



CHAIRMAN'S STATEMENT



Dato' Ismail Bin Yusof
Chairman

Dear Shareholder,

We do indeed live in some uncertain and challenging times. With the world in crisis; global economy is facing imminent slowdown. It is in tough times like these that "the tough get going", as one popular saying goes. With that in mind, on behalf of the Board of Directors, it is my pleasure to present this Annual Report and Audited Accounts of BCB Berhad and its Group of Companies for the year ended 30 June 2001.

A REALISTIC APPROACH TO THE CHALLENGES AHEAD

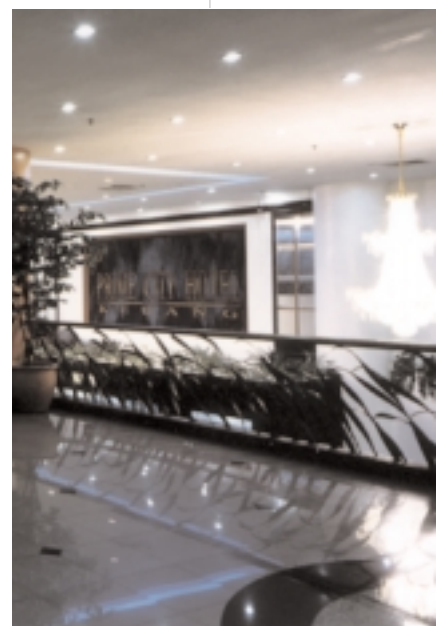
Encouraged by the positiveness of the year 2000, the Malaysian economy realised GDP growth of 8.5%, real growth in key sectors of construction and manufacturing was realised at

OVER THE YEARS, BCB MANAGEMENT HAS MAINTAINED ITS FOCUS WITH AN EMPHASIS ON THE LONG-TERM GROWTH POTENTIAL.

+1.1% and +21% respectively. (Source: Annual Report Bank Negara)

The 2001 outlook however is not as positive. GDP is forecast at between 5-6% and real growth forecasts for the construction and manufacturing sectors are expected to be about +1.0% and +8.5% respectively. Despite the government's recent introduction of a RM4.3 billion fiscal stimulus package to pump up the economy, it remains imperative for BCB Berhad to take a realistic look at the market.

Over the years, BCB management has maintained its focus with an emphasis on the long-term growth potential. This approach has created a broad, strong base which will now help your Company weather the challenges ahead. To establish a market niche that will allow the realisation of BCB's full potential. To build upon its passion for service excellence and create an enviable reputation for customer satisfaction. To consolidate all necessary steps to continually mitigate risk in every area of



Prime City Hotel,
Kluang.



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operation. In this way, we will strive to maintain our performance for the challenging year ahead.

A TOUGH ROAD TO SUCCESS

While your Company enjoyed some success, there is no denying that the challenging conditions of the year had an impact on our results. The Group recorded a lower profit before tax of RM3.045 million on a turnover of RM112.873 million. These lower returns were largely the result of dips in our property related and furniture manufacturing divisions. In our property business, continuing sluggish demand meant fewer units were sold while in our furniture business, being a venture; the operation is barely a year old, less than optimum production levels were achieved. In the light of this, the Board is not recommending any dividend payment for the year.

Your Company, nevertheless, remains as vibrant and as vital a "player" as it as ever been. With unflinching resolve, we will rise above the challenge ahead.

DIVISIONAL REVIEWS

Property Development & Management Division, the solid core of the BCB Group, is set to lead the way. Leveraging its available landbank of choice properties and reputation for on-time, quality delivery, the Division is poised to bounce right back.

Turnover from property development and management activities dipped from RM228.188 million to RM112.843 million. A total of 936 units of residential and commercial properties were sold during the year. To promote sales, BCB launched a

Simplicity, functionality and elegant design with ample green surroundings.



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"Buy and Win a House" promotion from April 2001 to June 2001 with total prize value in excess of RM0.5million. This promotion culminated with the lucky draw ceremony held at Taman Pulai Utama, Johor Bahru on 28th July 2001. Throughout the duration of the campaign, the Group managed to chalked up a total sales value of RM73.9million. The overwhelming success of the promotion had prompted the Group to launch a second phase of the similar campaign commencing August 2001 to February 2002.

TO BUILD UPON ITS PASSION FOR SERVICE EXCELLENCE AND
CREATE AN ENVIABLE REPUTATION FOR CUSTOMER SATISFACTION.

Despite softer property market, the Division remained aggressive, launching several phases of affordable housing in response to market demand. These include:

- double-storey terrace houses and low-cost flats in Taman Megah, Pontian
- double-storey shophouses, single and double-storey terrace and low-cost terrace houses in Taman BCB, Yong Peng
- double and single-storey link houses and low-cost terrace houses in Taman Seremban Jaya
- double-storey shophouses in Taman BCB, Parit Raja
- low-cost houses in Taman Emas, Kluang
- double-storey link houses in Taman Sri Kluang, Kluang

Construction Division, set up in August 1999 to take advantage of critical economies and efficiencies, the division is proving to be a wise decision. Its resources are currently concentrated on in-house projects. The division posted an increase in gross turnover from RM43.6 million in Year 2000 to RM66.9 million in the current year under review. This underlines the importance of developing activities which synergise with the Group's core businesses to ensure stable and sustained growth. With that in mind, in February 2001, the Trading Division was set up with the incorporation of BCB Trading Sdn Bhd; a wholly-owned subsidiary to carry out the business of trading of construction and building materials.

Manufacturing Division; commenced operations in the third quarter of Year 2001. It is into its first year of manufacturing export quality steel frame beds to markets such as Australia, Hong Kong, Japan and Taiwan. The Division posted an initial turnover of RM0.6 million with a loss of RM1.7 million, largely due to lower than optimum production output level in its maiden year of operation. Nonetheless, it remains an integral part of BCB's long-term vision to establish a presence in the overseas markets. BCB Furnitures' relentless drive for excellence in quality products and customer service has been rewarded with an international recognition as a winner of the INTERNATIONAL AWARD FOR COMMERCIAL PRESTIGE - NEW MILLENNIUM 2001 edition, by The Trade Leaders' Club, based in Madrid, Spain.



Range of products
manufactured by BCB
Furniture Sdn Bhd.



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Prime location,
spacious living;
Taman Sri Kluang.

Hotel Division continued its trend of contributing steadily towards Group income. The Prime City Hotel, the largest and most prestigious hotel in Kluang, continues to delight guests with service that exceeds its 3-star budget hotel rating. Occupancy for the year under review was higher at 50.03% as compared to 44.67% in year 2000 as a result of various successful promotional and marketing efforts. With other food and entertainment outlet promotions adding to revenue, the Division posted better results - a profit before tax contribution of RM0.3 million as compared to RM0.1 million in Year 2000.

EMPHASISING QUALITY AND VALUE FOR BRIGHTER PROSPECTS

As the Malaysian property market looks likely to remain sluggish, developers will be forced to face

the new reality: that the viable market for residential lots will now range below the RM200,000 level.

Commercial demand to be slow, only those from developed areas with immediate commercial potential and established residential areas having the greatest appeal.

House buyers will be looking for "value-for-money" - ready infrastructure and utilities, recreational areas and green pockets for comfortable living. Your Company plans to concentrate on the core elements that have made the Company as successful as is today: quality and timely delivery of houses.



The lucky winners of the "Buy and Win a House" draw held at Taman Pulau Utama.



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On-going construction, double storey terrace Phase 28, Taman Sri Kluang.

We will revisit all those essential values that have made BCB homes synonymous with quality living and the preferred choice of many Malaysians. Spacious living areas with the emphasis on simplicity, functionality and elegant design. Affordable housing with ample green surroundings for healthy and serene living. We will also continue to emphasise the launching of new projects in the coming financial year, with 3,000 units of residential and commercial lots in Mukim of Batu Pahat, Johor already in the pipeline.

construction projects plus other types of business opportunities.

Safe to say then that while the outlook remains an intensely keen competitive environment, your Company has reason to be optimistic. We have the expertise to overcome a soft property market; we have the resilience to ride out a projected Malaysian economic slowdown. The coming financial year will be challenging with pricing wars and attractive offer schemes the order of the day. But with our wealth of experience and the incredible teamwork and unity within the Group, there is no doubt we will prevail.

CORPORATE GOVERNANCE

Prudent financial management has always been a hallmark of BCB Berhad. The Board of Directors would like to reiterate here that it fully supports the Malaysian Code on Corporate Governance issued by the Finance Committee on Corporate Governance. We are committed to best practices in corporate governance and to

WITH UNFLINCHING RESOLVE, WE WILL RISE ABOVE THE CHALLENGE AHEAD.

On other fronts, your Company will be intensifying activities to increase its manufacturing customer base. Efforts are underway to source good business leads, in particular those that will allow us a foothold in the lucrative European and American markets. As always, the Group will stay on the lookout for potential development and



The grand facade of Johbase City Square, Kluang.



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the protection of shareholders' interest and the enhancement of value.

Furthermore, all appropriate and necessary measures have been initiated to ensure the timely implementation of these best practices and to comply to the listing requirements of the KLSE.

ACKNOWLEDGEMENTS

Finally, special mention and a vote of thanks is in order for the help we've had from various quarters in achieving all we enjoy today. We owe our gratitude, first and foremost, to our excellent team of Management and staff for their total professionalism, commitment and dedication to the Company. On behalf of the

Board, I extend my sincere appreciation for a job well done.

I wish also to thank our bankers and business associates for the help extended to us over the years and, not forgetting, all our customers and shareholders for their loyalty and support. Last but not least, my sincere appreciation is also extended to my fellow members of the Board of Directors for their continuing support.

Thank you.

Dato' Ismail bin Yusof

Chairman

BCB homes are synonymous with quality living.