financial Statements

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	
	2006	2005	2006	2005
	%	%	%	%
Weighted average effective interest rate at balance sheet date	8.3	7.7	8.3	7.7

The bank overdrafts are denominated in Ringgit Malaysia.

26 SHARE CAPITAL

	Group and Company	
	2006	2005
	RM	RM
Authorised:		
Ordinary shares of RM1.00 each	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

(a) 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 2,080,300 (2005: 2,031,500) of its issued share capital from the open market on Bursa Malaysia Securities Berhad for RM972,939 (2005: RM1,110,979). The average price paid for the shares repurchased was RM0.47 (2005: RM 0.55) 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 2006.

At the balance sheet date, the number of outstanding shares in issue after setting treasury shares off against equity is 201,889,400 (2005: 203,969,700).

(b) Employees' share option scheme

The Company implemented a new Employees' Share Option Scheme ("ESOS") in year 2000 to eligible employees to subscribe for new shares of RM1.00 each in the Company pursuant to BCB Berhad's Employees' Share Option Scheme ("Scheme"). The ESOS is governed by the by-laws which were approved by the shareholders on 4 February 2000 and lapsed on 14 March 2005.

The main features of the Scheme are as follows:

- (i) The total number of ordinary shares to be issued by the Company under the ESOS shall not exceed 10% of the total issued and paid-up ordinary shares of the Company.

Notes to the Financial Statements

26 SHARE CAPITAL (CONT'D)

(b) Employees' share option scheme (Cont'd)

- (ii) The option price under the ESOS is the average of the mean market quotation of the shares of the Company as quoted in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five market days preceding the offer date, or the par value of the shares of the Company of RM1.00, whichever is the higher.
- (iii) The options granted may be exercised at any time before the expiry of the ESOS on 14 March 2005.

Set out below are details of options over the ordinary shares of the Company granted under the ESOS:

Grant date	Expiry date	Exercise price RM/shares	At start of financial year	Number of shares			At end of financial year
				Granted	Exercise	Lapsed	
14 March 2000	14 March 2005	1.44	800,000	0	0	(800,000)	0
14 March 2000	14 March 2005	1.00	4,821,000	0	0	(4,821,000)	0

There is no ESOS issued during the financial year.

27 REVALUATION RESERVES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Revaluation reserve - hotel property At start/end of financial year	6,307,291	6,307,291	6,307,291	6,307,291
Revaluation reserve - investment properties At start/end of financial year	891,386	891,386	557,976	557,976
Revaluation reserves	7,198,677	7,198,677	6,865,267	6,865,267

28 FINANCE LEASE LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Minimum lease payments:				
- not later than 1 year	465,908	503,493	225,576	414,632
- later than 1 year and not later than 2 years	368,056	227,822	137,736	150,786
- later than 2 years and not later than 5 years	144,669	169,881	74,688	102,857
Future finance charges	978,633 (80,760)	901,196 (87,423)	438,000 (43,283)	668,275 (67,775)
Present value of finance lease liabilities	897,873	813,773	394,717	600,500

Notes to the Financial Statements

28 FINANCE LEASE LIABILITIES (CONT'D)

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Current (Note 24)	421,796	452,638	202,534	369,109
Non current (Note 24)	476,077	361,135	192,183	231,391
	897,873	813,773	394,717	600,500
Present value of finance lease liabilities				
- not later than 1 year	421,796	452,638	202,534	369,109
- later than 1 year and not later than 2 years	342,866	215,444	125,525	142,530
- later than 2 years and not later than 5 years	133,211	145,691	66,658	88,861
	897,873	813,773	394,717	600,500

	Group		Company	
	2006	2005	2006	2005
	%	%	%	%
Weighted average effective interest rate at the balance sheet date	7.2	6.8	8.8	6.9

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Fair value at the balance sheet date	813,582	747,927	343,711	555,830

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

29 CASH AND CASH EQUIVALENTS

	Group		Company	
	2006	2005	2006	2005
	RM	RM	RM	RM
Bank and cash balances (Note 22)	4,928,913	7,371,002	1,824,691	3,233,463
Bank overdrafts	(37,620,911)	(34,126,473)	(35,664,490)	(32,175,090)
	(32,691,998)	(26,755,471)	33,839,799	(28,941,627)

Notes to the Financial Statements

30 CONSTRUCTION CONTRACTS

	Group	
	2006 RM	2005 RM
Aggregate costs incurred to date	240,453,934	190,688,965
Add: Estimated attributable profits	23,979,075	18,421,172
Less: Recognised losses	(1,613,286)	(1,459,191)
	262,819,723	207,650,946
Less: Progress billings	(266,701,926)	(211,146,086)
	(3,882,203)	(3,495,140)
Represented by:		
Amounts due from customers on contracts (Note 20)	10,389,109	8,379,354
Amounts due to customers on contracts (Note 23)	(14,271,312)	(11,874,494)
	(3,882,203)	(3,495,140)
Retention sum on contracts	13,496,591	5,758,734

31 CONTINGENT LIABILITIES

	Group		Company	
	2006 RM	2005 RM	2006 RM	2005 RM
Unsecured				
Corporate guarantees for borrowings granted to third parties	19,679,158	29,156,889	19,679,158	29,156,889
Corporate guarantees for trade credits granted to subsidiaries	0	0	2,626,655	3,662,935
Claim by third party	5,276,807	5,276,807	5,276,807	5,276,807
	24,955,965	34,433,696	27,582,620	38,096,631
Secured				
Corporate guarantees for borrowings facilities granted by financial institutions to subsidiaries	0	0	44,644,474	48,429,369
	24,955,965	34,433,696	72,227,094	86,526,000

- (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.

Notes to the Financial Statements

31 CONTINGENT LIABILITIES (CONT'D)

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 RM2,018,947 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.

32 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	
	2006	2005
	RM	RM
Interest income receivable from subsidiaries:		
- BCB Construction Sdn. Bhd.	522,549	965,718
- Johbase Development Sdn. Bhd.	82,375	145,331
Progress billings by subsidiaries:		
- BCB Construction Sdn. Bhd.	19,562,198	29,139,509
- BCB Road Builder Sdn. Bhd.	1,009,688	1,296,867
Purchase of goods from subsidiaries:		
- BCB Trading Sdn. Bhd.	95,443	37,102
- BCB Furniture Sdn. Bhd.	7,595	5,476
- BCB Greens Sdn. Bhd.	91,679	117,320
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
Advances to subsidiaries:		
- BCB Construction Sdn. Bhd.	14,977,997	19,401,771
- Johbase Development Sdn. Bhd.	0	70,000
Hiring changes:		
- BCB Road Builders Sdn. Bhd.	53,681	6,681
Rental income:		
- BCB Construction Sdn. Bhd.	12,000	12,000

Notes to the Financial Statements

32 SIGNIFICANT RELATED PARTY DISCLOSURES (CONT'D)

(b) Office rental paid to:

	Company	
	2006	2005
	RM	RM
Ju-Ichi Enterprise Sdn Bhd ("JIE")	96,000	0

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	
	2006	2005
	RM	RM
- Marvel Plus Development Sdn. Bhd. ("MPD")	563,602	563,186

(d) Sales of goods to:

	Group	
	2006	2005
	RM	RM
- Marvel Plus Development Sdn. Bhd. ("MPD")	430,204	0

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

(e) Sales to related parties

	Group	
	2006	2005
	RM	RM
Progress billing in respect of sale of development properties to related parties:		
- Tan Lindy	15,980	135,830
- Tan Vin Sern	15,980	135,830
	31,960	271,660

The related parties are children of Dato' Tan Seng Leong, a Director of the Company.

33 CAPITAL COMMITMENTS

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

	Group	
	2006	2005
	RM	RM
Authorised and contracted for		
- land held for development	2,933,000	4,233,000

Notes to the Financial Statements

34 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 28.

35 SEGMENTAL REPORTING

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

- Property development and management activities
- Construction and related activities
- Others comprise hotel operations, and 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.

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

Primary reporting format – business segments

Group 2006	Property development and management activities	Construction and related activities	Others	Elimination	Total
Revenue					
External sales	91,082,708	17,600,417	14,210,958	0	122,894,083
Inter-segment sales	0	63,694,790	287,691	(63,982,481)	0
Total revenue	91,082,708	81,295,207	14,498,649	(63,982,481)	122,894,083
Results					
Segment results	16,735,884	946,246	487,388		18,169,518
Unallocated income					349,072
Profit from operations					18,518,590
Finance cost					(6,468,643)
Profit from ordinary activities before tax					12,049,947
Tax expense					(4,150,460)
Net profit for the financial year					7,899,487

Notes to the Financial Statements

35 SEGMENTAL REPORTING (CONT'D)

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

Primary reporting format – business segments (Cont'd)

Group 2006	Property development and management activities	Construction and related activities	Others	Elimination	Total
Other information					
Segment assets	388,513,643	74,619,444	36,663,067		499,796,154
Unallocated corporate assets					1,094,591
Consolidated total assets					500,890,745
Segment liabilities	15,405,869	35,863,183	3,932,795		55,201,847
Unallocated corporate liabilities					135,191,811
Consolidated total liabilities					190,393,658
Capital expenditure	452,279	1,145,920	327,316		1,925,515
Depreciation	809,335	534,131	1,062,575		2,406,041
Non cash items other than depreciation and amortisation	686,655	583,155	(113,798)		1,156,012
Group 2005					
Revenue					
External sales	112,888,173	22,051,290	13,421,756	0	148,361,219
Inter-segment sales	0	70,754,008	277,762	(71,031,770)	0
Total revenue	112,888,173	92,805,298	13,699,518	(71,031,770)	148,361,219
Results					
Segment results	18,249,345	2,478,642	1,544,908		22,272,895
Unallocated expenses					(1,866,838)
Profit from operations					20,406,057
Finance cost					(6,254,999)
Profit from ordinary activities before tax					14,151,058
Tax expense					(3,997,013)
Net profit for the financial year					10,154,045

Notes to the Financial Statements

35 SEGMENTAL REPORTING (CONT'D)

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

Primary reporting format – business segments (Cont'd)

Group 2005	Property development and management activities	Construction and related activities	Others	Elimination	Total
Other information					
Segment assets	387,426,281	69,498,787	38,640,618		495,565,686
Unallocated corporate assets					713,535
Consolidated total assets					496,279,221
Segment liabilities	14,807,745	33,997,974	4,306,500		53,112,219
Unallocated corporate liabilities					139,596,463
Consolidated total liabilities					192,708,682
Capital expenditure	438,269	2,374,804	133,806		2,946,879
Depreciation	809,325	677,231	1,493,560		2,980,116
Non cash items other than depreciation and amortisation	346,665	(33,499)	(18,560)		294,606

36 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 10 October 2006.

Shareholdings Statistics

as at 27 October 2006

Authorised share capital	:	RM500,000,000
Issued and paid-up capital	:	RM206,250,000 (inclusive of 4,362,600 as Treasury Shares)
Type 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	119	0.00	3	0.06
101 to 1,000 shares	558,700	0.28	606	11.46
1,001 to 10,000 shares	14,866,881	7.36	3,943	74.54
10,001 to 100,000 shares	16,504,200	8.17	655	12.38
100,001 to less than 5% of issued shares	104,197,500	51.61	79	1.49
5% and above of issued shares	65,760,000	32.58	4	0.07
Company Total	201,887,400	100.00	5,290	100.00

List of Thirty Largest Shareholders as at 27 October 2006 (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. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Soh Jin Chai	7,475,500	3.70
6. EB Nominees (Tempatan) Sdn Bhd Pledged securities account for Abdul Manap Bin Hussain	6,106,000	3.02
7. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Lim Key Siew	5,861,000	2.90
8. EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Lai Chee Hoong	5,316,000	2.63
9. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Wan Mee Choo	4,269,600	2.11
10. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Abdul Manap Bin Hussain	3,814,500	1.89
11. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Leong	3,750,000	1.86
12. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Haven Venture Sdn Bhd	3,613,800	1.79

List of Thirty Largest Shareholders as at 27 October 2006 (as per Record of Depositors) (Cont'd)

Name	No. of Shares Held	%
13. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Lay Kim	3,180,000	1.58
14. EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Dato' Tan Seng Leong	3,078,000	1.52
15. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lai Chee Hoong	2,765,200	1.37
16. Tan Vin Sern	2,534,500	1.26
17. Mayban Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Leong	2,410,500	1.19
18. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Hoo	2,285,000	1.13
19. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Wong Sek Hin	2,250,000	1.11
20. Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged securities account for Lasercoin (M) Sdn Bhd	2,113,300	1.05
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. HDM Nominees (Tempatan) Sdn Bhd Pledged securities account for Dato' Tan Seng Hong	1,881,100	0.93
26. Southern Investment Bank Bhd Kumpulan Wang Simpanan Pekerja for Dato' Tan Seng Leong	1,839,200	0.91
27. RHB Nominees (Tempatan) Sdn Bhd RHB Asset Management Sdn Bhd for Dato' Tan Seng Leong	1,764,300	0.87
28. Matrix International Berhad	1,667,000	0.83
29. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Hoo	1,665,000	0.82
30. Malaysia Nominees (Tempatan) Sendirian Berhad Pledged securities account for Tan Seng Keng	1,665,000	0.82
Total Share	144,839,500	71.74

Shareholdings Statistics

Substantial Shareholders as at 27 October 2006 (as per Register of Substantial Shareholders)

Name of Substantial Shareholders	No. of Shares Held		% of Issued Share Capital	
	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. Abdul Manap Bin Hussain	10,436,500	-	5.17	-
5. Chan Toong Kit	-	@19,304,500	-	9.56
6. 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 27 October 2006 (as per Register of Directors' Shareholdings)

Shareholdings in the name of the Director	Number of ordinary shares of RM1 each			
	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 Seng Hong	4,072,600	2.02	# 1,971,000	0.98
4. Tan Lay Hiang	491,100	0.24	-	-
5. 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%).

Deemed interest by virtue of his spouse, Hon Lai Yin's shareholding in the Company.

List of Landed Properties

The details of the BCB Group's properties as at 30 June 2006 are as follows:

Location	Description	Tenure	Age of building	Size (acre)	Net book value/Cost as at 30 June 2006 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)	11 years	0.35	31,797	13/12/2004 *
PTB 8370 No. 20, Jalan Bakawali, 86000 Kluang, Johor.	A basement and 4 storey shopping complex	Leasehold (expiring 10.11.2093)	11 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	13 years	0.15	720	23/03/2004 *
PTD 49840 No. 1, Jalan 6, Taman Sri Kluang, 86000 Kluang, Johor.	Single storey supermarket	Freehold	8 years	1.44	4,012	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	8 years	0.84	2,713	27/06/1998
PTD 50047-50049 No. 29-33, Jalan 20, Taman Sri Kluang, 86000 Kluang, Johor.	3 units industry factory	Freehold	6.5 years	3.29	4,439	01/12/2000
Lot 6806 & 6808 Mukim of Kluang District of Kluang, Johor	Being developed as Taman Sri Kluang	Freehold	N/A	67.05	15,759	01/12/1996
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 2006 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	5,779	07/12/1994
Lot 559, 2954-2959, 2656 & 2660	Being developed as Taman Bukit Perdana III	Freehold	N/A	18.54	8,569	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
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	56,191	06/02/2002
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	2,322	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 Wednesday, 20 December 2006 at 1.00 p.m. for the following purposes:-

AGENDA

1. To receive the Statutory Financial Statements for the financial year ended 30 June 2006 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of the Directors' fees amounting to RM160,500 for the financial year ended 30 June 2006. **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) Y. Bhg Dato' Ismail Bin Yusof **Resolution 3**
- (b) Mr. Tan Seng Hong **Resolution 4**
- (c) Ms. Tan Lay Kim **Resolution 5**

Article 112

- (a) Mr. Tan Vin Sern **Resolution 6**
4. To re-appoint Messrs. PricewaterhouseCoopers as Auditors and to authorise the Directors to fix their remuneration. **Resolution 7**
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 8**

"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 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

Notice of Annual General Meeting

Company be and is hereby authorised to utilise an amount not exceeding the total audited retained earnings of the Company as at 30 June 2006 of approximately RM68,693,273.00 to purchase on the Bursa Securities up to 16,262,400 ordinary shares of RM1.00 each of the Company being the number of ordinary shares which when aggregated with 4,362,600 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 27 October 2006.

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 2007 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."

8. **Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** **Resolution 10**

"THAT subject to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiary to enter into recurrent related party transactions ("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 ("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:

Notice of Annual General Meeting

- (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 7.2 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 7.4 of the Circular."

BY ORDER OF THE BOARD

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

Dated this 27th day of November 2006

Notice of Annual General Meeting

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.

Explanatory Notes on Special Business

1. Explanatory note for Ordinary Resolution No. 8

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. 9

Renewal of Share Buy-Back Mandate

Resolution pursuant to the proposed renewal of Share Buy-Back Mandate. The Ordinary Resolution proposed under agenda 7, 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 2006, the Company's retained earnings stood at RM68,693,273.00.

3. Explanatory note for Ordinary Resolution No. 10

Proposed Shareholders' Mandate for Recurrent Related Party Transactions

Resolution pursuant to the proposed shareholders' mandate for recurrent related party transactions. The Ordinary Resolution proposed under agenda 8, 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.

Further information on the Proposed Renewal of Share Buy-Back and the Proposed Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders dated 27 November 2006, 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 2006 of the company which will be held at Prime City Hotel, Mars 1, 6th Floor, 20, Jalan Bakawali, 86000 Kluang, Johor Darul Takzim on Wednesday, 20 December 2006 at 1.00 p.m.

Name of Director	Details of attendance for Board Meeting	Details of Individual Director
Y. Bhg. Dato' Ismail Bin Yusof	Refer to Page 22 of Annual Report	Refer to Page 14 of Annual Report
Mr. Tan Seng Hong	Refer to Page 22 of Annual Report	Refer to Page 15 of Annual Report
Ms. Tan Lay Kim	Refer to Page 22 of Annual Report	Refer to Page 14 of Annual Report
Mr. Tan Vin Sern	Refer to Page 22 of Annual Report	Refer to Page 15 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 **Wednesday, 20 December 2006 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 2006	Resolution 1		
2.	To approve the payment of Directors' fees for the financial year ended 30 June 2006	Resolution 2		
3.	To re-elect the following Director(s) who retire in accordance with Article No. 105 of the Articles of Association: (a) Y. Bhg. Dato' Ismail Bin Yusof (b) Mr. Tan Seng Hong (c) Ms. Tan Lay Kim	Resolution 3 Resolution 4 Resolution 5		
4.	To re-elect the following Director who retire in accordance with Article No. 112 of the Articles of Association: (a) Mr. Tan Vin Sern	Resolution 6		
5.	To re-appoint Messrs. PricewaterhouseCoopers as Auditors	Resolution 7		
6.	Authority to allot and issue shares pursuant to Section 132D of the Companies Act, 1965	Resolution 8		
7.	Proposed Renewal of Share Buy-Back	Resolution 9		
8.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions	Resolution 10		

(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.)

Signature/Common Seal of Appointor

Number of shares held :

Date :

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No of shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100 %

Notes:

- 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.
- 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.
- 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.
- 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.

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:

No. 1, Jalan Syed Abdul Hamid Sagaff, 86000 Kluang, Johor Darul Takzim.

Tel: 607-772 2567 (7 Lines) Fax: 607-772 2108

E-MAIL: bcbbhd@bcbbhd.com.my