



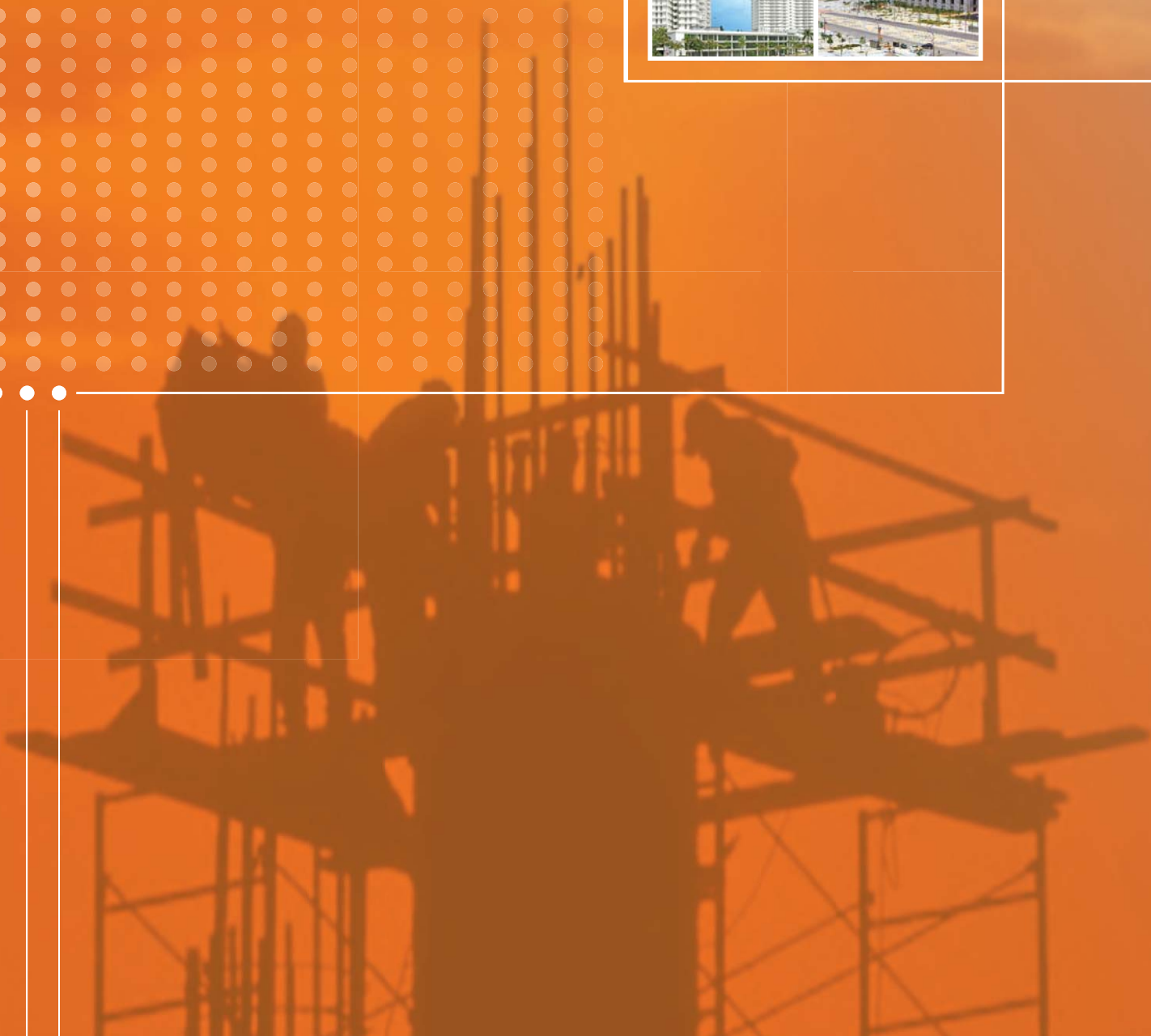
BINA GOODYEAR BERHAD

(18645-H)

Incorporated in Malaysia

ANNUAL REPORT

2007



On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Financial Statements of the Company and the Group for the financial year ended 30 June 2007.

En. Md Azar bin Ismail / Chairman



Overview

In terms of overall performance, financial year (FY) 2007 was a satisfactory year. The Group managed to sustain the volume of business activities for the past four (4) consecutive years amidst operating in an increasingly competitive environment. More importantly, the ability to operate profitably in the context of rising commodity prices, increased operational costs and competitive tendering is a key indicator of the Group's admirable decision-making prowess.

As at 30 June 2007, domestic construction contract order book stood at RM526.1 million. In addition, the Group's overseas associated company, known as Bina Goodyear Middle East Limited secured construction contracts worth RM350.0 million during FY 2007 of which construction activities have commenced, albeit at a slower pace. In total, the Group's order book valued at a healthy RM876.1 million.

In property development, the Group is set to undertake a residential project with gross development value (GDV) of over RM60.0 million in the near future. Moreover, the Group is expected to reap further financial benefits in future via its associated company, Twin Ridge Sdn Bhd, on a project with an estimated GDV of RM384.9 million. These two (2) projects are scheduled to be launched towards the end of FY 2008 or beginning of FY 2009.

Financial Results

Revenue for FY 2007 increased by 1.09% to RM289.1 million as compared to RM286.0 million in the previous year.

Pretax profit and profit after tax fell 42.89% to RM7.5 million (FY 2006: RM13.2 million) and 48.07% to RM4.5 million (FY 2006: RM8.7 million) respectively. The profit reduction was mainly attributable to provisional adjustment made for unrecoverable contract costs relating to projects completed in previous years.

Prospects

The Group stands a good chance to benefit as a result of, intense promotion by the government recently aimed at opening and developing the various corridors such as the Iskandar Development Region in South Johor, and the Northern Corridor targeted at various locations in Perlis, Kedah and Penang and also the Ninth Malaysia Plan.

Together with several other liberalisations in the property sector such as the abolishment of Real Properties Gains Tax (RPGT) and the incentives given to foreigners purchasing Malaysian properties, the construction sector will be able to sustain its momentum and growth, the Group welcomed such positive factors with great optimism.

Besides competing in the local market, the Group is also actively working on expanding our international construction operations focusing primarily on high growth regions.

Proposed Dividend

The Directors are pleased to recommend the payment of a first and final dividend of 5 percent (5%) per share less tax for the financial year ended 30 June 2007 for approval by shareholders in the forthcoming Annual General Meeting.

Acknowledgement

I take this opportunity to extend my sincere gratitude to my fellow Directors and the management team for their support and commitment.

To our valued customers and business partners, my earnest appreciation for their invaluable support and trust which have largely contributed to our success today.

Finally, I would like to thank the shareholders for their continued support and confidence in the Group and we promise to strive for better years to come.

MD AZAR BIN ISMAIL
Chairman



The Plaza Condominium, Taman Tun Dr. Ismail.



Armanee Terrace, Damansara Perdana.



Desa Putra Condominium.



Dataran Prima Condominium Phase 1 & 2.



Suria Stonor Condominium.



Mutiara Upper East Condominium, Ampang.

BOARD OF DIRECTORS

En. Md Azar Bin Ismail *Non-Executive Chairman*

Mr. Lai Tan Fatt *Managing Director*

Mr. Wong Chick Wai *Executive Director*

En. Ismail Bin Aris *Executive Director*

Dato' Edmond Hoyt Yung *Non-Executive Director*

Puan Sri Khoo Sian Keow
Independent Non-Executive Director

Dato' Abdul Hamid Bin Hj Md. Zainuddin
Independent Non-Executive Director

AUDIT COMMITTEE

Dato' Abdul Hamid Bin Hj Md. Zainuddin
Chairman, Independent Non-Executive Director

Puan Sri Khoo Sian Keow
Independent Non-Executive Director

Mr. Lai Tan Fatt
Managing Director

COMPANY SECRETARIES

Annie Yap Yin Hoon

Angeline Ng Sek Oi

REGISTERED OFFICE

Wisma Goodyear,
Tingkat 11, Blok B
Kelana Centre Point
3 Jalan SS 7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 03-78800388
Facsimile : 03-78800302

AUDITORS

S. F. Yap & Co.
17 & 19 Jalan Brunei Barat, Pudu
55100 Kuala Lumpur, Malaysia

BANKERS

CIMB Bank Berhad
Standard Chartered Bank Malaysia Berhad
Bangkok Bank Berhad

ADVOCATES & SOLICITORS

Y M Chin & Lee

SHARE REGISTRAR

Bina Management (M) Sdn Bhd
Lot 10, The Highway Centre
Jalan 51/205, 46050 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 03-77843922
Facsimile : 03-77841988

PRINCIPAL PLACE OF BUSINESS

Wisma Goodyear,
Tingkat 11, Blok B
Kelana Centre Point
3 Jalan SS 7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Telephone : 03-78800388
Facsimile : 03-78800302

STOCK EXCHANGE LISTING

**Second Board of Bursa Malaysia Securities Berhad
(Bursa Malaysia)**



BINA GOODYEAR BERHAD

(18645-H)

Construction & Building Contractors

**100%
Owned**

BG Builders Sdn Bhd (542980-X)

Construction Works & Housing Development

**100%
Owned**

BG Realty Sdn Bhd (269516-A)

Property Management & Property Development

**100%
Owned**

Greater Heights Development Sdn Bhd (709588-P)

Property Development

**100%
Owned**

Seranta Machinery & Equipment Sdn Bhd (78214-M)

*Manufacturing & Trading in Building Materials &
Rental of Construction Equipment & Machinery*

**75.5%
Owned**

TC Electronics Sdn Bhd (174562-K)

Product Manufacturer of Automotive & Home Loud Speakers

NOTICE OF ANNUAL GENERAL MEETING

Bina Goodyear Berhad

(18645-H)
(Incorporated in Malaysia)

NOTICE IS HEREBY GIVEN THAT the Thirty-third Annual General Meeting of Bina Goodyear Berhad will be held at Mutiara Room, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Thursday, 13 December 2007 at 10.00 a.m. for the following purposes:-

AGENDA

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon. | Resolution 1 |
| 2. To declare a First and Final Dividend of 5% Less Tax at 27% for the financial year ended 30 June 2007. | Resolution 2 |
| 3. To approve the payment of Directors' Fees for the financial year ended 30 June 2007. | Resolution 3 |
| 4. To re-elect the following Directors retiring pursuant to Article 115 of the Company's Articles of Association and being eligible, offer themselves for re-election: (i) Mr. Lai Tan Fatt (ii) Encik Ismail Bin Aris | Resolution 4 Resolution 5 |
| 5. To consider and if thought fit, to pass a resolution pursuant to Section 129(6) of the Companies Act, 1965, to re-appoint Dato' Abdul Hamid Bin Hj Md Zainuddin as Director of the Company to hold office until the conclusion of the next Annual General Meeting. | Resolution 6 |
| 6. To re-appoint Messrs S.F. Yap & Co. as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. As Special Business: To consider and, if thought fit, to pass the following resolutions as Ordinary Resolution:- | Resolution 7 |
| 7. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965 "THAT, subject to the Companies Act, 1965, Articles of Association of the Company and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, full authority be and is hereby given to the Board of Directors pursuant to Section 132D of the Companies Act, 1965 to allot and issue shares in the capital of the Company at any time 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 pursuant to this resolution does not exceed ten percentum (10%) of the issued share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company." | Resolution 8 |

NOTICE OF ANNUAL GENERAL MEETING

8. Proposed Renewal of Shareholders' Mandate in respect of Recurrent Related Party Transactions ("RRPT") of A Revenue or Trading Nature ("Shareholders' Mandate")

Shareholders' Mandate for RRPT with Mutiara Group, Subang Perdana Services Sdn Bhd and Sri Majuni Sdn Bhd

"THAT, approval be and is hereby given to the Company and/or its subsidiaries to enter into and give effect to recurrent related party transactions of a revenue or trading nature from time to time, which are necessary for day-to-day operations as set out in Part 2.4 of the Circular to Shareholders dated 16 November 2007, accompanying the Company's 2007 Annual Report, with Mutiara Group, Subang Perdana Services Sdn Bhd and Sri Majuni Sdn Bhd ("Related Parties") mentioned therein, in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and not detrimental to minority shareholders of the Company AND THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next annual general meeting of the Company, at which time the mandate will lapse, unless by a resolution passed at the next annual general meeting, the authority is renewed; or
- (b) the expiration of the period within which the next annual general meeting of the Company is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

Resolution 9

To consider and, if thought fit, to pass the following resolution as Special Resolution:-

9. Proposed Amendments to the Articles of Association of the Company

"That the proposed amendments to the Articles of Association of the Company as set out in Appendix I of the Circular to Shareholders dated 16 November 2007 be and are hereby approved and adopted AND THAT the Directors of the Company be and are hereby authorised to assent to any modifications, variations and/or amendments as may be required by the relevant authorities and to do all acts and things and take all steps as may be considered necessary to give full effect to the proposed amendments to the Articles of Association of the Company."

Resolution 10

10. To transact any other business for which due notice shall have been given.

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of five percent (5%) less tax at twenty-seven percent (27%) for the financial year ended 30 June 2007, if approved by the shareholders at the Thirty-third Annual General Meeting, will be paid on 25 January 2008 to Depositors registered in the Record of Depositors at the close of business on 9 January 2008.

A Depositor shall qualify for entitlement only in respect of :

- (a) Shares transferred into the Depositor's Securities account before 4.00 p.m. on 9 January 2008 in respect of ordinary transfers;
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

ANNIE YAP YIN HOON

ANGELINE NG SEK OI

Company Secretaries

Petaling Jaya

16 November 2007

Notes :

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company at Tingkat 11, Blok B, Kelana Centre Point, 3 Jalan SS 7/19, Kelana Jaya, 47301 Petaling Jaya, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
3. A member may appoint more than two (2) proxies to attend the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. Authority to Allot and Issue Shares Pursuant to Section 132D of the Companies Act, 1965

The proposed Ordinary Resolution No. 8, if passed, will empower the Directors to allot and issue shares not exceeding 10% of the issued capital of the Company for such purposes as the Directors consider would be in the interest of the Company. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting of the Company.

2. Proposed Renewal of Shareholders' Mandate in respect of Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed Ordinary Resolution 9, if passed, will allow the Group to enter into recurrent related party transactions with the respective Related Parties, which are of a revenue or trading nature and in the ordinary course of business which are necessary for day-to-day operations pursuant to Paragraph 10.09(1) of Bursa Malaysia Securities Berhad Listing Requirements. The details of the proposal are set out in the Circular to Shareholders dated 16 November 2007, which is despatched together with the Company's 2007 Annual Report.

3. Proposed Amendments to the Articles of Association of the Company

The proposed Special Resolution 10, if passed, will incorporate the amendments to the Articles of Association of the Company to be in line with the recent amendments to the Listing Requirements of Bursa Malaysia Securities Berhad and to enhance administrative efficiency of the Company. Details of the proposed amendments are as set out in Appendix I of the Circular to Shareholders of the Company dated 16 November 2007, despatched together with the Company's 2007 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

1. The Directors standing for re-election / re-appointment are:-

- (i) Mr. Lai Tan Fatt - Retiring pursuant to Article 115 of the Company's Articles of Association
- (ii) Encik Ismail Bin Aris - Retiring pursuant to Article 115 of the Company's Articles of Association
- (iii) Dato' Abdul Hamid Bin Hj Md Zainuddin - Retiring pursuant to Section 129(6) of the Companies Act, 1965.

2. Further details of Directors who are standing for re-election at the Thirty-third Annual General Meeting.

The particulars of the Directors seeking re-election are set out in the Directors' Profile appearing on page 9 & 10 of the Annual Report.

The shareholdings of the aforesaid Directors are as stipulated on page 62 of the Annual Report.



seated from left to right

1. Mr. Lai Tan Fatt
Managing Director

2. En. Md Azar Bin Ismail
Non-Executive Chairman

3. Puan Sri Khoo Sian Keow
Independent Non-Executive Director

standing from left to right

1. Mr. Wong Chick Wai
Executive Director

2. Dato' Edmond Hoyt Yung
Non-Executive Director

3. Dato' Abdul Hamid Bin Hj Md. Zainuddin
Independent Non-Executive Director

absent from picture

■ **En. Ismail Bin Aris**
Executive Director

ENCIK MD. AZAR BIN ISMAIL

Malaysian, aged 57, was appointed to the Board of Directors of BGB on 10 January 1995. He was appointed the Chairman of BGB on 9 September 1997. He started his career with The Chartered Bank in 1970 and left the bank as an officer in 1981. Thereafter, he held position as Manager in Arab Malaysia Finance Berhad from 1981 to 1982. Subsequently, he was Head of Credit Department in Kwong Yik Bank Berhad and left the position in 1985 to join The Pacific Bank Berhad in the same year. He left The Pacific Bank Berhad as a Senior Manager in 1991.

Upon leaving the banking industry, he sits on the Board of several other private companies. Amongst others, he is the Executive Vice Chairman of SK Formware Sdn Bhd and Olitec Services Sdn Bhd, the Executive Chairman of RI Kawalan Sdn Bhd and a Director of Medical Apparatus Supplies Sdn Bhd. Md. Azar is also the Chairman of KBES Behad, a company listed on the Main Board of Bursa Malaysia.

Encik Md. Azar does not hold any securities, direct or indirect, in BGB or any of its subsidiaries.

MR. LAI TAN FATT

Malaysian, aged 61, was appointed to the Board of Directors of BGB on 1 November 1978. He is the Managing Director of BGB and holds a Bachelor of Commerce and Administration degree from Victoria University (New Zealand). His professional qualifications include Associate Chartered Accountant from the Institute of Chartered Accountants of New Zealand and Certified Public Accountants from the Malaysian Association of Certified Public Accountants. His experience in the field of accountancy includes working as an accountant in Touche Ross (New Zealand) and Peat Marwick Mitchell (Malaysia) and as an Internal Auditor with Tractors Malaysia Berhad, a company listed on the Main Board of Bursa Malaysia, in 1974. Mr Lai is also a Director of Mutiara Goodyear Development Berhad, a company listed on the Main Board of Bursa Malaysia.

Mr Lai holds 1,195,200 ordinary shares of RM1.00 each in the Company and by virtue of his substantial shareholdings (direct and indirect) in the Company, he is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

He is a Member of Audit Committee of the Company.

MR. WONG CHICK WAI

Malaysian, aged 67, was appointed as Executive Director of BGB on 26 October 1988. He obtained his Bachelor of Engineering degree from the University of Melbourne, Australia in 1967 and a Master of Business Administration degree from the University of New South Wales, Australia in 1971. His Professional qualifications include being a member of the Institute of Engineers, Malaysia and a Professional Engineer of the Board of Engineers, Malaysia. His experience in the engineering field includes design and construction of a power station and related installations, high rise buildings and hotels. Mr Wong is also an Executive Director of Mutiara Goodyear Development Berhad, a company listed on the Main Board of Bursa Malaysia.

Mr Wong holds 2,048,380 ordinary shares of RM1.00 each in the Company and by virtue of his substantial shareholdings (direct and indirect) in the Company, he is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

DATO' EDMOND HOYT YUNG

British and a permanent resident of Malaysia, aged 66, was appointed to the Board of Directors of BGB on 1 November 1978. He graduated from University of Hong Kong and holds a Masters Degree from University of London and a Diploma of Imperial College (London). He is also a Chartered Engineer, a fellow at the Geological Society of London. His wide experience in engineering, includes eleven (11) years in London in water supply engineering, soil mechanics, foundation engineering, earth moving and motorway construction. Dato' Yung was appointed Director and Chief Executive Officer of United Estates Plantation Sdn Bhd ("UEP") in 1975 and was responsible for the entire Subang Jaya development until 1980. Presently, he is also the Managing Director of Mutiara Goodyear Development Berhad, a company listed on the Main Board of Bursa Malaysia.

Dato' Yung holds 2,575,700 ordinary shares of RM1.00 each in the Company and by virtue of his substantial shareholdings (direct and indirect) in the Company, he is deemed to have interest in the ordinary shares held by the Company in its subsidiaries.

PROFILE OF DIRECTORS

ENCIK ISMAIL BIN ARIS

Malaysian, aged 51, was appointed as an Executive Director of BGB on 30 April 2001. He holds an Advance Diploma in Banking. He is a member of the Institute of Bankers London and has 22 years of experience in the banking industry while he was with Standard Chartered Bank. His work experience includes being personal assistant to the Managing Director in Labuan Maritime Services Sdn Bhd, business development manager/project manager in Cash Berhad (seconded to subsidiary company Far East Marble Sdn Bhd-involved with KLCC project) and executive director in Mega Pacific Zaricon Sdn Bhd (KLCC & Putrajaya infrastructure works) as well as dealing with marbles and granites (Hock Heng Granite Sdn Bhd). He is the Vice Chairman of Bina Goodyear Middle East Construction Company Pakistan as well as Bina Goodyear Middle East Limited (Dubai).

Encik Ismail holds 37,500 ordinary shares of RM1.00 each in the Company but does not have any direct equity interest in the Company's subsidiaries.

PUAN SRI KHOO SIAN KEOW

Malaysian, aged 64, was appointed as an Independent Non-Executive Director on 6 August 1997. She completed her secondary education in 1960 and since then has assisted her father in managing Hock Lee Sdn Bhd until mid 1970's. When she retired in 1974 from active business involvement, she dedicated herself to domestic and social work after her husband was appointed as a Cabinet Minister. She has remained active in social service all these years.

Puan Sri Khoo is a Member of Audit Committee of the Company and she does not have any equity interest in the Company nor the subsidiaries.

DATO' ABDUL HAMID BIN HJ MD. ZAINUDDIN

Malaysian, aged 71, was appointed as an Independent Non-Executive Director of BGB on 6 August 1997. Dato' Abdul Hamid is an active Bumiputra investor and entrepreneur. He also sits on the Board of several private companies.

Dato' Abdul Hamid is the Chairman of the Audit Committee of the Company and he does not have any equity interest in the Company nor the subsidiaries.

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None of the Directors have any family relationship with each other and/or major shareholders of the Company and there are no business arrangements with the Company in which they have personal interest except for Mr Lai Tan Fatt, Mr Wong Chick Wai and Dato' Edmond Hoyt Yung who are directors and shareholders of Goodyear Investors (Malaysia) Sdn Bhd (substantial shareholder of Bina Goodyear Berhad)

None of the Directors have been convicted for offences within the past ten (10) years other than traffic offences, if any.

Corporate Governance

The Board of Directors of Bina Goodyear Berhad strives to uphold the standards of corporate governance practiced throughout the Group by their assured commitment to protect and enhance shareholders value as a fundamental part of discharging their responsibilities.

Set out below is a statement and description in general on how the Company and Group have applied and the extent of compliance with the Best Practices of Corporate Governance spelt out in the Malaysian Code of Corporate Governance.

THE BOARD OF DIRECTORS

Composition

The Board currently has seven (7) members comprising the Non-Executive Chairman, the Managing Director, two (2) Executive Directors, two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director.

The size and composition of the Board has been maintained in line with the needs of the Company and in compliance with Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements. The Board has a balanced composition of Executive and Non-Executive Directors, with one third (1/3) Independent Non-Executive Directors.

The Board comprising members from wide range of business and financial experience is vital for efficiency, management of the Group's businesses and the strategies success of the Group. A brief profile of the Directors is set out on page 9 & 10 of this annual report.

Board balance is achieved with the contribution of the independent non-executive directors and the fair representation of the shareholders' interests. The independent non-executive directors exercise their unbiased independent judgment freely and do not have any business or other relationships that could interfere with their duties. The Board also has an effective working partnership with Management in establishing the strategic direction.

The Board retains full and effective overall control of the Company. This includes responsibility for determining the Company's overall strategic direction, formulation of policies and overseeing resources, investments and businesses of the Group.

Meetings

The Board meets at least four (4) times a year with additional meetings convened when necessary. Scheduled Board meetings are structured with a pre-set agenda. The Board members are provided with Board papers which contain management and financial information and other matters to be discussed prior to the meetings to enable the Directors to obtain further explanations and/or clarifications if necessary, in order to ensure the effectiveness of the proceeding of the meetings. During the financial year ended 30 June 2007, there were five (5) meetings held and the Board members' attendance is outlined as follows:-

| Name | Attendance |
|----------------------------------------|------------|
| Md Azar Bin Ismail | 5/5 |
| Lai Tan Fatt | 5/5 |
| Wong Chick Wai | 4/5 |
| Dato' Edmond Hoyt Yung | 5/5 |
| Ismail Bin Aris | 3/5 |
| Puan Sri Khoo Sian Keow | 5/5 |
| Dato' Abdul Hamid Bin Hj Md. Zainuddin | 5/5 |

Board Committee

The Audit Committee was established to act as a Committee of the Board of Directors. The composition and terms of reference of the Committee together with its report are as set out on page 16 & 17 of the annual report.

The Nomination Committee was set up and is empowered by the Board to propose new nominees to the Board as to the appointment of new Directors. The Committee also keeps under review the Board structure, size as well as the composition. With the assistance of the Company Secretary, all appointments are ensured properly made, by complying with all statutory and regulatory requirements. The Nomination Committee is also responsible for assessing the directors on an on-going basis.

The Remuneration Committee was established for drawing up the policy framework and for making recommendations to the Board on remuneration packages and benefits extended to the Executive Directors. The remuneration packages of Non-Executive Directors is determined by the Board as a whole, with the Directors concerned required to abstain from the deliberations and voting on decisions in respect of the individual's remuneration.

The ESOS Committee (also known as "Options Committee") was established on 3 September 2003 and comprises of one (1) executive director, one (1) independent non-executive, Senior General Manager of Finance division, Company Secretary, Human Resource Manager, and General Manager.

Directors' Remuneration

The objective of the Group's policy on Directors' Remuneration is to ensure that the Group attracts and retains Directors of the calibre needed to run the Group successfully.

The aggregate Directors' remuneration paid or payable or otherwise made available to all Directors of the Company during the financial year ended 30 June 2007 are as follows:

| | Basic Salary (RM) | Bonus (RM) | Fees (RM) | Meeting Allowances (RM) | Benefits in kind (RM) |
|--------------------------------|----------------------|---------------|--------------|----------------------------|--------------------------|
| Executive Directors | 821,733 | 150,000 | 15,000 | 8,500 | 56,000 |
| Non-Executive Directors | 96,000 | 20,000 | 20,000 | 16,000 | nil |

The number of Directors of the Company whose total remuneration falls within the following bands:

| Range of Remuneration | Number of Directors | |
|-----------------------|---------------------|---------------|
| | Executive | Non-Executive |
| Below RM50,000 | nil | 3 |
| RM50,001 - RM100,000 | nil | nil |
| RM100,001 - RM150,000 | nil | 1 |
| RM150,001 - RM200,000 | 1 | nil |
| RM200,001 - RM250,000 | nil | nil |
| RM250,001 - RM300,000 | nil | nil |
| RM300,001 - RM350,000 | 1 | nil |
| RM350,001 - RM400,000 | nil | nil |
| RM400,001 - RM450,000 | nil | nil |
| RM450,001 - RM500,000 | 1 | nil |

Re-election of the Directors

The Articles of Association provide that at least one-third of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors retiring each year shall be those who have been in office since their last election whereby each retiring Director is eligible for re-appointment. The election of each Director is voted on separately.

Directors over seventy (70) years of age retire at every AGM and may submit themselves for re-appointment annually in accordance with Section 129(6) of the Companies Act, 1965.

Directors' Training

The Board members are encouraged to attend continuous education programmes/seminars and shall as such receive further training from time to time to keep themselves abreast of the latest development in laws and regulations where appropriate and with the changing commercial risks. During the financial year under review, the directors have attended a seminar on "Directors' Duties & Liabilities: Optimising Accountability, Transparency and Shareholder Trust."

Supply of Information

The Board of Directors have access to the advice and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in furtherance of their duties.

Prior to the meetings of the Board and the Board of Committees, Board papers, which include agenda and reports relevant to the issues of meeting, will be forwarded to all Directors in advance to enhance the quality of decisions recommended at the Board meetings. Any additional information requested by Directors is also readily available.

The Directors meet, review and approve all corporate announcements, including the announcement of the quarterly financial results, prior to releasing them to Bursa Malaysia.

SHAREHOLDERS

The Board believes in clear communication with the Company's shareholders. The annual reports and the announcements made quarterly and otherwise, are the primary modes of communication to report on the Group's business, activities and financial performance to all its shareholders.

The general meetings are opportunities to meet shareholders, to encourage them to participate in getting to know the Company's and the Group's progress and/or performance better.

ACCOUNTABILITY AND AUDIT

Financial Reporting

In its financial reporting to shareholders and other interested parties by means of quarterly results announcement and the annual financial statements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

The Audit Committee assists the Board in scrutinising information for disclosure to ensure accuracy and adequacy.

Statement of Directors' Responsibilities in respect of the Annual Audited Financial Statements

The Board of Directors do hereby state that the preparation of financial statements for the year ended 30 June 2007 is the responsibility of the Directors. They are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flow for the financial year then ended. In preparing those financial statements, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed.

The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and its subsidiaries and to enable them to ensure that the financial statements comply with the Companies Act 1965.

Internal Control

The Board acknowledges its overall responsibility of the Group's system of internal control and the need to review its effectiveness regularly. The Board recognises that risks cannot be eliminated completely, as such, the systems and processes put in place would have to be aimed at minimising and managing them. The Audit Committee assists the Board in fulfilling this obligation by reviewing the effectiveness and adequacy of the system.

Relationship with Auditors

The Company maintains a professional and transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

Key features underlying the relationship of the Audit Committee with the external auditors are included in the Audit Committee's terms of reference as set out on page 16 & 17 of the Annual Report.

The external auditors are also invited to brief the Audit Committee on specific issues as and when necessary.

Corporate Social Responsibility

The Company recognises its corporate social responsibility commitments to its various stakeholders, which include investors, clients, suppliers, members of the local communities as well as its employees in which it operates.

The Board of Directors of the Company and the Group will ensure that all pertinent matters relating to Corporate Social Responsibility are considered and supported in the Group's operations and administrative processes and are consistent with the Group's stakeholders' best interests.

OTHER INFORMATION

Utilisation of Proceeds

No proceeds were raised by the Company from any corporate proposals during the financial year.

Share Buybacks

During the financial year, there were no share buybacks by the Company.

Options, Warrants or Convertible Securities

There were no options, warrants or convertible securities exercised by the Company during the financial year.

American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

The Company did not sponsor any ADR or GDR programme during the financial year.

Imposition of Sanction/Penalties

There were no sanctions and/or penalties imposed on the Company or its subsidiaries, Directors or Management by relevant regulatory bodies during the financial year.

Non-Audit Fees

During the financial year end, the Company did not pay any non-audit fees to the Auditors of the Company.

Profit Estimate, Forecast or Projection

There was no variance between the results for the financial year and the unaudited results previously announced. The Company did not make any release on the profit estimate, forecast or projections for the financial year.

Profit Guarantee

During the year, there was no profit guarantee given by the Company and all its subsidiaries.

Material Contracts

During the year, there were no material contracts on the Company and its subsidiaries which involve Directors' and major shareholders' interests.

Contracts Relating to Loans

There were no contracts relating to loans by the Company in respect of the abovesaid item.

Revaluation of Landed Properties

There is no revaluation policy on the Group's landed properties in respect of the financial year except for investment properties which are measured at fair value.

Recurrent Related Party Transactions

Details of the significant transactions with related parties of a recurrent nature undertaken by the Group during the financial year ended 30 June 2007 are disclosed in Note 26 of the Financial Statements.



Taman Lagenda Mas 2B - Townhouse, Cheras.



Taman Lagenda Mas 2B - Bungalow, Cheras.



Bandar Tasek Mutiara Township - Bungalow, Seberang Prai, Pulau Pinang.

Introduction

The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders investments and the Group's assets. Paragraph 15.27(b) of the Bursa Malaysia Securities Berhad Listing Requirements require directors of listed companies to include a statement in annual reports on the state of their internal control. The Board of Directors of Bina Goodyear Berhad is pleased to present the Statement On Internal Control that outlines the nature and scope of internal control of the Group.

Board Responsibility

The Board of Directors recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and integrity of those systems whilst the role of the management is to implement the Board's policies on risk management and control effectiveness.

The system of internal control of the Group is designed to manage rather than eliminate the risk of failure to achieve business objectives; thus only provide reasonable and not absolute assurance of effectiveness. The system control covers not only financial controls but operational and compliance controls and risk management.

Risk Assessment/Management

As part of the on going process to identify, evaluate and manage significant risk faced by the Group, the Audit Committee had approved a risk assessment policy that facilitates the Internal Audit to appraise and assess the state of internal controls objectively and effectively. This includes identifying principal risks in critical areas, assessing the likelihood and impact of material exposure, determining the corresponding mitigating measures and subsequent evaluation of residual risks. Thus, the Internal Audit adopts a standard risk assessment methodology as an effective mean of communication in regards to the control issues with the Audit Committee and the management.

Internal Control/Control Environment

The Board through its Audit Committee is ultimately responsible for the Group's system of internal controls and for reviewing its effectiveness.

Apart from risk assessment/management process, the Board has put in place the following to enhance the system of internal control of the Group:-

- An organisational structure with defined lines of responsibilities and accountability;
- Regular operational meetings attended by Directors and senior management to review the projects' progress and status, progress of tasks undertaken as well as other operational issues;
- Regular review of financial results and division performance;
- Appointment of Audit Committee, Nomination Committee and Remuneration Committee, where the chair is independent or non-executive director and majority of members are independent directors, to assist the senior management in managing the Group's businesses; and
- Appointment of an Independent Internal Auditor function to evaluate the effectiveness of key controls and ensure compliance with the Group policies and procedures.

Internal Audit Function

The Group has outsourced its internal audit function to a professional firm to assist the Audit Committee in discharging its duties and responsibilities. The duties of the Group's Internal Audit is performed with impartiality, proficiency and due professional care and it provides the Audit Committee and the Board with the reasonable assurance it requires regarding adequacy and integrity of the internal control system.

The Internal Auditor submits the findings and recommendations to improve the internal controls to the Board of Audit Committee for review, response and implementation of corrective actions, which would enhance the internal control aspects of the relevant areas under review.

The Audit Committee considers the reports from the internal audit and management responses, before reporting and making recommendations to the Board in strengthening the risk management and internal control systems.

Weaknesses in Internal Control that resulted in Material Loss

The Board, through the Audit Committee has reviewed the effectiveness of the Group's system of the internal control. The Board is of the view that there were no material losses incurred during the financial year as a result of weaknesses in internal control. The Group continues to take the necessary measures to strengthen its internal control.

The Board acknowledges the importance of an internal audit function and is committed to ensure that the system of internal control will continue to be reviewed, added on or updated in line with the changes in the operating environment. For the financial year under review, the Board is of the view that the existing system of internal control is adequate to safeguard the Group's assets at the existing level of operations of the Group.

MEMBERSHIP

The present members of the Audit Committee comprise:-

Dato' Abdul Hamid Bin Hj Md Zainuddin - Chairman, Independent Non-Executive Director
Puan Sri Khoo Sian Keow - Independent Non-Executive Director
Lai Tan Fatt - Managing Director

TERMS OF REFERENCE

1. Objectives

The primary objective of the Audit Committee is to assist the Board of Directors in the effective discharge of its fiduciary responsibilities for corporate governance, financial reporting and internal control.

2. Composition

- 2.1 The Audit Committee shall be appointed by the Board from amongst the Directors of the Company and shall comprise of not fewer than three (3) members, of whom the majority shall be independent Directors.
- 2.2 The members of the Audit Committee shall elect a Chairman from among their number who shall be an independent director.
- 2.3 If the number of members of the Committee is reduced below three (3), the Board shall, within three (3) months of that event, appoint such number of new members as may be required to make up the minimum of three (3) members.

3. Authority

The Committee shall, in accordance with a procedure to be determined by the Board :-

- 3.1 have the authority to investigate any matter within its terms of reference;
- 3.2 have the resources which are required to perform its duties;
- 3.3 have full and unrestricted access to any information pertaining to the Company;
- 3.4 have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- 3.5 be able to obtain independent professional or other advice; and
- 3.6 be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

4. Functions

The functions of the Audit Committee shall be:

- 4.1 to review the following and report the same to the Board:-
 - (a) with the external auditor, the audit plan,
 - (b) with the external auditor, his evaluation of the system of internal controls;
 - (c) with the external auditor, his audit report;
 - (d) the assistance given by the employees of the Company to the external auditor;
 - (e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;
 - (f) 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;

- (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:-
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards and other legal requirements;
- (h) any related party transaction and conflict of interest situation that may arise within the Company or Group;
- (i) any letter of resignation from the external auditors of the Company; and
- (j) any other functions as may be agreed by the Committee and the Board or as may be required or empowered by statutory legislation or guidelines prepared by relevant governing authorities.

4.2 The term of office of the Audit Committee members shall be reviewed by the Board no less than once every three years. However, the appointment terminates when a member ceases to be a Director.

5. Meetings

- 5.1 The quorum for Audit Committee's meetings shall be at least two thirds (2/3) of the members with Independent Directors forming the majority.
- 5.2 The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide in order to fulfil its duties.
- 5.3 Notwithstanding paragraph 5.2 above, upon the request of any member of the Committee, the Management, or the External Auditors, the Chairman shall convene a meeting of the Committee to consider the matters brought to its attention.
- 5.4 The Committee may invite any person to any particular audit Committee meeting only at its invitation, specific to the relevant meeting.
- 5.5 The Company Secretary shall act as secretary of the Committee and shall be responsible for drawing up and circulating the agenda and the notice of meetings.
- 5.6 In addition to the availability of detailed minutes of the Committee's meetings, a summary of significant matters and resolutions will be reported by the Committee at each Board of Directors' Meeting.

MEETINGS AND ATTENDANCE

The Audit Committee held five (5) meetings during the financial year ended 30 June 2007 and the details of attendance of the Audit Committee Members are as follows:-

| <u>Audit Committee Members</u> | <u>No. of Meetings Attended</u> |
|----------------------------------------|---------------------------------|
| Dato' Abdul Hamid Bin Hj. Md Zainuddin | 5/5 |
| Puan Sri Khoo Sian Keow | 5/5 |
| Lai Tan Fatt | 5/5 |

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Audit Committee carried out its duties in accordance with its terms of reference during the year.

The main activities undertaken by the Committee were as follows:-

- Held meetings to review and to discuss the Group's quarterly results announcements and the audited financial statements of the Company and of the Group prior to submission to the Board for their consideration and approval. The review was to ensure that the audited financial statements were drawn up in accordance with the provisions of the Companies Act 1965 and the applicable approved accounting standards approved by the MASB.
- The Audit Committee also discussed and reviewed the Group's related party transactions and were reported the same to the Board.
- Reviewed the appointment of external auditors and their remuneration thereof.
- Reviewed the adequacy of the internal control system.
- Reviewed the internal audit findings of the Internal audit Department on their evaluation of the controls of certain aspects of the operations of the Company and the Group. Compliance checks were conducted to the implemented manuals and operational procedures.



Palace of Justice, Putrajaya.



Selangor State Mosque, Shah Alam.



Syariah Court, Putrajaya.



Suasana Sentral. (under construction)



Kelana Centre Point, Kelana Jaya.



Taman Pusat Kepong,
Shops/Offices/Apartment, Kepong.



Putrajaya Marriott Hotel, IOI Resort.



Bandar Tasek Mutiara Township - Bungalow,
Seberang Prai, Pulau Pinang.



Subang Perdana Apartments, Subang Jaya.



T.C. Electronics Factory, Port Klang.



Bandar Tasek Mutiara Township,
Seberang Prai, Pulau Pinang.

DIRECTORS' REPORT

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The principal activities of the Company are those of construction and building contractors. The principal activities of the subsidiary companies are disclosed in Note 6 in the notes to the financial statements.

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

FINANCIAL RESULTS

| | Group RM | Company RM |
|-----------------------------|------------------|------------------|
| Net profit for the year | 4,526,077 | 3,014,820 |
| | ===== | ===== |
| Attributable to: | | |
| Shareholders of the Company | 4,208,858 | 3,014,820 |
| Minority interests | 317,219 | - |
| | <u>4,526,077</u> | <u>3,014,820</u> |
| | ===== | ===== |

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

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DIVIDENDS

Since the end of the previous financial year, the Company paid a first and final dividend of 5 sen less tax at 28% per share on 46,259,800 ordinary shares, totaling RM1,665,352 in respect of the financial year ended 30 June 2006 on 25 January 2007.

The Board of Directors proposed a first and final dividend of 5 sen per share less tax at 27% in respect of the financial year ended 30 June 2007 to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors subject to the approval by the shareholders at the forthcoming Annual General Meeting. Based on the issued and paid up share capital of the Company as at the date of the report, the proposed final dividend would amount to RM1,688,483.

MOVEMENTS ON RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year, except as disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid up capital of the Company during the year.

The Group and the Company did not issue any debentures during the financial year.

EMPLOYEES' SHARE OPTION SCHEME

The Company had on 6 June 2003 implemented the Employees Share Option Scheme ("ESOS") for a duration of five (5) years.

The main features of the ESOS as set out in its Bye-Laws are as follows:

- a. Eligible employees are any full time employee (including the Executive Directors) of the Group who is a Malaysian or permanent resident in Malaysia, who have been serving under employment contract and have been in the service for a continuous period of three (3) years.
- b. The total number of shares to be offered shall not exceed 10% of the issued and paid-up capital of the Company, whereby not more than fifty percent (50%) of the shares available to the directors and senior management, and not more than ten percent (10%) of the shares available to any individual employee or director who holds twenty percent (20%) or more in the issued and paid-up share capital, at any time during the existence of the ESOS.
- c. The option price for a new share under the ESOS shall be weighted average market price of the shares as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately prior to each date of offer, with a discount, of not more than 10 % (or such higher discount as may be allowed under the SC Guidelines from time to time), if deemed appropriate subject always to the minimum price of RM1.00, being the par value of the shares.
- d. No offer shall be made for less than 100 shares.

The outstanding offered options to take up unissued ordinary shares of RM1.00 each and the option prices are as follows:

| Date of offer | Option price | Number of options over ordinary shares of RM1 each in the Company | | | | |
|-------------------|--------------|-------------------------------------------------------------------|----------------------|---------|-----------|------------------|
| | | As at 01.07.2006 | Expired Option price | Granted | Exercised | As at 30.06.2007 |
| 15 September 2003 | 2.10 | 842,200 | - | - | - | 842,200 |

The Company has been granted exemption by the Companies Commission of Malaysia from having disclosed the list of option holders and their holdings.

DIRECTORS

Directors who held office during the year since the date of the last report are as follows:

- MD AZAR BIN ISMAIL
- LAI TAN FATT
- WONG CHICK WAI
- DATO' EDMOND HOYT YUNG
- ISMAIL BIN ARIS
- PUAN SRI KHOO SIAN KEOW (F)
- DATO' ABDUL HAMID BIN HJ MD ZAINUDDIN

DIRECTORS' INTERESTS

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

| Shareholdings in the name of the Director : | Number of ordinary shares of RM1 each in the Company | | | |
|---------------------------------------------------------------------|------------------------------------------------------|-----------|-----------|------------------|
| | As at 01.07.2006 | Bought | Sold | As at 30.06.2007 |
| LAI TAN FATT | 1,195,200 | - | - | 1,195,200 |
| DATO' EDMOND HOYT YUNG | 1,917,300 | 275,000 | - | 2,192,300 |
| WONG CHICK WAI | 2,030,380 | 13,000 | - | 2,043,380 |
| ISMAIL BIN ARIS | 37,500 | - | - | 37,500 |
| Shareholdings in which the Director is deemed to have an interest : | As at 01.07.2006 | Bought | Sold | As at 30.06.2007 |
| LAI TAN FATT | 16,924,365 | 81,000 | - | 17,005,365 |
| DATO' EDMOND HOYT YUNG | 16,198,965 | - | - | 16,198,965 |
| WONG CHICK WAI | 17,253,765 | 3,058,600 | (200,000) | 20,112,365 |

Number of options over ordinary shares of RM1 each in the Company

| Shareholdings in the name of the Director : | As at 01.07.2006 | Granted | Exercised | As at 30.06.2007 |
|---------------------------------------------|------------------|---------|-----------|------------------|
| LAI TAN FATT | 125,000 | - | - | 125,000 |
| WONG CHICK WAI | 100,000 | - | - | 100,000 |

None of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company and of its related corporations, during the financial year.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company or its subsidiary companies is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares 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 those disclosed in the financial statements) by reason of a contract made by the Company or by related corporations with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except for any benefits which may be deemed to have arisen by virtue of the significant related party transactions as disclosed in Note 26 to the financial statements.

DIRECTORS' ROTATION

In accordance with Article 115 of the Company's Articles of Association, LAI TAN FATT and ISMAIL BIN ARIS, retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

BAD AND DOUBTFUL DEBTS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ascertain that proper action has been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts.

At the date of this report, the Directors are not aware of any circumstances which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the income statements and the balance sheets were made out, the Directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to realize in the ordinary course of business their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected to realize.

At the date of this report, the Directors are not aware of any circumstances which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the Directors are not aware of any circumstances which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liabilities of the Company are disclosed in Note 29 to the financial statements. At the date of this report, there does not exist: -

- a) any charge on the assets of the Group and of the Company, which has arisen since the end of the financial year which secures the liabilities of any other person, or
- b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year ended 30 June 2007 were not, in the opinion of the Directors, substantially affected by any item, transaction or event of a material and unusual nature.

EVENT SUBSEQUENT TO BALANCE SHEET DATE

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, in the opinion of the Directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.



DIRECTORS' REPORT

AUDITORS

The auditors, Messrs S.F.YAP & CO., have expressed their willingness to accept re-appointment as auditors.

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

LAI TAN FATT

WONG CHICK WAI

Kuala Lumpur

Dated : 23 Oct 2007

STATEMENT BY DIRECTORS

Bina Goodyear Berhad
(18645-H)
(Incorporated in Malaysia)

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **LAI TAN FATT** and **WONG CHICK WAI**, being two of the Directors of **BINA GOODYEAR BERHAD**, do hereby state on behalf of the board that in the opinion of the Directors, the accompanying financial statements as set out on pages 27 to 59 are drawn up in accordance with applicable approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 23 October 2007

LAI TAN FATT

WONG CHICK WAI

Kuala Lumpur.
Dated: 23 Oct 2007

STATUTORY DECLARATION

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

I, **LAI TAN FATT**, the Director primarily responsible for the accounting records and financial management of **BINA GOODYEAR BERHAD**, do solemnly and sincerely declare that the financial statements as set out on pages 27 to 59 are to the best of my knowledge and belief, 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 LAI TAN FATT, at)
Kuala Lumpur in the State of Federal)
Territory on this 23 day of)
October 2007)

Before me,

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

We have audited the financial statements as set out on pages 27 to 59 of **BINA GOODYEAR BERHAD**. The preparation of the financial statements is the responsibility of the Company's Directors.

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

We have conducted our audit in accordance with approved Standards on Auditing in Malaysia. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. An audit also includes an assessment of the accounting principles used and significant estimates made by the directors as well as evaluating the overall adequacy of the presentation of information in the financial statements.

We believe our audit provides a reasonable basis for our opinion.

In our opinion:

- a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable approved accounting standards in Malaysia so as to give a true and fair view of :
- i) the state of affairs of the Group and of the Company as at 30 June 2007 and of the results and cash flows of the Group and of the Company for the year ended on that date; and
 - ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements of the Group and of the Company; and
- b) the accounting and other records and the registers required by the Companies Act, 1965 to be kept by the Company and by its subsidiary companies have been properly kept in accordance with the provisions of the Act.

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

The auditors' reports on the financial statements of the subsidiary companies were not subject to any qualification and did not include any comment made under subsection 3 of section 174 of the Act.

S.F.YAP & CO.
NO. AF 0055
CHARTERED ACCOUNTANTS
Kuala Lumpur
Date: 23 Oct 2007

YAP SEONG FATT
NO. 398/04/08(J)
CHARTERED ACCOUNTANT

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

| | Note | Group | | Company | |
|---------------------------------------------|---------|-------------|-------------|-------------|-------------|
| | | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| PROPERTY, PLANT AND EQUIPMENT | 3 | 12,486,299 | 12,916,764 | 1,323,559 | 1,626,629 |
| GOODWILL ON CONSOLIDATION | 4 | 2,547,554 | 2,547,554 | - | - |
| INVESTMENT PROPERTIES | 5 | 10,178,596 | 10,308,886 | 10,178,596 | 10,308,886 |
| INVESTMENT IN SUBSIDIARY COMPANIES | 6 | - | - | 10,835,000 | 10,835,000 |
| INVESTMENT IN ASSOCIATED COMPANIES | 6 | 5,117,813 | 1,500,000 | 3,695,100 | - |
| LAND HELD FOR PROPERTY DEVELOPMENT | 7 | - | 25,247,530 | - | - |
| CURRENT ASSETS | | | | | |
| Inventories | 8 | 8,767,059 | 12,974,336 | 4,235,231 | 7,875,234 |
| Property development costs | 9 | 28,684,035 | - | - | - |
| Trade and other receivables | 10 | 92,693,428 | 81,548,343 | 87,746,971 | 61,699,819 |
| Amounts due from customers on contracts | 11 | 70,962,805 | 66,199,533 | 61,618,373 | 55,473,833 |
| Amounts due from subsidiary companies | 12(i) | - | - | 18,464,056 | 9,741,334 |
| Amount due from associated companies | 12(ii) | 7,682,097 | 5,840,451 | 434,838 | - |
| Tax recoverable | | 522,512 | 106,307 | - | - |
| Joint venture | 13 | - | 26,724 | - | 26,724 |
| Deposits, cash and bank balances | 14 | 10,349,556 | 36,720,441 | 5,792,139 | 30,686,483 |
| | | 219,661,492 | 203,416,135 | 178,291,608 | 165,503,427 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 15 | 55,749,667 | 81,392,590 | 45,219,684 | 43,113,187 |
| Amount due to subsidiary companies | 12(i) | - | - | 8,665,542 | 4,208,956 |
| Provision for taxation | | 322,939 | 1,494,102 | 114,000 | 944,000 |
| Borrowings | 16 & 17 | 37,854,536 | 40,663,486 | 31,185,044 | 37,915,927 |
| Bank overdrafts | 14 & 17 | 20,746,469 | 9,399,146 | 19,958,720 | 4,075,421 |
| | | 114,673,611 | 132,949,324 | 105,142,990 | 90,257,491 |
| NET CURRENT ASSETS | | 104,987,881 | 70,466,811 | 73,148,618 | 75,245,936 |
| | | 135,318,143 | 122,987,545 | 99,180,873 | 98,016,451 |
| FINANCED BY : | | | | | |
| Share capital | 18 | 46,259,800 | 46,259,800 | 46,259,800 | 46,259,800 |
| Reserves | | 73,175,318 | 70,631,812 | 52,596,742 | 51,247,274 |
| SHAREHOLDERS' EQUITY | | 119,435,118 | 116,891,612 | 98,856,542 | 97,507,074 |
| MINORITY INTEREST | | 2,705,436 | 2,484,217 | - | - |
| TOTAL EQUITY | | 122,140,554 | 119,375,829 | 98,856,542 | 97,507,074 |
| NON-CURRENT AND DEFERRED LIABILITIES | | | | | |
| Borrowings | 16 & 17 | 13,088,589 | 3,498,716 | 324,331 | 509,377 |
| Deferred taxation | 19 | 89,000 | 113,000 | - | - |
| | | 13,177,589 | 3,611,716 | 324,331 | 509,377 |
| | | 135,318,143 | 122,987,545 | 99,180,873 | 98,016,451 |

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

INCOME STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

| | Note | Group | | Company | |
|--------------------------------------------|------|---------------|---------------|---------------|---------------|
| | | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| REVENUE | 20 | 289,115,380 | 285,982,964 | 249,034,837 | 215,162,500 |
| Cost of sales | 21 | (273,979,022) | (264,255,780) | (241,096,989) | (203,638,930) |
| GROSS PROFIT | | 15,136,358 | 21,727,184 | 7,937,848 | 11,523,570 |
| Administration charges and office expenses | | (8,084,777) | (8,484,055) | (4,226,620) | (4,214,907) |
| PROFIT FROM OPERATIONS | | 7,051,581 | 13,243,129 | 3,711,228 | 7,308,663 |
| Finance cost | | (487,045) | (474,509) | (35,377) | (43,993) |
| Investment and other income | | 1,042,750 | 1,275,356 | 1,066,824 | 1,043,169 |
| Share of loss of associate | | (77,287) | - | - | - |
| Impairment losses on joint venture | | - | (859,100) | - | (859,100) |
| PROFIT BEFORE TAXATION | 23 | 7,529,999 | 13,184,876 | 4,742,675 | 7,448,739 |
| Taxation | 22 | (3,003,922) | (4,468,869) | (1,727,855) | (2,567,838) |
| NET PROFIT FOR THE YEAR | | 4,526,077 | 8,716,007 | 3,014,820 | 4,880,901 |
| Attributable to:- | | | | | |
| Shareholders of the Company | | 4,208,858 | 8,373,095 | 3,014,820 | 4,880,901 |
| Minority interests | | 317,219 | 342,912 | - | - |
| NET PROFIT FOR THE YEAR | | 4,526,077 | 8,716,007 | 3,014,820 | 4,880,901 |
| EARNINGS PER SHARE (SEN) - Basic | 24 | 9 | 18 | | |
| GROSS DIVIDENDS PER SHARE (SEN) | 25 | 5 | 5 | | |

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

| | | Bina Goodyear Berhad (18645-H) (Incorporated in Malaysia) | | | | | | | |
|------------------------------------------------------|------|-----------------------------------------------------------------|------------------------|-----------------------------------|------------------------------|---------------------------|---------------|-----------------------------|-----------------------|
| Group | Note | Issued & Fully Paid Ordinary Shares of RM1.00 Each | | ←-----Non-distributable-----> | | | Distributable | | |
| | | Nominal Value RM | Share Premium RM | Reserve on Consolidation RM | Revaluation Reserve RM | Retained Profits RM | Total RM | Minority interests RM | Total Equity RM |
| At 1 July 2005 | | 46,259,800 | 7,296,885 | 382,305 | 1,573,901 | 54,811,478 | 110,324,369 | 2,141,305 | 112,465,674 |
| Net profit for the year | | - | - | - | - | 8,373,095 | 8,373,095 | 342,912 | 8,716,007 |
| Dividends | | | | | | | | | |
| - First and final for the year ended 30 June 2005 | 25 | - | - | - | - | (1,665,352) | (1,665,352) | - | (1,665,352) |
| Reduction in revaluation reserve | | - | - | - | (140,500) | - | (140,500) | - | (140,500) |
| At 30 June 2006 | | 46,259,800 | 7,296,885 | 382,305 | 1,433,401 | 61,519,221 | 116,891,612 | 2,484,217 | 119,375,829 |
| Balance as at 30 June 2006 as previously reported | | 46,259,800 | 7,296,885 | 382,305 | 1,433,401 | 61,519,221 | 116,891,612 | 2,484,217 | 119,375,829 |
| Effects of adopting FRS3 | | - | - | (382,305) | - | 382,305 | - | - | - |
| Effects of adopting FRS140 | | - | - | - | (1,433,401) | 1,433,401 | - | - | - |
| At 1 July 2006 as restated | | 46,259,800 | 7,296,885 | - | - | 63,334,927 | 116,891,612 | 2,484,217 | 119,375,829 |
| Net profit for the year | | - | - | - | - | 4,208,858 | 4,208,858 | 317,219 | 4,526,077 |
| Dividends from subsidiary company | | - | - | - | - | - | - | (96,000) | (96,000) |
| Dividends | | | | | | | | | |
| - First and final for the year ended 30 June 2006 | 25 | - | - | - | - | (1,665,352) | (1,665,352) | - | (1,665,352) |
| At 30 June 2007 | | 46,259,800 | 7,296,885 | - | - | 65,878,433 | 119,435,118 | 2,705,436 | 122,140,554 |

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

Company

Issued & Fully
Paid Ordinary
Shares of
RM1.00 Each

←-----Non-distributable-----→

Distributable

| Company | Note | Issued & Fully Paid Ordinary Shares of RM1.00 Each | | | | Total RM |
|------------------------------------------------------|------|----------------------------------------------------|------------------------|------------------------------|---------------------------|-------------|
| | | Nominal Value RM | Share Premium RM | Revaluation Reserve RM | Retained Profits RM | |
| At 1 July 2005 | | 46,259,800 | 7,296,885 | 1,573,901 | 39,301,439 | 94,432,025 |
| Net profit for the year | | - | - | - | 4,880,901 | 4,880,901 |
| Dividends | | | | | | |
| - First and final for the year ended 30 June 2005 | 25 | - | - | - | (1,665,352) | (1,665,352) |
| Reduction in revaluation reserve | | - | - | (140,500) | - | (140,500) |
| At 30 June 2006 | | 46,259,800 | 7,296,885 | 1,433,401 | 42,516,988 | 97,507,074 |
| Balance as at 30 June 2006 as previously reported | | 46,259,800 | 7,296,885 | 1,433,401 | 42,516,988 | 97,507,074 |
| Effects of adopting FRS140 | | - | - | (1,433,401) | 1,433,401 | - |
| At 1 July 2006 as restated | | 46,259,800 | 7,296,885 | - | 43,950,389 | 97,507,074 |
| Net profit for the year | | - | - | - | 3,014,820 | 3,014,820 |
| Dividends | | | | | | |
| - First and final for the year ended 30 June 2006 | 25 | - | - | - | (1,665,352) | (1,665,352) |
| At 30 June 2007 | | 46,259,800 | 7,296,885 | - | 45,299,857 | 98,856,542 |

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

| CASH FLOWS FROM OPERATING ACTIVITIES | Note | Group | | Company | |
|------------------------------------------------------|------|---------------------|--------------------|---------------------|--------------------|
| | | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Profit before taxation | | 7,529,999 | 13,184,876 | 4,742,675 | 7,448,739 |
| Adjustment for :- | | | | | |
| Amortisation of goodwill | | - | 141,531 | - | - |
| Depreciation | | 3,924,898 | 4,309,135 | 555,821 | 655,863 |
| Loss on disposal of investment properties | | - | 30,116 | - | 30,116 |
| Gain on disposal of property, plant and equipment | | (133,700) | (24,540) | - | - |
| Loss on disposal of property, plant and equipment | | 15,851 | 263 | 15,851 | 263 |
| Fair value adjustment | | 130,290 | - | 130,290 | - |
| Interest income | | (232,312) | (451,409) | (165,593) | (367,582) |
| Interest expense | | 4,349,870 | 3,470,242 | 3,506,606 | 2,523,347 |
| Share of loss of associate | | 77,287 | - | - | - |
| Impairment loss on joint venture | | - | 859,100 | - | 859,100 |
| Operating profit before working capital changes | | <u>15,662,183</u> | <u>21,519,314</u> | <u>8,785,650</u> | <u>11,149,846</u> |
| Changes in working capital | | | | | |
| Development properties | | (3,436,505) | 324,821 | - | - |
| Receivables | | (17,724,135) | (29,466,111) | (41,322,223) | (21,845,910) |
| Inventories | | 4,207,277 | (172,676) | 3,640,003 | (1,122,636) |
| Payables | | (25,258,151) | 9,413,977 | 6,564,383 | 8,727,914 |
| Cash generated from/(absorbed by) operations | | <u>(26,549,331)</u> | <u>1,619,325</u> | <u>(22,332,187)</u> | <u>(3,090,786)</u> |
| Interest received | | 232,312 | 451,409 | 165,593 | 367,582 |
| Interest paid | | (4,350,175) | (3,472,944) | (3,506,911) | (2,523,347) |
| Tax paid | | (4,615,290) | (3,752,866) | (2,557,855) | (1,944,838) |
| Net cash used in operating activities | | <u>(35,282,484)</u> | <u>(5,155,076)</u> | <u>(28,231,360)</u> | <u>(7,191,389)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Property, plant and equipment | | | | | |
| - additions | 28 | (2,399,930) | (1,721,336) | (451,902) | (846,318) |
| - disposals | | 382,700 | 28,673 | 182,000 | 1,000 |
| Investment properties | | | | | |
| - disposals | | - | 36,584 | - | 36,584 |
| Purchase of land held for property development | | - | (3,198,531) | - | - |
| Purchase of investment in associated company | | (3,695,100) | - | (3,695,100) | - |
| Net cash used in investing activities | | <u>(5,712,330)</u> | <u>(4,854,610)</u> | <u>(3,965,002)</u> | <u>(808,734)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Proceeds from term loan and revolving credit | | 76,281,146 | 38,254,027 | 61,281,146 | 38,254,027 |
| Payment of finance lease liabilities | | (3,045,017) | (2,731,582) | (196,875) | (174,063) |
| Repayment of term loan and revolving credit | | (68,198,171) | (29,110,644) | (68,000,200) | (28,679,800) |
| Dividend paid to shareholders | | (1,665,352) | (1,665,352) | (1,665,352) | (1,665,353) |
| Dividend paid to minority interest | | (96,000) | - | - | - |
| Fixed deposits pledged with licensed banks | | 312,610 | 797,987 | 312,610 | 797,988 |
| Net cash from/ (used in) financing activities | | <u>3,589,216</u> | <u>5,544,436</u> | <u>(8,268,671)</u> | <u>8,532,799</u> |
| Net increase/(decrease) in cash and cash equivalents | | <u>(37,405,598)</u> | <u>(4,465,250)</u> | <u>(40,465,033)</u> | <u>532,676</u> |
| Cash and cash equivalents at beginning of the year | | 23,721,050 | 28,186,300 | 23,010,817 | 22,478,141 |
| Cash and cash equivalents at end of the year | 14 | <u>(13,684,548)</u> | <u>23,721,050</u> | <u>(17,454,216)</u> | <u>23,010,817</u> |

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

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 of the Company have been prepared under the historical cost convention (as modified by the revaluation of certain land and buildings) unless otherwise indicated in this summary of significant accounting policies.

The financial statements of the Group and of the Company have been prepared in accordance with the applicable approved accounting standards for entities other than private entities issued by the Malaysian Accounting Standards Board (MASB) and provisions of the Companies Act, 1965.

The preparation of the financial statements in conformity with the applicable approved Financial Reporting Standards ("FRSs") in Malaysia and the provisions of the Companies Act, 1965 require the Directors to make estimates and assumptions that may affect the reported amount 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 financial year. Actual results could differ from those estimates.

B Adoption of new and revised FRSs

- (i) During the financial year, the Group and the Company have adopted the new and the revised Financial Reporting Standards ("FRSs") issued by the MASB for financial periods beginning on or after 1 January 2006:-

| | |
|---------|-----------------------------------------------------------------|
| FRS 2 | Share-based payment |
| FRS 3 | Business combinations |
| FRS 5 | Non-current assets held for sale and discontinued operations |
| FRS 101 | Presentation of financial statements |
| FRS 102 | Inventories |
| FRS 108 | Accounting policies, changes in accounting estimates and errors |
| FRS 110 | Events after the balance sheet date |
| FRS 116 | Property, plant and equipment |
| FRS 121 | The effects of changes in foreign exchange rates |
| FRS 127 | Consolidated and separate financial statements |
| FRS 128 | Investment in associates |
| FRS 131 | Interests in joint ventures |
| FRS 132 | Financial instruments: Disclosure and presentation |
| FRS 133 | Earnings per share |
| FRS 136 | Impairment of assets |
| FRS 138 | Intangible assets |
| FRS 140 | Investment property |

In the opinion of the Directors, the adoption of the above FRS does not have any significant impact on the financial statements of the Group and the Company, except for FRS 3, FRS 101, FRS 136 and FRS 138. The effects of adopting the new and revised standards are set out in Note B (iii).

- (ii) At the date of authorisation of these financial statements, the following FRSs were in issue. The Group and the Company has not elected to early adopt the said FRSs:

| <u>Standard</u> | | <u>Effective date</u> |
|----------------------|----------------------------------------------------------------------------------------|-----------------------|
| FRS 6 | Exploration for and evaluation of mineral resources | 1 January 2007 |
| FRS 107 | Cash flow statements | 1 July 2007 |
| FRS 112 | Income taxes | 1 July 2007 |
| FRS 117 | Leases | 1 October 2006 |
| FRS 118 | Revenue | 1 July 2007 |
| FRS 124 | Related party disclosures | 1 October 2006 |
| FRS 129 | Financial reporting in hyperinflationary economies | 1 July 2007 |
| FRS 137 | Provisions, contingent liabilities and contingent assets | 1 July 2007 |
| FRS 139 | Financial instruments: recognition and measurement | To be announced |
| Amendment to FRS 119 | Employees benefits - actuarial gains and losses, group plans and disclosures | 1 January 2007 |
| Amendment to FRS 121 | The effects of changes in foreign exchange rates-net investment in a foreign operation | 1 July 2007 |

By virtue of the exemption clauses on paragraph 67B of FRS 117, paragraph 22A of FRS 124 and paragraph 103AB of FRS 139, the possible impact of applying FRS 117, FRS 124 and FRS 139 is not disclosed.

The FRS 6, FRS 129 and amendment to FRS 119 are not applicable to the Group and the Company and hence, no further disclosure on the possible impact on these FRSs is warranted.

B Adoption of new and revised FRSs *(continued)*

(iii) Effects arising from adoption of new/revised FRSs

The principal effects of the changes in accounting policies resulting from the adoption of the new/revised FRSs are discussed below:-

(a) FRS 2: Share-based payment

Prior to 1 July 2006, no compensation expense was recognised in profit or loss for share options granted. With the adoption of FRS 2, the fair value of share options granted to employees is recognised as an employee expense with a corresponding increase in equity over the vesting period. The total amount to be recognised as compensation expense is determined by reference to the fair value of the share options at date of the grant and the number of share options to be vested by vesting date. At balance sheet date, the Group's revised estimate is included in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

The Group has applied the transitional provisions of FRS 2, which allow the change in accounting policy to be applied to share options that were granted after 31 December 2004 and had not yet vested on 1 January 2006. The change in accounting policy had no impact on the financial statements of the Company because the share options were granted by the Company before 31 December 2004.

(b) FRS 3: Business Combinations, FRS 136: Impairment of Assets and FRS 138: Intangible Assets

The new FRS 3 has resulted in consequential amendments to two other accounting standards, FRS 136 and FRS 138. In accordance with the transitional provisions, FRS 3 has been applied for business combinations for which the agreement date is on or after 1 July 2006.

(i) Goodwill

The adoption of FRS 3 and the revised FRS 136 has resulted in the Group testing for impairment of goodwill annually. Goodwill is now carried at cost less accumulated impairment losses and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

In accordance with the transitional provisions of FRS 3, the Group has applied the revised accounting policies for goodwill prospectively from 1 July 2006. The transitional provisions of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 July 2006 amounting to RM283,062 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 July 2006 of RM2,547,554 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for the effects on the balance sheet as disclosed in Note 4 (a) and there was no amortisation charge of RM141,531 for the current financial year or prior periods. This change has no impact on the Company's financial statements.

(ii) Excess of Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (Previously known as reserve on consolidation)

Under FRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost of acquisition, after reassessment, is now recognised immediately in profit and loss. In accordance with transitional provisions of FRS 3, the reserve on consolidation as at 1 July 2006 of RM382,305 was derecognised with a corresponding increase in retained profit as disclosed in the consolidated statement of changes in equity.

Because the revised accounting policy has been applied prospectively, the change has had no impact on amounts reported for 2006 or prior periods. This change has no impact on the Company's financial statements.

(c) FRS 101: Presentation of financial statements

Prior to 1 July 2006, minority interests at the balance sheet date were presented in the consolidation balance sheet separately from liabilities and equity. Upon the adoption of the revised FRS 101, minority interests are now presented within total equity. In the consolidation income statement, minority interests are presented as an allocation of the total profit or loss for the year, a similar requirement is also applicable to the statement of changes in equity, total recognised income and expenses for the year, showing separately the amounts attributable to equity holders of the Company and to minority interests.

These changes in presentation have been applied retrospectively and has no impact on the Group's financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

B Adoption of new and revised FRSs *(continued)*

(iii) Effects arising from adoption of new/revised FRSs

(d) FRS 140: Investment property

The Group and the Company now measures all investment property at fair value with any change therein being recognised in the income statement. In accordance with the transitional provisions, FRS 140 has been applied retrospectively. The change in accounting policy did not have any material effect on the financial statements upon first adoption on the fair value of the investment properties as the cost of the investment property reflect its fair value as at 1 July 2006.

(iv) Significant accounting judgements and estimates

(a) Critical judgement made in applying accounting policy

There are no critical judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amount recognised in these financial statements.

(b) Key source of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:-

(i) Impairment on goodwill

The Group test goodwill for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this necessary.

Determining whether goodwill is impaired requires an estimation of the value-in-use of the Cash Generating Units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Further details of the estimates used are disclosed in Note 4.

(ii) Income taxes

Judgement is required in determining the capital allowances and deductibility of certain expenses when estimating the provision for income taxes. There were transactions during the ordinary course of business for which the ultimate tax determination of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which the outcome is known.

(iii) Depreciation of property, plant and equipment

The estimates of the residual values, useful lives and related depreciation charges for its property, plant and equipment is based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its property, plant and equipment to be insignificant. As a result, residual values have not been taken into consideration for the computation of depreciable amount.

The depreciation charge will increase when useful lives are less than those previously estimated.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

C. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary companies made up to 30 June 2007.

All subsidiary companies are consolidated using the acquisition method of accounting. Under the acquisition method, the results of subsidiary companies acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal respectively. The acquisition method of accounting involves allocating the cost of acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. Any excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition represents negative goodwill which is immediately recognised in the income statement.

The gain or loss on disposal of a subsidiary company is the difference between the net disposal proceeds and the Group's share of its net assets together with any unamortised balance of goodwill on acquisition and exchange differences.

All significant inter-company transactions and balances are eliminated on consolidation and the consolidated financial statements reflect external transactions only.

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

D. Intangible asset - Goodwill on consolidation

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

E Subsidiary companies

A subsidiary company is a company in which the Group has long term equity interest of more than 50% or has power to exercise control over the financial and operating policies so as to obtain benefits therefrom. The Group's subsidiary companies are listed in Note 6 to the financial statements.

Investment in subsidiary companies are eliminated on consolidation and are stated at cost less impairment losses, if any.

F Associated companies

An associated company is a company in which the Group and the Company have a long term equity interest and where the Group and the Company is in a position to exercise significant influence over the financial and operating policies of the investee company.

The Company's investment in associated companies is stated at cost less impairment losses, if any.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting. The Group's interests in associated companies is stated at cost plus adjustments to reflect changes in the Group's share of profits and losses in the associated companies.

The Group's share of results and reserves less losses in the associated companies acquired or disposed of is included in the consolidated financial statements from the effective date of acquisition or up to the effective date of disposal.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

G Property, plant and equipment

The gross carrying amounts of property, plant and equipment are initially measured at cost. Land and buildings which have been subsequently revalued, are stated at valuation less accumulated depreciation and impairment losses, if any. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Surpluses arising from such valuations is credited to shareholders' equity as a revaluation surplus and any subsequent deficit is charged against such surplus to the extent that the decrease offsets any increase. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated to write off the costs of the assets on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows :

| | |
|------------------------------------------|-----------|
| Leasehold land and buildings | 1% - 4% |
| Motor vehicles | 14% - 25% |
| Machinery & equipment | 20% - 40% |
| Furniture, fittings and office equipment | 10% - 25% |
| Renovation & others | 10% - 20% |

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates.

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 H on impairment of assets.

An item of property, plant and equipment is recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

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

H Impairment of assets

The carrying amount of the Group's and Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount unless the asset is carried at a revalued amount, in which case the impairment loss is recognised directly against any revaluation surplus for that asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for the same asset. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (groups of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to the income statement in the year in which the reversals are recognised, unless it reverses an impairment loss on a revalued asset, in which case it is credited directly to revaluation surplus. Where an impairment loss on the same revalued asset was previously recognised in the income statement, a reversal of that impairment loss is also recognised in the income statement.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

I Investment properties

Investment properties are properties which are held either to earn rentals or for capital appreciation or both and are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at fair value. The fair value, which is determined by the directors, is arrived at by reference to market evidence of transaction prices for similar properties and reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair value of the investment properties are recognised as income or expense in the income statement in the period in which they arise.

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at fair value.

An investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the financial year in which they arise.

J Land held for property development

Land held for property development consist of land where no significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses.

Cost associated with the acquisition of land includes the purchase price of the land, professional fee, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development cost at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle of 2 to 4 years.

K Inventories

Inventories are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow-moving items. Net realisable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

Cost is determined on a first-in-first-out basis. Cost of raw materials comprises purchase price plus cost incurred in bringing the inventories to their present location and condition. Cost of finished goods and work in progress comprises cost of raw materials, direct labour and an appropriate proportion of production and other overheads. The cost of unsold properties comprises costs associated with the acquisition of land, direct costs and an appropriate proportion of allocated costs attributable to property development activities.

L Property development costs

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

The recognition of property development revenue and expenses is similar to that of construction contracts (Note T). 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.

The excess of revenue recognised in the income statement over billings to purchasers is shown as accrued billings under trade and other receivables and the excess of billings to purchasers over revenue recognised in the income statement is shown as progress billings under trade and other payables.

M Capitalisation of borrowing costs

Borrowing costs incurred on properties under development are capitalised. Capitalisation of borrowing costs will cease when the assets are ready for their intended use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to the Group's borrowings that are outstanding during the year, other than borrowings made specifically for the purposes of financing a specific property under development, in which case the actual borrowing cost incurred on that borrowing less any investment income on the temporary investment of that borrowing will be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

N Receivables

Receivables are carried at anticipated realisable value. Bad debts are written off in the period in which they are identified. An estimate is made for doubtful debts based on a review of all outstanding amounts at the financial year end.

O Payables

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

P Amounts due from/to customers on contracts

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the financial year end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is shown as amount due from customers on contracts. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is shown as amounts due to customers on contracts. Contract costs incurred to date include:

- i) Costs directly related to the contract;
- ii) Costs attributable to contract activity in general and can be allocated to the contract; and
- iii) Other costs specifically chargeable to the customers under the terms of the contract.

Q Joint venture

Joint venture represents contractual arrangements with third parties to undertake construction and development projects.

The Group's share of the results of the joint ventures is included in the Group and the Company's financial statements from the date of formation of the joint venture and up to the date of completion of the project.

R Share capital

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

S Revenue recognition

- i) Revenue from construction contracts are recognised on the percentage of completion basis; the stage of completion is measured by reference to surveys of work performed to total contract sum for each contract. Foreseeable losses, if any, are provided in full.
- ii) Revenue from sales of development properties is recognised on the percentage of completion basis where foreseeable losses on development projects, if any, are provided in full.
- iii) Revenue from sales of goods are recognised upon delivery of products and customer acceptance.
- iv) Revenue from rental of investment properties and construction plant and machinery are recognised over the period of rental.
- v) Dividend income from subsidiary companies are included in the income statement of the Company when the right to receive payment is established.

T Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that is probably recoverable and contract costs are recognised as expenses in the period in which they are incurred.

The Group uses the percentage of completion method to determine the appropriate amount of revenue and costs to be recognised in a period of contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 JUNE 2007

U Taxation

The tax expense in the income statement represents the aggregate amount of current and deferred tax included in the determination of net profit or loss for the year.

Deferred tax is recognised 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.

Where there is intention to dispose of revalued investment properties, the deferred tax relating to such investment properties is recognised through a transfer from the related revaluation surplus. Neither provision nor disclosure is made of this tax effect where the Group intends to hold such investment properties for the foreseeable future.

V Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances, demand deposits, 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.

W Finance lease

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

Finance leases are capitalised at the estimated present value of the underlying lease payments at the date of inception. 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 lease contracts is depreciated over the estimated useful life of the asset in line with the Group's accounting policy for property, plant and equipment. If there is no reasonable certainty that the ownership will be transferred to the Group, the asset is depreciated over the shorter of the lease term and its estimated useful life.

X Financial instruments

Financial instruments carried on the balance sheets include cash and bank balances, investments, receivables, payables and borrowings. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Y Employee Benefits

i) Short term employee benefits

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

ii) Defined contribution plans

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

iii) Equity compensation benefits

The Group's Employees' Share Option Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised. When the options are exercised, equity is increased by the amount of the proceeds received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

1) GENERAL INFORMATION

The Company is principally engaged as construction and building contractors.

The principal activities of the subsidiary companies are set out in Note 6. There have been no significant changes in the nature of these activities during the financial year.

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

The address of the registered office of the Company is Wisma Goodyear, Tingkat 11, Blok B, Kelana Centre Point, 3 Jalan SS7/19, Kelana Jaya, 47301 Petaling Jaya.

The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 23 October 2007.

2) FINANCIAL RISK MANAGEMENT POLICIES

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

The Group does not trade in derivative financial instruments.

The main areas of financial risks faced by the Group and the policy for managing each of these risks are set out as follows:

a) Interest rate risk

The Group obtains additional financing through bank borrowings and hire purchase arrangements. The Group's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward changes in interest rates while enabling benefits to be enjoyed if interest rates fall.

b) Credit risk

Cash deposits and trade receivables may give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. In addition, the Company has given guarantees to subsidiaries for banking facilities. It is the Group's policy to monitor the financial standing of these counter parties on a going concern basis to ensure that the Group is exposed to minimal credit risk.

c) Liquidity and cash flow risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

It practices prudent liquidity risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

d) Foreign currency risk

The Group operates mainly within Malaysia. Its exposure to foreign currencies volatility is not significant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

3) PROPERTY, PLANT AND EQUIPMENT

a) The movements of property, plant and equipment during the financial year are as follows :-

| Group | Leasehold Land & Building RM | Freehold Land RM | Motor Vehicles RM | Machinery & Equipment RM | Furniture, Fittings and Office Equipment RM | Renovation & Others RM | Total RM |
|-----------------------------------------------------------|------------------------------------|------------------------|-------------------------|--------------------------------|---------------------------------------------------------|------------------------------|-------------|
| COST | | | | | | | |
| At 1 July 2006 | 1,579,945 | 1,055,000 | 5,789,378 | 21,331,905 | 3,744,569 | 52,990 | 33,553,787 |
| Additions | 1,273,652 | - | 421,671 | 1,922,810 | 132,011 | 10,440 | 3,760,584 |
| Disposals | - | - | (631,351) | (183,800) | (1,300) | - | (816,451) |
| Written off | - | - | - | (3,140,622) | - | - | (3,140,622) |
| At 30 June 2007 | 2,853,597 | 1,055,000 | 5,579,698 | 19,930,293 | 3,875,280 | 63,430 | 33,357,298 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | | | |
| At 1 July 2006 | 519,745 | - | 3,300,373 | 13,624,359 | 3,164,604 | 27,942 | 20,637,023 |
| Charge for the year | 45,821 | - | 582,945 | 3,071,584 | 215,346 | 9,202 | 3,924,898 |
| Disposals | - | - | (433,500) | (116,800) | - | - | (550,300) |
| Written off | - | - | - | (3,140,622) | - | - | (3,140,622) |
| At 30 June 2007 | 565,566 | - | 3,449,818 | 13,438,521 | 3,379,950 | 37,144 | 20,870,999 |
| NET BOOK VALUE | | | | | | | |
| At 30 June 2007 | 2,288,031 | 1,055,000 | 2,129,880 | 6,491,772 | 495,330 | 26,286 | 12,486,299 |
| At 30 June 2006 | 1,060,200 | 1,055,000 | 2,489,005 | 7,707,546 | 579,965 | 25,048 | 12,916,764 |
| DEPRECIATION | | | | | | | |
| Year ended 30 June 2006 | 35,971 | - | 615,661 | 3,416,151 | 232,622 | 8,730 | 4,309,135 |

Depreciation expense of the Group amounting to RM3,063,582 (2006: RM3,354,509) has been included in cost of sales.

| Company | Motor Vehicles RM | Machinery & Equipment RM | Furniture, Fittings and Office Equipment RM | Renovation & Others RM | Total RM |
|-----------------------------------------------------------|-------------------------|--------------------------------|---------------------------------------------------------|------------------------------|-------------|
| COST | | | | | |
| At 1 July 2006 | 3,127,012 | 1,012,649 | 2,879,876 | 37,936 | 7,057,473 |
| Additions | 87,000 | 247,891 | 117,011 | - | 451,902 |
| Disposals | (631,351) | - | (1,300) | - | (632,651) |
| At 30 June 2007 | 2,582,661 | 1,260,540 | 2,995,587 | 37,936 | 6,876,724 |
| ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES | | | | | |
| At 1 July 2006 | 2,029,524 | 856,603 | 2,529,543 | 15,174 | 5,430,844 |
| Charge for the year | 207,551 | 201,611 | 139,072 | 7,587 | 555,821 |
| Disposals | (433,500) | - | - | - | (433,500) |
| At 30 June 2007 | 1,803,575 | 1,058,214 | 2,668,615 | 22,761 | 5,553,165 |
| NET BOOK VALUE | | | | | |
| At 30 June 2007 | 779,086 | 202,326 | 326,972 | 15,175 | 1,323,559 |
| At 30 June 2006 | 1,097,488 | 156,046 | 350,333 | 22,762 | 1,626,629 |
| DEPRECIATION | | | | | |
| Year ended 30 June 2006 | 247,612 | 245,199 | 155,465 | 7,587 | 655,863 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

3) PROPERTY, PLANT AND EQUIPMENT *(continued)*

b) Net book values of assets pledged as security for bank borrowings:

| | Group | | Company | |
|---------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Freehold land | - | 1,055,000 | - | - |

c) Details of assets under hire purchase agreements:

| | Group | | Company | |
|------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Motor vehicles | | | | |
| - additions during the year | 288,123 | 304,655 | - | 239,655 |
| - net book value at year end | 2,122,116 | 2,227,363 | 661,661 | 837,864 |
| Machinery and equipment | | | | |
| - additions during the year | 1,067,781 | 3,395,311 | - | - |
| - net book value at year end | 5,285,607 | 5,557,177 | - | - |

4) INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION

| | Group | |
|--------------------------|------------|------------|
| | 2007 RM | 2006 RM |
| (a) Cost | | |
| At beginning of the year | 2,830,616 | 2,830,616 |
| Effect of adopting FRS 3 | (283,062) | - |
| At end of the year | 2,547,554 | 2,830,616 |
| Amortisation | | |
| At beginning of the year | 283,062 | 141,531 |
| Charge for the year | - | 141,531 |
| Effect of adopting FRS 3 | (283,062) | - |
| At end of the year | - | 283,062 |
| Carrying amounts | 2,547,554 | 2,547,554 |

(b) The carrying amounts of goodwill allocated to the Group's CGU are as follows:

| | 2007 RM | 2006 RM |
|-----------------------|------------|------------|
| Manufacturing - CGU 1 | 2,547,554 | 2,547,554 |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

4) INTANGIBLE ASSET - GOODWILL ON CONSOLIDATION *(continued)*

Impairment test on CGU

The recoverable amounts of CGU were determined based on value-in-use calculations using cash flow projections. Based on the calculations, there were no impairment losses on CGU as the recoverable amount of CGU was higher than its carrying amount as at the balance sheet date.

Value-in-use of CGU was determined by discounting the future cash flows generated from the continuing use of CGU based on the following assumptions:

- i) Pre-tax cash flow projections based on the most recent financial budgets approved by the Directors covering a 5-years period.
- ii) Pre-tax discount rate of 5.00%-10.00% for CGU were applied determining the recoverable amounts of CGU. These discount rates were estimated based on the respective CGU's weighted average cost of capital.

With regard to the assessment of value-in-use of CGU, management believe that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

5) INVESTMENT PROPERTIES

| Group & Company | 2007 RM | 2006 RM |
|---------------------------------------|----------------------------|----------------------------|
| At beginning of year | | |
| Freehold land and buildings | 10,308,886 | 10,449,386 |
| Long term leasehold land and building | - | 66,700 |
| | <u>10,308,886</u> | <u>10,516,086</u> |
| Movement during the year | | |
| Freehold land and buildings | | |
| - addition | - | - |
| - disposal | - | - |
| - changes in fair value | (130,290) | (140,500) |
| Long term leasehold land and building | | |
| - disposal | - | (66,700) |
| At end of year | <u>10,178,596</u> ===== | <u>10,308,886</u> ===== |

Investment properties with values amounting to RM9,145,022 (2006: RM9,275,312) have been pledged as security for bank borrowings.

The Group has developed certain criteria based on FRS 140 in making judgement whether a property qualified as an investment property. Investment property is a property held to earn rentals or for capital appreciation of both. The Group has adopted the fair value model in measuring the above investment properties with effect from 1 July 2006. The fair value of the investment properties at the end of the financial year was determined by the directors based on valuation personal judgement which reasonably reflect market conditions of similar properties at the balance sheet date.

6) INVESTMENT IN SUBSIDIARY COMPANIES & ASSOCIATED COMPANIES

| Group | 2007 RM | 2006 RM |
|------------------------------------|---------------------------|---------------------------|
| Unquoted shares, at cost | | |
| Investment in associated companies | 5,195,100 | 1,500,000 |
| Share of losses | (77,287) | - |
| | <u>5,117,813</u> ===== | <u>1,500,000</u> ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

6) INVESTMENT IN SUBSIDIARY COMPANIES & ASSOCIATED COMPANIES *(continued)*

| Company | 2007 RM | 2006 RM |
|------------------------------------|-------------------|-------------------|
| Unquoted shares, at cost | | |
| Investment in subsidiary companies | 10,835,000 | 10,835,000 |
| Investment in associated company | 3,695,100 | - |
| | <u>14,530,100</u> | <u>10,835,000</u> |
| | ===== | ===== |

All the subsidiary & associated companies are incorporated in Malaysia except for Bina Goodyear Middle East Limited. Details of subsidiary & associated companies are as follows:-

| Name | Effective interest | | Principal activities |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------------|--------|--------------------------------------------------------------|
| | 2007 | 2006 | |
| i) Seranta Machinery & Equipment Sdn. Bhd. | 100% | 100% | Rental of construction equipment and machinery |
| ii) BG Realty Sdn. Bhd. | 100% | 100% | Property management and property development |
| iii) BG Builders Sdn. Bhd. | 100% | 100% | Construction works and housing development |
| iv) TC Electronics Sdn. Bhd. | 75.50% | 75.50% | Manufacturers and dealers in electrical and electronic goods |
| v) Greater Heights Development Sdn. Bhd. (Subsidiary company of BG Realty Sdn. Bhd.) | 100% | 100% | Property development |
| vi) Twin Ridge Sdn. Bhd. * (Associated company of BG Realty Sdn. Bhd.) | 30% | 30% | Property development |
| vii) Bina Goodyear Middle East Limited* (Incorporated in United Arab Emirates) (Associated company of Bina Goodyear Berhad) | 50% | - | Construction and general trading |

* Not audited by S.F.Yap & Co.

In the previous financial year, the Group acquired 1,000,000 ordinary share of RM1.00 each at par value for 100% equity interest in Greater Heights Development Sdn. Bhd..

Details of net assets acquired, goodwill and cash flow arising from the acquisition are as follows:-

| | 2006 RM |
|----------------------------------------------------------------------------|------------------|
| Land held for property development | 25,247,530 |
| Cash in hand | 2 |
| Amount due by holding company | 999,998 |
| Other creditor | (22,048,999) |
| Amount due to holding company | (3,188,531) |
| Amount due to ultimate holding company | (10,000) |
| Net assets acquired | <u>1,000,000</u> |
| Goodwill on consolidation | - |
| Total purchase consideration | <u>1,000,000</u> |
| | ===== |
| Total purchase consideration | 1,000,000 |
| Less: Purchase consideration discharged by amount owing by holding company | (999,998) |
| | <u>2</u> |
| Less: Cash and cash equivalents of subsidiary company | (2) |
| Cash outflow on acquisition | <u>-</u> |
| | ===== |

The Group has not equity accounted for the results of the associated company, Bina Goodyear Middle East Limited as the Directors are in the opinion that it is immaterial to share any post acquisition profit or loss and reserve thereon.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

7) LAND HELD FOR PROPERTY DEVELOPMENT

| Group | 2007 RM | 2006 RM |
|------------------------------------------------------|-------------------|-------------------|
| Freehold land, at cost | 25,247,530 | 25,247,530 |
| Additions during the financial year | 2,734,163 | - |
| | <u>27,981,693</u> | <u>25,247,530</u> |
| Less: Transfer to property development cost (Note 9) | (27,981,693) | - |
| | <u>-</u> | <u>25,247,530</u> |
| | ===== | ===== |

8) INVENTORIES

| | Group | | Company | |
|----------------------|------------------|-------------------|------------------|------------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| <u>At cost</u> | | | | |
| Raw material | 3,238,229 | 2,859,799 | - | - |
| Work in progress | 128,425 | 170,179 | - | - |
| Finished goods | 962,703 | 712,443 | - | - |
| Building materials | 4,298,670 | 9,092,883 | 4,235,231 | 7,875,234 |
| Completed properties | 139,032 | 139,032 | - | - |
| | <u>8,767,059</u> | <u>12,974,336</u> | <u>4,235,231</u> | <u>7,875,234</u> |
| | ===== | ===== | ===== | ===== |

9) PROPERTY DEVELOPMENT COSTS

| | Group | | Company | |
|----------------------------------------------------------------|-------------------|-------------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Leasehold land, (at cost) and development cost | - | 41,101,704 | - | - |
| Add: Transfer from land held for property development (Note 7) | 27,981,693 | - | - | - |
| | <u>27,981,693</u> | <u>41,101,704</u> | <u>-</u> | <u>-</u> |
| Add: Cost incurred during the year | | | | |
| - Development costs | 702,342 | - | - | - |
| | <u>28,684,035</u> | <u>41,101,704</u> | <u>-</u> | <u>-</u> |
| Less: Cost recognised as an expense in income statement | | | | |
| - previous year | - | (40,960,278) | - | - |
| - current year | - | (78,855) | - | - |
| | <u>28,684,035</u> | <u>62,571</u> | <u>-</u> | <u>-</u> |
| Transfer to receivables and deposits | - | (62,571) | - | - |
| | <u>28,684,035</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | ===== | ===== | ===== | ===== |

Borrowing cost of RM2,027,145 for the group has been included in property development cost during the year. The freehold land is pledged as security for bank borrowings of a subsidiary company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

10) TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Progress billings receivables | 49,675,422 | 40,679,007 | 49,600,315 | 30,854,692 |
| Retention sums | 36,337,640 | 33,924,670 | 35,010,502 | 29,376,485 |
| Trade receivables | 2,432,020 | 2,994,831 | - | - |
| | <u>88,445,082</u> | <u>77,598,508</u> | <u>84,610,817</u> | <u>60,231,177</u> |
| Other receivables, deposits and prepayment | 4,248,346 | 3,949,835 | 3,136,154 | 1,468,642 |
| | <u>92,693,428</u> | <u>81,548,343</u> | <u>87,746,971</u> | <u>61,699,819</u> |
| | ===== | ===== | ===== | ===== |

Included in progress billings receivables and retention sums are amounts due from related party companies of RM17,628,259 (2006:RM26,899,057) for the Group and RM 16,301,121 (2006:RM 12,612,023) for the Company.

Progress billings are due within 1 to 90 days as stipulated in construction contracts and sale and purchase agreements. The retention sums are due after one year upon the expiry of the defect liability period stated in the respective construction contracts and sales and purchase agreements.

The normal credit term for other trade receivables and other receivables range from 30 to 45 days. Other credit terms are assessed and approved on case by case basis.

Included in other receivables deposits and prepayment of the Group and of the Company is an amount due from a related party of RM 1,893 (2006:RM102,195) which is unsecured, interest free and do not have fixed term of repayment.

11) AMOUNTS DUE FROM CUSTOMERS ON CONTRACTS

| | Group | | Company | |
|-----------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Costs incurred on contracts to date | 1,204,957,969 | 1,214,552,624 | 1,014,398,997 | 971,215,249 |
| Attributable profit recognized to date | 57,488,400 | 47,590,683 | 48,888,710 | 35,166,013 |
| | <u>1,262,446,369</u> | <u>1,262,143,307</u> | <u>1,063,287,707</u> | <u>1,006,381,262</u> |
| Less: Progress billings to date | (1,191,483,564) | (1,195,943,774) | (1,001,669,334) | (950,907,429) |
| Amounts due from customers on contracts | <u>70,962,805</u> | <u>66,199,533</u> | <u>61,618,373</u> | <u>55,473,833</u> |
| | ===== | ===== | ===== | ===== |

12) (i) AMOUNTS DUE FROM/ (TO) SUBSIDIARY COMPANIES

| Company | 2007 RM | 2006 RM |
|------------------|-------------------|------------------|
| Amount owing by: | | |
| Trade | - | 440,174 |
| Non trade | 18,464,056 | 9,301,160 |
| | <u>18,464,056</u> | <u>9,741,334</u> |
| | ===== | ===== |
| Amount owing to: | | |
| Trade | 5,122,528 | 4,208,956 |
| Non trade | 3,543,014 | - |
| | <u>8,665,542</u> | <u>4,208,956</u> |
| | ===== | ===== |

The trade accounts are expected to be settled within normal credit periods. The non-trade accounts are unsecured, interest free and do not have fixed terms of repayment, except for amount due by BG Realty Sdn. Bhd., is interest charged with interest ranging from 7.75% to 8.30% per annum.

ii) AMOUNT DUE FROM ASSOCIATED COMPANIES

The amount due from associated companies relate to advances which are unsecured, interest free and has no fixed terms of repayment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

13) JOINT VENTURE

Group & Company

The joint venture represents contractual arrangements entered with a third party as a jointly controlled operation to undertake a construction project. The amount in the financial statements represents working capital provided by the Company and the Company's share of profit or loss of that joint venture. The Company's interest in the joint venture is 49%. The method of contract profit recognition of the joint venture is in line with the Group's accounting policy.

| | 2007 RM | 2006 RM |
|------------------------------------------|------------|------------|
| Amount due from joint venture operation | (648,521) | 1,711,349 |
| Share of loss of joint venture operation | - | (825,525) |
| | (648,521) | 885,824 |
| Less: Impairment loss | - | (859,100) |
| | (648,521) | 26,724 |
| Add: Transfer to other payables | 648,521 | - |
| | - | 26,724 |
| | ===== | ===== |

The following amounts represent the Company's share of the assets, liabilities, revenue and expenses of the jointly controlled operation:

| | 2007 RM | 2006 RM |
|---------------------|------------|------------|
| Current assets | - | 775,311 |
| Current liabilities | - | (748,587) |
| | - | 26,724 |
| | ===== | ===== |

| | Joint Venture's Income Statement | | Company's share (49%) | |
|------------------------------------------|-------------------------------------|-------------|--------------------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Revenue | - | 1,000 | - | 490 |
| Expenses | - | (1,370) | - | (671) |
| | - | (370) | - | (181) |
| Loss from ordinary activities before tax | - | (370) | - | (181) |
| Taxation | - | - | - | - |
| | - | (370) | - | (181) |
| Loss after taxation | - | (370) | - | (181) |
| Accumulated loss brought forward | - | (1,684,745) | - | (825,525) |
| | - | (1,685,115) | - | (825,706) |
| Accumulated loss carried forward | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

14) CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|------------------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Fixed deposits with licensed banks | 3,287,635 | 14,136,053 | 3,287,635 | 14,136,053 |
| Cash held under Housing Development Accounts | 326,198 | 533,983 | - | - |
| Cash and bank balances | 6,735,723 | 22,050,405 | 2,504,504 | 16,550,430 |
| | <u>10,349,556</u> | <u>36,720,441</u> | <u>5,792,139</u> | <u>30,686,483</u> |
| Deposits, cash and bank balances | | | | |
| Less: Bank overdrafts - secured | (20,746,469) | (9,399,146) | (19,958,720) | (4,075,421) |
| | <u>(10,396,913)</u> | <u>27,321,295</u> | <u>(14,166,581)</u> | <u>26,611,062</u> |
| Less: Fixed deposits pledged to licensed banks | (3,287,635) | (3,600,245) | (3,287,635) | (3,600,245) |
| | <u>(13,684,548)</u> | <u>23,721,050</u> | <u>(17,454,216)</u> | <u>23,010,817</u> |
| | ===== | ===== | ===== | ===== |

The Group has deposited sales proceeds into Housing Development Accounts in accordance with Section 7 (A) of the Housing Developers (Control and Licensing) Act, 1966. This account, which consists of monies received from purchasers, is maintained for the payment of property development expenditure incurred.

Interest rates on bank overdrafts during the year ranged from 7.75% to 8.00% per annum (2006: 7.75% - 8.00%).

Fixed deposits amounting to RM3,287,635 (2006: RM3,600,245) for the Group and for the Company have been pledged to licensed banks as security for credit facilities granted to the Group. Interest rate on fixed deposits during the year ranged from 3.15% to 4.00% per annum (2006: 2.55% - 4.00%).

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15) TRADE AND OTHER PAYABLES

| | Group | | Company | |
|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Trade payables | 20,870,462 | 26,474,659 | 16,063,636 | 18,242,009 |
| Sub-contractors | 12,259,627 | 9,914,929 | 11,240,346 | 6,750,879 |
| Retention sums | 19,932,949 | 21,557,957 | 16,427,934 | 17,533,350 |
| | <u>53,063,038</u> | <u>57,947,545</u> | <u>43,731,916</u> | <u>42,526,238</u> |
| Accruals | 688,653 | 310,682 | 346,918 | 97,124 |
| Other payables | 1,737,670 | 22,972,534 | 969,251 | 327,996 |
| Deposits received | 260,306 | 161,829 | 171,599 | 161,829 |
| | <u>55,749,667</u> | <u>81,392,590</u> | <u>45,219,684</u> | <u>43,113,187</u> |
| | ===== | ===== | ===== | ===== |

The normal credit terms extended by sub-contractors range from 15 to 90 days and trade payables range from 1 to 120 days. The retention sums are payable after 1 month upon the issuance of Certificate of Practical Completion.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

16) BORROWINGS

| | Group | | Company | |
|----------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| <u>Current Secured</u> | | | | |
| Revolving credit | 2,000,000 | 5,000,000 | 2,000,000 | 5,000,000 |
| Term loan | 4,375,000 | 197,971 | - | - |
| Finance lease liabilities | 2,479,536 | 2,746,461 | 185,044 | 196,873 |
| Short term advance | 29,000,000 | 32,719,054 | 29,000,000 | 32,719,054 |
| | 37,854,536 | 40,663,486 | 31,185,044 | 37,915,927 |
| <u>Non-current Secured</u> | | | | |
| Term loan | 10,625,000 | - | - | - |
| Finance lease liabilities | 2,463,589 | 3,498,716 | 324,331 | 509,377 |
| | 13,088,589 | 3,498,716 | 324,331 | 509,377 |
| Total | 50,943,125 | 44,162,202 | 31,509,375 | 38,425,304 |

Interest rates on the above are as follows :-

| | | | | |
|---------------------------|---------------|---------------|---------------|---------------|
| Revolving credit | 5.57% - 5.85% | 4.75% - 5.88% | 5.57% - 5.85% | 4.75% - 5.88% |
| Term loan | 8.00% - 8.50% | 7.50% - 8.00% | - | - |
| Finance lease liabilities | 3.30% - 9.35% | 4.46% - 9.38% | 4.46% - 7.86% | 4.46% - 7.86% |
| Short term advance | 8% - 8.25% | 7.55% - 7.80% | 8% - 8.25% | 7.55% - 7.80% |

| | Group | | Company | |
|--------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| <u>Repayment terms</u> | | | | |
| <u>Term loan</u> | | | | |
| - not later than 1 year | 4,375,000 | 197,971 | - | - |
| - between 1 to 2 years | 10,625,000 | - | - | - |
| - between 2 to 5 years | - | - | - | - |
| | 15,000,000 | 197,971 | - | - |
| | ===== | ===== | ===== | ===== |
| <u>Finance lease liabilities</u> | | | | |
| Minimum lease payment | | | | |
| - not later than 1 year | 2,698,908 | 3,114,235 | 208,790 | 232,195 |
| - between 1 to 2 years | 1,751,724 | 2,318,750 | 179,998 | 388,787 |
| - between 2 to 5 years | 909,594 | 1,429,258 | 166,048 | 166,049 |
| - more than 5 years | - | 19,729 | - | - |
| | 5,360,226 | 6,881,972 | 554,836 | 787,031 |
| Future finance charges on finance lease | (417,101) | (636,795) | (45,461) | (80,781) |
| | 4,943,125 | 6,245,177 | 509,375 | 706,250 |
| | ===== | ===== | ===== | ===== |
| Present value of finance lease liabilities | | | | |
| Present value of finance lease liabilities | | | | |
| - not later than 1 year | 2,479,536 | 2,746,461 | 185,044 | 196,873 |
| - between 1 to 2 years | 1,731,723 | 2,117,768 | 166,520 | 351,566 |
| - between 2 to 5 years | 731,866 | 1,361,553 | 157,811 | 157,811 |
| - more than 5 years | - | 19,395 | - | - |
| | 4,943,125 | 6,245,177 | 509,375 | 706,250 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

17) BANKING FACILITIES

The banking facilities of the Group and the Company comprise term loans, bank guarantees, short term advances, revolving credits and bank overdrafts and are secured by :-

- ownership of equipment or vehicles approved by the hire-purchase payables (Note 3)
- legal assignment over the certain investment properties (Note 5)
- legal assignment over sale proceeds and end finance proceeds in respect of proposed property development
- legal assignment over the progressive payments of contracts from construction contracts
- joint & several guarantee by certain directors of the Company
- first party fixed deposits held under lien supported by charges on fixed deposits (Note 14).

18) SHARE CAPITAL

| Group & Company | 2007 RM | 2006 RM |
|--------------------------------|-------------|-------------|
| Authorised : | | |
| Ordinary shares of RM1.00 each | 100,000,000 | 100,000,000 |
| | ===== | ===== |
| Issued & fully paid : | | |
| Ordinary shares of RM1.00 each | | |
| At beginning of year | 46,259,800 | 46,259,800 |
| Exercise of ESOS | - | - |
| | ----- | ----- |
| At end of year | 46,259,800 | 46,259,800 |
| | ===== | ===== |

The Company had on 6 June 2003 implemented the Employee Share Option Scheme ("ESOS") for a duration of five (5) years. The main features of the ESOS as set out in its Bye-Laws are as follows:

- a) Eligible employees are any full time employee (including the Executive Directors) of the Group who is a Malaysian or permanent resident in Malaysia, who have been serving under employment contract and have been in the service for a continuous period of three (3) years.
- b) The total number of shares to be offered shall not exceed 10% of the issued and paid-up capital of the Company, whereby not more than fifty percent (50%) of the shares available to the directors and senior management, and not more than ten percent (10%) of the shares available to any individual employee or director who holds twenty percent (20%) or more in the issued and paid-up share capital, at any time during the existence of the ESOS.
- c) The option price for a new share under the ESOS shall be weighted average market price of the shares as shown in the Daily Official List issued by Bursa Malaysia Securities Berhad for the five (5) market days immediately prior to each date of offer, with a discount, of not more than 10% (or such higher discount as may be allowed under the SC Guidelines from time to time), if deemed appropriate subject always to the minimum price of RM1.00, being the par value of the shares.
- d) No offer shall be made for less than 100 shares.

There is no share options exercised during the financial year.

At 30 June 2007, the Company has 842,200 unissued ordinary shares under option at exercise prices of RM2.10 per share.

19) DEFERRED TAXATION

| | Group | | Company | |
|------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| At beginning of year | 113,000 | 172,000 | - | - |
| Transfer from/ (to) income statement (Note 22) | (24,000) | (59,000) | - | - |
| At end of year | 89,000 | 113,000 | - | - |
| | ===== | ===== | ===== | ===== |

The Group has not accounted for tax effects of the temporary differences and potential tax savings in which would result in a debit to the deferred tax balance at the year end amounting to RM682,500 (2006: RM739,000).

Deferred tax liability has not been recognised in the financial statements for revalued investment properties in which the Group has no intention of disposing of in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

20) REVENUE

| | Group | | Company | |
|-------------------------------------------------------|-------------|-------------|-------------|-------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Construction contracts | 274,357,228 | 266,411,566 | 249,034,837 | 215,162,500 |
| Revenue from property development | 4,195 | 1,313,796 | - | - |
| Sale of goods | 14,564,849 | 18,257,602 | - | - |
| Rental income on construction machinery and equipment | 189,108 | - | - | - |
| | 289,115,380 | 285,982,964 | 249,034,837 | 215,162,500 |
| | ===== | ===== | ===== | ===== |

21) COST OF SALES

| | Group | | Company | |
|--------------------------------------------------|-------------|-------------|-------------|-------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Construction costs | 251,276,590 | 237,881,436 | 241,096,989 | 203,638,930 |
| Development expenditure | - | 1,020,921 | - | - |
| Cost of goods sold | 10,477,161 | 13,972,164 | - | - |
| Construction machinery and equipment rental cost | 12,225,271 | 11,381,259 | - | - |
| | 273,979,022 | 264,255,780 | 241,096,989 | 203,638,930 |
| | ===== | ===== | ===== | ===== |

22) TAXATION

| | Group | | Company | |
|-------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Malaysian taxation based on profit for the year | 2,786,634 | 4,354,600 | 1,500,000 | 2,400,000 |
| Deferred taxation (Note 19) | (24,000) | (59,000) | - | - |
| | 2,762,634 | 4,295,600 | 1,500,000 | 2,400,000 |
| Under provision in previous year | 241,288 | 173,269 | 227,855 | 167,838 |
| | 3,003,922 | 4,468,869 | 1,727,855 | 2,567,838 |
| | ===== | ===== | ===== | ===== |

The Company has approximately RM 26,744,581 (2006: RM 27,392,218) tax credit under S108 of the Income Tax Act 1967, and tax exempt account amounting to RM 357,157 (2006: RM 357,157) available for distribution as dividends.

The numerical reconciliation between the average effective tax rate and the applicable tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|------------------------------------------|-----------|-----------|-----------|-----------|
| | 2007 % | 2006 % | 2007 % | 2006 % |
| Applicable tax rate | 27.00 | 28.00 | 27.00 | 28.00 |
| Tax effects in respect of: | | | | |
| Change in tax rate | (1.21) | (0.91) | - | - |
| Expenses not deductible for tax purposes | 8.05 | 5.94 | 4.63 | 4.22 |
| Under provision of tax in prior year | 3.20 | 1.31 | 4.80 | 2.25 |
| Deferred taxation | (0.32) | (0.45) | - | - |
| Others | 3.17 | - | - | - |
| Average effective tax rate | 39.89 | 33.89 | 36.43 | 34.47 |
| | ===== | ===== | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

23) PROFIT BEFORE TAXATION

a) Profit before taxation is arrived at after charging:

| | Group | | Company | |
|-------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Amortisation of goodwill | - | 141,531 | - | - |
| Auditors' remuneration - The Group | 56,500 | 56,000 | - | - |
| - The Company | - | - | 30,000 | 30,000 |
| Depreciation - The Group | 3,924,898 | 4,309,135 | - | - |
| - The Company | - | - | 555,821 | 655,863 |
| Directors' remuneration - salaries | 1,013,733 | 1,020,000 | 917,733 | 924,000 |
| - fees | 35,000 | 35,000 | 35,000 | 35,000 |
| - bonus | 182,000 | 213,000 | 170,000 | 201,000 |
| - others | 24,500 | 28,500 | 24,500 | 28,500 |
| Fair value adjustment | 130,290 | - | 130,290 | - |
| Hire of machinery | 1,258,815 | 3,859,181 | 12,217,101 | 12,983,088 |
| Hire purchase interest | 449,259 | 428,207 | 35,319 | 43,993 |
| Impairment loss on joint venture | - | 859,100 | - | 859,100 |
| Loss on disposal of property, plant & equipment | 15,851 | 263 | 15,851 | 263 |
| Loss on disposal of investment properties | - | 30,116 | - | 30,116 |
| Other interest | 366,304 | 223,784 | 137,958 | (19,151) |
| Overdraft interest | 360,781 | 763,468 | 190,393 | 489,638 |
| Deposit written off | 37,960 | - | 37,960 | - |
| Rental | 1,258,768 | 889,610 | 859,618 | 481,158 |
| Term loan interest | 3,173,525 | 2,054,783 | 3,142,936 | 2,008,867 |
| And crediting: | | | | |
| Fixed deposit interest | 165,593 | 367,582 | 165,593 | 367,582 |
| Gain on disposal of property, plant & equipment | 133,700 | 24,540 | - | - |
| Gain on foreign exchange | 8,637 | 18,476 | - | - |
| Interest received | 66,719 | 21,098 | - | - |
| Other interest received | - | 62,729 | - | - |
| Rental income | 590,157 | 675,587 | 590,157 | 675,587 |
| Dividend received | - | - | 295,800 | - |

| | Group | | Company | |
|--------------------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| The following expenses have been included in cost of sales:- | | | | |
| Depreciation | 3,063,582 | 3,354,509 | - | - |
| Hire of machinery | 1,258,815 | 3,859,181 | 12,217,101 | 12,983,088 |
| Other interest | 366,074 | 223,398 | 137,900 | (19,151) |
| Overdraft interest | 353,816 | 763,468 | 190,393 | 489,638 |
| Rental | 808,938 | 439,780 | 667,020 | 288,560 |
| Term loan interest | 3,142,936 | 2,008,867 | 3,142,936 | 2,008,867 |

b) EMPLOYEE INFORMATION

| | Group | | Company | |
|-------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Staff costs | 20,007,932 | 20,088,380 | 14,142,436 | 13,887,761 |

Directors' remuneration were included in staff costs.

The total number of employees of the Group and the Company (excluding directors) at financial year end were 322 (2006: 358) and 173 (2006:181) respectively.

Staff costs include contribution to Employee Provident Fund for Group is RM1,162,200 (2006:RM1,174,866) and for Company is RM879,593 (2006: RM859,883).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

24) EARNINGS PER SHARE

a) Basic earnings per share

The basic earnings per ordinary share is calculated by dividing the Group's profit attributable to shareholders amounting to RM4,208,858 (2006: RM8,373,095) by the weighted average number of ordinary shares of the Company in issue during the financial year of 46,259,800 (2006: 46,259,800).

b) Diluted earnings per share

The diluted earnings per share figures are not shown as the conversion price of ESOS is higher than the Company's share price during the year.

25) DIVIDENDS

Group & Company

Dividend paid in respect of the financial year 2006 are as follows:-

| | 2007 RM | 2006 RM |
|----------------------------------------------------|------------|------------|
| First and final dividend paid - 5% less tax at 28% | 1,665,352 | 1,665,352 |
| | ===== | ===== |
| Sen per share (Gross) | 5 | 5 |
| | ===== | ===== |

The first and final dividend of 5% less tax at 28% per share in respect of financial year ended 30 June 2006 which have been accounted for in the financial statements of the Group and of the Company in the financial year ended 30 June 2007 was paid on 25 January 2007.

The Board of Directors proposed a first and final dividend of 5 sen less tax at 27% per share in respect of the financial year ended 30 June 2007 to be paid to shareholders registered in the Register of Members on a date to be determined later by the Directors subject to the approval by the shareholders at the forthcoming Annual General Meeting. Based on the issued and paid up share capital of the Company as at the date of the report, the proposed final dividend would amount to RM1,688,483.

26) SIGNIFICANT INTERCOMPANY AND RELATED PARTIES TRANSACTIONS

Identity of related parties

The Group has a related parties relationships with its directors, its subsidiaries and its related parties.

Significant related party transactions are as follows:

Transactions between the Company and its subsidiary companies

| | 2007 RM | 2006 RM |
|------------------------------------------------------------------------------------------|------------|------------|
| Machinery rental paid/payable to subsidiary - Seranta Machinery & Equipment Sdn. Bhd. | 13,579,657 | 12,566,195 |
| Subcontract fee paid/payable to subsidiary - BG Builders Sdn. Bhd. | 2,048,047 | 1,703,522 |
| Dividend income - TC Electronics Sdn. Bhd. | 295,800 | - |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

26) SIGNIFICANT INTERCOMPANY AND RELATED PARTIES TRANSACTIONS *(continued)*

Transactions with companies in which certain directors have substantial financial interest

| | Group | | Company | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Potensi Naga Sdn. Bhd. (an indirect subsidiary company of Mutiara Goodyear Development Berhad, a company in which Lai Tan Fatt, Edmond Hoyt Yung and Wong Chick Wai are directors and have substantial shareholdings) | | | | |
| - Rental paid/payable | 415,630 | 415,630 | 158,398 | 158,398 |
| - Janitorial usage charges paid/payable | - | 2,560 | - | 2,560 |
| - Parking fee paid/payable | - | 129,400 | - | 105,400 |
| - Maintenance fee | - | - | - | - |
| Subang Perdana Services Sdn. Bhd. (a company in which Lai Tan Fatt and Wong Chick Wai are substantial shareholders) | | | | |
| - Quit rent paid/payable | 4,629 | 4,629 | 4,629 | 4,629 |
| - Insurance paid/ payable | 4,208 | 4,208 | 4,208 | 4,208 |
| - Security charges paid/ payable | 138,334 | 31,905 | - | 31,905 |
| - Maintenance fee paid/payable | 73,330 | 43,998 | 73,330 | 43,998 |
| - Staff admin cost | 44,983 | - | - | - |
| - Janitorial services | 41,266 | - | - | - |
| Pembangunan Bandar Mutiara Sdn. Bhd. (a subsidiary company of Mutiara Goodyear Development Berhad, a company in which Lai Tan Fatt, Edmond Hoyt Yung and Wong Chick Wai are directors and have substantial shareholdings) | | | | |
| - Contract fee received/receivable | 5,257,506 | 12,237,809 | 4,705,988 | 2,989,681 |
| Puncak Kencana Sdn. Bhd. (an indirect subsidiary company of Mutiara Goodyear Development Berhad, a company in which Lai Tan Fatt, Edmond Hoyt Yung and Wong Chick Wai are directors and have substantial shareholdings) | | | | |
| - Contract fee received/receivable | 53,902,330 | 23,448,809 | 53,902,330 | 23,140,795 |
| Regal Form Sdn. Bhd. (an indirect subsidiary company of Mutiara Goodyear Development Berhad, a company in which Lai Tan Fatt, Edmond Hoyt Yung and Wong Chick Wai have substantial shareholdings, Edmond Hoyt Yung and Wong Chick Wai are also directors) | | | | |
| - Contract fee received/receivable | 24,770,873 | 41,845,998 | - | 153,075 |
| Sri Majuni Sdn. Bhd. (a company in which Edmond Hoyt Yung and Lai Tan Fatt are substantial shareholders) | | | | |
| - Insurance paid/ payable | 300,712 | 401,994 | 216,198 | 314,113 |
| | ===== | ===== | ===== | ===== |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

27) DIRECTORS' REMUNERATION

| | Group | | Company | |
|----------------------------------------------------------|------------|------------|------------|------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Executive Directors: | | | | |
| Salaries | 821,733 | 828,000 | 821,733 | 828,000 |
| Bonus | 150,000 | 135,000 | 150,000 | 135,000 |
| Fees | 15,000 | 15,000 | 15,000 | 15,000 |
| Meeting allowances | 8,500 | 8,500 | 8,500 | 8,500 |
| Benefits-in-kind | 56,000 | 56,000 | 56,000 | 56,000 |
| | 1,051,233 | 1,042,500 | 1,051,233 | 1,042,500 |
| | ===== | ===== | ===== | ===== |
| Non-executive Directors: | | | | |
| Salaries | 96,000 | 96,000 | 96,000 | 96,000 |
| Bonus | 20,000 | 66,000 | 20,000 | 66,000 |
| Fees | 20,000 | 20,000 | 20,000 | 20,000 |
| Meeting allowances | 16,000 | 20,000 | 16,000 | 20,000 |
| | 152,000 | 202,000 | 152,000 | 202,000 |
| | ===== | ===== | ===== | ===== |
| Other Director of the Group: | | | | |
| Salary | 96,000 | 96,000 | - | - |
| Bonus | 12,000 | 12,000 | - | - |
| Benefits-in-kind | 17,400 | 23,950 | - | - |
| | 125,400 | 131,950 | - | - |
| | ===== | ===== | ===== | ===== |
| Total directors' remuneration | 1,328,633 | 1,376,450 | 1,203,233 | 1,244,500 |
| | ===== | ===== | ===== | ===== |
| Total directors' remuneration excluding benefits-in-kind | 1,255,233 | 1,296,500 | 1,147,233 | 1,188,500 |
| | ===== | ===== | ===== | ===== |

The number of directors of the Company whose total remuneration during the year fall within the following band is as follows:

| | Number of Directors | |
|--------------------------|---------------------|-------|
| | 2007 | 2006 |
| Executive Directors: | | |
| RM100,000 - RM150,000 | - | - |
| RM150,001 - RM200,000 | 1 | - |
| RM200,001 - RM250,000 | - | 1 |
| RM250,001 - RM300,000 | - | 1 |
| RM300,001 - RM350,000 | - | - |
| RM350,001 - RM400,000 | 1 | - |
| RM400,001 - RM450,000 | - | - |
| RM450,001 - RM500,000 | 1 | 1 |
| Non executive Directors: | | |
| Below RM50,000 | 3 | 5 |
| RM50,000 - RM100,000 | - | - |
| RM100,001 - RM150,000 | 1 | - |
| RM150,001 - RM200,000 | - | 1 |
| | ===== | ===== |

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

28) PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

| | Group | | Company | |
|-----------------------------------------------------------|------------------|------------------|----------------|----------------|
| | 2007 RM | 2006 RM | 2007 RM | 2006 RM |
| Purchase of property, plant and equipment (Note 3) | 3,760,584 | 5,913,594 | 451,902 | 1,037,698 |
| Financed by hire purchase and lease arrangements | (1,355,904) | (3,334,786) | - | (190,000) |
| Due to payables | (4,750) | (856,092) | - | - |
| Reclassified to income statement | - | (1,380) | - | (1,380) |
| Cash payment on purchase of property, plant and equipment | <u>2,399,930</u> | <u>1,721,336</u> | <u>451,902</u> | <u>846,318</u> |

29) CONTINGENT LIABILITIES (UNSECURED)

| | Company | |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| | 2007 RM | 2006 RM |
| Corporate guarantees given to financial institutions for banking facilities granted to subsidiaries | 45,222,000 | 23,021,580 |
| Corporate guarantees given to a wholly owned subsidiary's client for its contract performance | 4,878,021 | 4,878,021 |
| Corporate guarantees in favour of suppliers of goods for credit terms and for its contract performance granted to the Group | 8,499,202 | 19,026,617 |
| Corporate guarantees in favour of suppliers of goods for credit terms granted to subsidiaries | 4,015,000 | 3,015,000 |
| | <u>62,614,223</u> | <u>49,941,218</u> |

It is anticipated that no material liabilities will arise as a result of these guarantees.

30) SEGMENT ANALYSIS

(a) Primary reporting format - business segment

The Group's operations comprise the following business segment:

- (i) Construction
- (ii) Property development
- (iii) Construction machinery & equipment rental
- (iv) Dealers in electrical and electronic goods

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

30) SEGMENT ANALYSIS *(continued)*

| | Construction RM | Property Development RM | Machinery & Equipment Rental RM | Trading In Electrical & Electronic Goods RM | Elimination RM | Consolidation RM |
|---------------------------------------|--------------------|-------------------------------|---------------------------------------|---------------------------------------------------------|---------------------|---------------------|
| 2007 | | | | | | |
| REVENUE | | | | | | |
| External sales | 274,357,229 | 4,195 | 189,108 | 14,564,848 | - | 289,115,380 |
| Inter-segment sales | 2,048,046 | - | 14,501,595 | - | (16,549,641) | - |
| Total revenue | 276,405,275 | 4,195 | 14,690,703 | 14,564,848 | (16,549,641) | 289,115,380 |
| RESULTS | | | | | | |
| Segment operating profit | 4,001,758 | (851,090) | 2,019,426 | 1,881,487 | - | 7,051,581 |
| Finance costs | | | | | | (487,045) |
| Investment and other income | | | | | | 1,042,750 |
| Share loss of associate | | | | | | (77,287) |
| Profit before taxation | | | | | | 7,529,999 |
| Taxation | | | | | | (3,003,922) |
| Minority interest | | | | | | (317,219) |
| Net profit for the year | | | | | | 4,208,858 |
| OTHER INFORMATION | | | | | | |
| Segment assets | 218,372,954 | 38,850,700 | 16,281,330 | 12,510,655 | (36,546,397) | 249,469,242 |
| Tax assets | | | | | | 522,512 |
| Consolidated total assets | | | | | | 249,991,754 |
| Segment liabilities | 110,893,594 | 34,969,047 | 8,507,231 | 1,328,340 | (28,258,951) | 127,439,261 |
| Tax liabilities | | | | | | 411,939 |
| Consolidated total liabilities | | | | | | 127,851,200 |
| Capital expenditure | 465,297 | 1,470 | 1,957,337 | 1,336,480 | - | 3,760,584 |
| Depreciation | 638,209 | 164,341 | 2,893,012 | 229,336 | - | 3,924,898 |
| 2006 | | | | | | |
| REVENUE | | | | | | |
| External sales | 266,411,566 | 1,313,796 | - | 18,257,602 | - | 285,982,964 |
| Inter-segment sales | 1,703,522 | - | 13,916,817 | - | (15,620,339) | - |
| Total revenue | 268,115,088 | 1,313,796 | 13,916,817 | 18,257,602 | (15,620,339) | 285,982,964 |
| RESULTS | | | | | | |
| Segment operating profit/(loss) | 9,937,618 | (582,395) | 2,136,516 | 1,817,922 | (66,532) | 13,243,129 |
| Impairment loss on joint venture | | | | | | (859,100) |
| Finance costs | | | | | | (474,509) |
| Investment and other income | | | | | | 1,275,356 |
| Profit before taxation | | | | | | 13,184,876 |
| Taxation | | | | | | (4,468,869) |
| Minority interest | | | | | | (342,912) |
| Net profit for the year | | | | | | 8,373,095 |
| OTHER INFORMATION | | | | | | |
| Segment assets | 217,824,416 | 35,195,248 | 14,521,583 | 11,410,444 | (23,121,129) | 255,830,562 |
| Tax assets | | | | | | 106,307 |
| Consolidated total assets | | | | | | 255,936,869 |
| Segment liabilities | 110,465,648 | 30,429,615 | 7,762,395 | 1,129,964 | (14,833,684) | 134,953,938 |
| Tax liabilities | | | | | | 1,607,102 |
| Consolidated total liabilities | | | | | | 136,561,040 |
| Capital expenditure | 1,057,420 | 1,220 | 4,847,444 | 7,510 | - | 5,913,594 |
| Depreciation | 762,031 | 164,194 | 3,173,971 | 208,939 | - | 4,309,135 |

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

(b) Secondary reporting - geographical segment

The Group's secondary format by geographical location is not shown as the activities of the Group are carried out in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2007

31) FINANCIAL INSTRUMENTS

a) Interest rate risk

The interest rate risk that financial instruments' values will fluctuate as a result of changes in market interest rate, and the effective weighted average interest rate on classes of financial assets and financial liabilities, are as follows:-

| Group | Note | Less than 1 year RM | More than 1 year RM | Total RM | Effective interest rate during the year % |
|----------------------------------|------|---------------------------|---------------------------|-------------|----------------------------------------------------|
| 2007 | | | | | |
| Financial Asset | | | | | |
| Fixed deposit with licensed bank | 14 | 3,287,635 | - | 3,287,635 | 3.19 - 4.07 |
| Financial Liabilities | | | | | |
| Borrowings | 16 | 37,854,775 | 13,088,350 | 50,943,125 | 3.35 - 9.76 |
| Bank overdraft | 14 | 20,746,469 | - | 20,746,469 | 8.03 - 8.30 |
| | | ===== | ===== | ===== | ===== |
| | | | | | |
| 2006 | | | | | |
| Financial Asset | | | | | |
| Fixed deposit with licensed bank | 14 | 14,136,053 | - | 14,136,053 | 2.58 - 4.07 |
| Financial Liabilities | | | | | |
| Borrowings | 16 | 40,663,486 | 3,498,716 | 44,162,202 | 4.55 - 9.79 |
| Bank overdraft | 14 | 9,399,146 | - | 9,399,146 | 8.03 - 8.30 |
| | | ===== | ===== | ===== | ===== |
| | | | | | |
| Company | | | | | |
| 2007 | | | | | |
| Financial Asset | | | | | |
| Fixed deposit with licensed bank | 14 | 3,287,635 | - | 3,287,635 | 3.19 - 4.07 |
| Financial Liabilities | | | | | |
| Borrowings | 16 | 31,185,283 | 324,092 | 31,509,375 | 4.55 - 8.56 |
| Bank overdraft | 14 | 19,958,720 | - | 19,958,720 | 8.03 - 8.30 |
| | | ===== | ===== | ===== | ===== |
| | | | | | |
| 2006 | | | | | |
| Financial Asset | | | | | |
| Fixed deposit with licensed bank | 14 | 14,136,053 | - | 14,136,053 | 2.58 - 4.07 |
| Financial Liabilities | | | | | |
| Borrowings | | 37,915,927 | 509,377 | 38,425,304 | 4.55 - 8.15 |
| Bank overdraft | 14 | 4,075,421 | - | 4,075,421 | 8.03 - 8.30 |
| | | ===== | ===== | ===== | ===== |

b) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet and the outstanding obligations under the guarantees are as disclosed in Note 29.

c) Fair value

The carrying amounts of financial assets and liabilities of the Group and the Company at the balance sheet date approximate their fair value due to the relatively short term maturity of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007

32) CAPITAL COMMITMENT

Group

Authorised capital expenditure not provided for in the financial statements.

- Approved but not contracted for

2007
RM

2006
RM

-

982,713

=====

=====

PROPERTIES HELD BY THE GROUP

AS AT 30 JUNE 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

| Title/Location | Description/ Existing Use | Tenure | Land Area/ Built Up Area (sq. feet) | Ownership | Approximate Age of Building (years) | Net Book Value as at 30/06/07 RM'000 | Date of Acquisition/ Valuation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------------|--------------------------------------|-------------------------------------------|--------------------------------------------|--------------------------------------|
| Subang Perdana Phase 5 Subang Jaya State of Selangor (3 units) | Shop Lots Rented | Freehold | N.A./ 3,834 | Bina Goodyear Bhd | 11 | 730 | 02-Jun-95 15-Feb-06 |
| Subang Perdana Phase 6 Subang Jaya State of Selangor | Shop Lots / Apartments Rented | Freehold | N.A./ 52,542 | - do - | 10 | 5,698 | 26-Jul-95 15-Feb-06 |
| Bukit Lancang-Lot 419 Mukim of Damansara District of Klang State of Selangor | Plant and Machineries Workshop | Freehold | 128,600/ N.A. | - do - | N.A. | 1,147 | 18-Sep-96 |
| Simpang Kuala Lot 66 & 67 Mukim of Pengkalan Kundur District of Kota Setar State of Kedah | Shop Lots / Offices Rented | Freehold | 3,407/ 16,504 | - do - | 10 | 2,300 | 08-Mar-99 22-Aug-06 |
| Parcel No. L041 L101 within Level No. 1 Building No. 41 of land held under H.S.(D) 52783 P.T. No. 54076 in the Mukim and District Klang | Shop offices / Rented | Freehold | N.A./ 1,981 | - do - | 7 | 304 | 30-Jun-04 |
| Mukim of Ulu Langat State of Selangor - Lot 2041 (Grant 9629) | Workshop | Freehold | 505,112/ N.A. | Seranta Machinery & Equipment S/B | N.A. | 1,055 | 04-Oct-01 |
| Lot 4 Jalan Sultan Muhamed 2, Kawawan Perusahaan Bandar Sultan Suleiman (Selat Klang Utara) 42000 Port Klang, Selangor | Factory | Leasehold 99 years (6-10-2087) | 87,120/ 25,900 | TC Electronics S/B | 20 | 2,187 | 06-Oct-88 23-Mar-07 |
| No 2-4 Tingkat 2 and No 3-2 Tingkat 3 Blok 36, Bandar Sultan Suleiman, (Selat Klang Utara) 42000 Port Klang, Selangor | Worker Hostel | Apartment 99 years (11-07-2095) | N.A. 1,532 | TC Electronics S/B | 10 | 101 | 12-Jul-96 |
| Geran 89403, Lot 62523 Bandar Sri Damansara Daerah Petaling | Land Under Development | Freehold | 376,995/ N.A. | Greater Heights Development S/B | N.A. | 28,684 | 21-Dec-05 |

SHAREHOLDERS' INFORMATION

AS AT 1 NOVEMBER 2007

Bina Goodyear Berhad

(18645-H)

(Incorporated in Malaysia)

| | |
|--------------------------|-------------------------------------|
| Authorised Share Capital | RM100,000,000 |
| Issued & Paid-up Capital | RM46,259,800 |
| Class of Shares | Ordinary Shares of RM1.00 each |
| Voting Rights | One voting right per ordinary share |

DISTRIBUTION OF SHAREHOLDINGS

| <u>Size of Holdings</u> | <u>No. of Holders</u> | <u>Total Holdings</u> | <u>%</u> |
|------------------------------------------|-----------------------|-----------------------|------------|
| Less than 100 | 0 | 0 | 0 |
| 100 to 1,000 | 135 | 101,500 | 0.22 |
| 1,001 to 10,000 | 1,092 | 3,132,800 | 6.78 |
| 10,001 to 100,000 | 184 | 5,743,280 | 12.41 |
| 100,001 to less than 5% of issued shares | 45 | 20,649,720 | 44.63 |
| 5% and above of issued shares | 3 | 16,632,500 | 35.96 |
| TOTAL | 1,459 | 46,259,800 | 100 |

30 Largest Shareholders

| <u>Name of Shareholders</u> | <u>No. of Shares</u> | <u>%</u> |
|----------------------------------------------------------------------------------------------------------|----------------------|----------|
| 1. Goodyear Investors (Malaysia) Sdn Bhd | 9,000,000 | 19.46 |
| 2. EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Goodyear Investors (M) Sdn Bhd | 5,056,800 | 10.93 |
| 3. Dato' Edmond Hoyt Yung | 2,575,700 | 5.57 |
| 4. EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yu Yong @ Lee Yuen Ying | 1,491,800 | 3.22 |
| 5. NTC Audio Sdn Bhd | 1,242,335 | 2.69 |
| 6. Allasia Industries Sdn Bhd | 1,242,165 | 2.69 |
| 7. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lai Tan Fatt | 1,188,000 | 2.57 |
| 8. Wong Soo Chai @ Wong Chick Wai | 1,142,500 | 2.47 |
| 9. Kan See Man @ Kan See Mun | 1,134,000 | 2.45 |
| 10. Phan Sin Chong | 1,043,900 | 2.26 |
| 11. HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Wong Soo Chai @ Wong Chick Wai | 800,000 | 1.73 |
| 12. Lim Tzeh Foong | 762,200 | 1.65 |
| 13. Diamond Form Sdn Bhd | 725,400 | 1.57 |
| 14. TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Kiat | 696,400 | 1.51 |
| 15. Goodyear Management (Malaysia) Sdn Bhd | 600,000 | 1.30 |
| 16. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Alunan Harapan Sdn Bhd | 600,000 | 1.30 |
| 17. Anita Lau Soo Leng | 520,400 | 1.12 |
| 18. Lee Yuen Pheng | 517,800 | 1.12 |
| 19. Citigroup Nominees (Asing) Sdn Bhd Beneficiary: Citigroup GM Inc for SC Fundamental Value Fund LP | 516,832 | 1.12 |

SHAREHOLDERS' INFORMATION

AS AT 1 NOVEMBER 2007

30 Largest Shareholders *(continued)*

| Name of Shareholders | No. of Shares | % |
|----------------------------------------------------------------------------------------------------------|---------------|-------|
| 20. Tim Chai @ Ng Tiam Chai | 500,000 | 1.08 |
| 21. Lee Yoon Chan | 475,000 | 1.03 |
| 22. Fountainhead Sdn Bhd | 324,500 | 0.70 |
| 23. Citigroup Nominees (Asing) Sdn Bhd Beneficiary: Citigroup GM Inc for SC Fundamental Value BVI Ltd | 316,768 | 0.68 |
| 24. Alunan Harapan Sdn Bhd | 310,800 | 0.67 |
| 25. Goodyear Investors (Malaysia) Sdn Bhd | 300,000 | 0.65 |
| 26. Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Yu Yong @ Lee Yuen Ying | 296,800 | 0.64 |
| 27. Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Yee Kiat | 294,300 | 0.64 |
| 28. Lee Chong Lim | 259,100 | 0.56 |
| 29. Wong Dong Jiann | 250,000 | 0.54 |
| 30. Wong Se-Ching | 250,000 | 0.54 |
| | 34,433,500 | 74.44 |
| | ===== | ===== |

Substantial Shareholders

| Name of Shareholders | No. of Shares | % |
|----------------------------------------------------------------------------------------------------|---------------|-------|
| 1. Goodyear Investors (Malaysia) Sdn Bhd | 9,000,000 | 19.46 |
| 2. EB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Goodyear Investors (M) Sdn Bhd | 5,056,800 | 10.93 |
| 3. Dato' Edmond Hoyt Yung | 2,575,700 | 5.57 |
| | 16,632,500 | 35.95 |
| | ===== | ===== |

Directors' Shareholdings

| Directors | Direct Interest | | Deemed Interest | |
|----------------------------------------|-----------------|------|-----------------|-------|
| | No. of shares | % | No. of shares | % |
| Md Azar Bin Ismail | Nil | - | Nil | - |
| Lai Tan Fatt | 1,195,200 | 2.58 | 17,266,865 * | 37.33 |
| Wong Chick Wai | 2,048,380 | 4.43 | 20,215,965 # | 43.70 |
| Dato' Edmond Hoyt Yung | 2,575,700 | 5.57 | 16,198,965 ^ | 35.02 |
| Dato' Abdul Hamid Bin Hj Md. Zainuddin | Nil | - | Nil | - |
| Puan Sri Khoo Sian Keow | Nil | - | Nil | - |
| Ismail Bin Aris | 37,500 | 0.08 | Nil | - |

* Deemed interested by virtue of his interest in Goodyear Investors (Malaysia) Sdn Bhd, Goodyear Management (Malaysia) Sdn Bhd, and indirect interest in Allasia Industries Sdn Bhd and shareholdings held by his children's Company, Diamond Form Sdn Bhd and Fountainhead Sdn Bhd.

Deemed interested by virtue of his interest in Goodyear Investors (Malaysia) Sdn Bhd, Goodyear Management (Malaysia) Sdn Bhd, and indirect interest in Allasia Industries Sdn Bhd and shareholdings held by his spouse's and children's Company namely Alunan Harapan Sdn Bhd and shareholdings held by his spouse and children.

^ Deemed interested by virtue of his interest in Goodyear Investors (Malaysia) Sdn Bhd, Goodyear Management (Malaysia) Sdn Bhd and indirect interest in Allasia Industries Sdn Bhd.

BINA GOODYEAR BERHAD

(18645-H)

(Incorporated in Malaysia)

PROXY FORM

| |
|--------------------|
| No. of shares held |
|--------------------|

I/We,.....
of.....
being a *member/members of BINA GOODYEAR BERHAD, hereby appoint
.....
of.....
or failing him,.....
of.....
as *my/our proxy to vote for *me/us on *my/our behalf at the Thirty-third Annual General Meeting of the Company to be held at Mutiara Room, The Saujana, Kuala Lumpur, Saujana Resort, Jalan Lapangan Terbang SAAS, 40150 Shah Alam, Selangor on Thursday, 13 December 2007 at 10.00 a.m. and at any adjournment thereof *for/against the resolution(s) to be proposed thereat.

| No. | Resolution | For | Against |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2007 together with the Reports of the Directors and Auditors thereon. | | |
| 2. | Declaration of a First and Final Dividend of 5% Less Tax at 27% for the financial year ended 30 June 2007. | | |
| 3. | Payment of Directors' Fees for the financial year ended 30 June 2007. | | |
| 4. | Re-election of Mr. Lai Tan Fatt as Director of the Company. | | |
| 5. | Re-election of Encik Ismail Bin Aris as Director of the Company. | | |
| 6. | Re-appointment of Dato' Abdul Hamid Bin Hj Md Zainuddin as Director of the Company. | | |
| 7. | Re-appointment of Messrs S.F. Yap & Co. as Auditors of the Company and to authorise the Directors to fix their remuneration. | | |
| 8. | Authority to Directors to allot & issue shares pursuant to Section 132D of the Companies Act, 1965. | | |
| 9. | To approve the Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature. | | |
| 10. | To approve the amendments to the Articles of Association of the Company. | | |

[Please indicate with an "X", in the space provided whether you wish your vote to be casted for or against the resolution. Unless otherwise instructed, the proxy may vote as he or she shall think fit in respect of the resolution.]

**Delete if not applicable.*

Signed this day of 2007

.....
Signature of Member

Notes:-

1. A member of the Company entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of him. A proxy may but need not be a member of the Company.
2. The instrument appointing a proxy must be deposited at the registered office of the Company at Wisma Goodyear, Tingkat 11, Blok B, Kelana Centre Point, 3 Jalan SS 7/19, Kelana Jaya, 47301 Petaling Jaya, not less than forty-eight (48) hours before the time appointed for holding the Meeting or any adjournment thereof.
3. A member may appoint more than two (2) proxies to attend the same meeting. Where a member appoints two (2) or more proxies, the appointment shall be invalid unless he specifies the proportion of his holdings to be represented by each proxy.
4. If the appointer is a corporation, this form shall be executed under its common seal or under the hand of its officer or attorney duly authorised.

To:

**The Company Secretary
Bina Goodyear Berhad**

Wisma Goodyear
Tingkat 11, Blok B,
Kelana Centre Point
3, Jalan SS 7/19, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan

Stamp

