

BERTAM ALLIANCE BERHAD 305530-A

Brem House, Level 3A, Crystal Crown Hotel
No. 12, Lorong Utara A, Off Jalan Utara
46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

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Notice of Thirteenth Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Thirteenth Annual General Meeting of the Company will be held at Utara 1, Level 2, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on **Wednesday, 30 May 2007 at 10.30 a.m.**, to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive the Audited Accounts for the financial year ended 31 December 2006 and the Reports of Directors and Auditors thereon. **(Ordinary Resolution 1)**
2. To re-elect Mr. Tan Ai Tong who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association. **(Ordinary Resolution 2)**
3. To re-elect Tuan Haji Hamdan Bin Yahya who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association. **(Ordinary Resolution 3)**
4. To re-appoint Ernst & Young as Auditors of the Company for the financial year ending 31 December 2007 and to authorise the Directors to fix the Auditors' remuneration. **(Ordinary Resolution 4)**

AS SPECIAL BUSINESS:

5. To approve the payment of Directors' Fees of RM180,000 for the financial year ended 31 December 2006. **(Ordinary Resolution 5)**
6. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

AUTHORITY TO ISSUE SHARES

"THAT subject always to the Companies Act, 1965, Articles of Association of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 132D of the Companies Act, 1965 to issue and allot not more than ten percent (10%) of the issued capital of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company and that the Directors be and are hereby further authorised to make or grant offers, agreements or options which would or might require shares to be issued after the expiration of the approval hereof."

(Ordinary Resolution 6)

7. To consider and if thought fit, to pass the following Ordinary Resolution, with or without modifications:

AUTHORITY PURSUANT TO SECTION 132E OF THE COMPANIES ACT, 1965

"THAT pursuant to Section 132E of the Companies Act, 1965, authority be and is hereby given for the Company and each of its subsidiaries to enter into any arrangement or transaction with any Director of the Company or any person connected with such Director to acquire from or dispose to such Director or person connected with such Director any non-cash assets of requisite value that is less than 5% of the total consolidated net assets of the Company at the time of such acquisition or disposal.

Notice of Thirteenth Annual General Meeting (Cont'd)

AND THAT such authority shall continue to be in force until:

- i. the conclusion of the next Annual General Meeting of the Company;
 - ii. 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
 - iii. revoked or varied by resolution passed by the shareholders in general meeting; **(Ordinary Resolution 7)**
- whichever is earlier.”

8. To consider and if thought fit, to pass the following Special Resolution, with or without modifications:

AMENDMENT TO THE ARTICLES OF ASSOCIATION

“THAT the proposed amendments to the Articles of Association of the Company as contained in the Appendix 1 attached to the Annual Report 2006 be and are hereby approved.” **(Special Resolution 1)**

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

BY ORDER OF THE BOARD

WONG WEI FONG (MAICSA 7006751)

KUAN HUI FANG (MIA 16876)

Secretaries

Petaling Jaya

Date: 8 May 2007

Notes:

- i. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead and the holder shall specify the proportion of his shareholding to be represented by each proxy; a proxy need not be a member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- ii. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or its attorney duly authorised.
- iii. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting, i.e. on or before 10.30 a.m., Monday, 28 May 2007.

Notice of Thirteenth Annual General Meeting (Cont'd)

Explanatory Notes on Special Business:

1. Ordinary Resolution 5

The proposed Ordinary Resolution 5 is in accordance with Article 98 of the Company's Articles of Association and if passed, will authorise the payment of Directors' Fees to the Directors of the Company for their services as Directors for the year ended 31 December 2006.

2. Ordinary Resolution 6

The proposed Ordinary Resolution 6, if passed, will authorise the Directors of the Company to allot and issue not more than 10% of the issued share capital of the Company subject to the approvals of all the relevant governmental/regulatory bodies. This authorisation will empower the Directors of the Company to issue shares notwithstanding that the authorisation has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by the Directors while the authorisation was in force. This authorisation will expire at the conclusion of the next Annual General Meeting of the Company.

3. Ordinary Resolution 7

Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or persons connected with such Directors in respect of the acquisition from or disposal to such Directors or connected persons of any non-cash assets of the requisite value without prior approval of the Company in a general meeting. According to the Companies Act, 1965, a non-cash asset is considered to be of the requisite value, if at the time of arrangement or transaction, its value is greater than RM250,000.00 or 10% of the company's net assets, whichever is the lesser, subject to a minimum of RM10,000.00.

The proposed Ordinary Resolution 7, if passed, will authorise the Company and each of its subsidiaries to enter into any arrangement or transaction with a Director of the Company or with a person connected with such a Director to acquire from or dispose to such a Director or person connected with such a Director any non-cash assets of the requisite value that is more than RM250,000.00 but less than 5% of the total consolidated net assets of the Company at the time of such acquisition or disposal.

4. Special Resolution 1

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

Statement Accompanying Notice of Thirteenth Annual General Meeting

A. Directors standing for re-election

- (1) Tan Ai Tong
- (2) Haji Hamdan Bin Yahya

B. Details of Directors who are standing for re-election

Details of the above Directors who are standing for re-election are set out in the Directors' Profiles appearing on pages 8 and 10 of this Annual Report.

C. Details of attendance of Directors at Board meetings held for the financial year ended 31 December 2006

During the financial period, there were 5 Board meetings held. Details of the attendance of the Directors at the Board meetings are set out as follows:

Name of Directors	No. of Meetings	
	Held	Attended
1. Ng Sing Hwa	5	5
2. Tan Ai Tong	5	5
3. Ng Chee Hua	5	5
4. Low Yew Hwa	5	5
5. Loong Foo Ching	5	5
6. Haji Hamdan Bin Yahya	5	5

D. Thirteenth Annual General Meeting of Bertam Alliance Berhad

Place : Utara 1, Level 2, Crystal Crown Hotel, No.12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan.

Date : Wednesday, 30 May 2007

Time : 10.30 a.m.

Corporate Information

BOARD OF DIRECTORS

Ng Sing Hwa

Executive Chairman

Tan Ai Tong

Managing Director

Ng Chee Hua

Non-Executive Director

Low Yew Hwa

Non-Executive Director

Loong Foo Ching

Independent Non-Executive Director

Haji Hamdan Bin Yahya

Independent Non-Executive Director

AUDIT COMMITTEE

Loong Foo Ching

Chairman

Ng Sing Hwa

Member

Haji Hamdan Bin Yahya

Member

NOMINATION COMMITTEE

Loong Foo Ching

Chairman

Haji Hamdan Bin Yahya

Member

Low Yew Hwa

Member

REMUNERATION COMMITTEE

Loong Foo Ching

Chairman

Ng Chee Hua

Member

Low Yew Hwa

Member

COMPANY SECRETARIES

Wong Wei Fong

MAICSA 7006751

Kuan Hui Fang

MIA 16876

REGISTERED OFFICE

Level 14, Uptown 1
No.1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone : 603-7725 2888
Facsimile : 603-7725 7791

REGISTRAR

PFA Registration Services Sdn Bhd
Level 13, Uptown 1
No.1 Jalan SS 21/58
Damansara Uptown
47400 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone : 603-7725 4888
Facsimile : 603-7722 2311

AUDITORS

Ernst & Young

Chartered Accountants
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

BUSINESS ADDRESS

Brem House, Level 3A
Crystal Crown Hotel
No.12, Lorong Utara A
Off Jalan Utara
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Telephone : 603-7958 7288
Facsimile : 603-7958 5033
E-mail : bertamdev@pd.jaring.my

PRINCIPAL BANKERS

CIMB Bank Berhad
EON Bank Berhad
Hong Leong Bank Berhad
Public Bank Berhad

SOLICITORS

Lee, Perara & Tan
Soo Thien Ming & Nashrah

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Second Board
Stock Code : 9814

Executive Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I would like to present the Annual Report and Audited Financial Statements of Bertam Alliance Berhad for the financial year ended 31 December 2006.

FINANCIAL REVIEW

For the year under review, the Group recorded an after tax loss of RM8.71 million compared to the after tax profit of RM4.29 million achieved in the financial year ended 31 December 2005. Overall, the property market in 2006 was less buoyant compared to the preceding year due to various unfavourable factors affecting the consumers in general. Besides, the postponement of the launching of Johor Halal Food Industrial Park project in Muar and delay in launching several other new projects, either pending authority approval or due to poor demand, have also contributed to a much lower revenue being achieved for the year under review.

In tandem with the soft property market, some of the land portfolio and certain development properties outside the Klang Valley, which are considered to be slow moving, were sold off, albeit at loss, with the view to optimise the utilisation of capital. As a result, a sum of RM7.79 million was charged out in the account, which is the main contributing factor to the loss for the year under review.

DIVIDEND

In view of the loss incurred, the Board of Directors are not recommending the payment of any dividend for the financial year ended 31 December 2006.

OUTLOOK

With the recent launching of the Iskandar Development Region in South Johor under the 9th Malaysia Plan, economic activities in the State of Johor are expected to be more vibrant which may lead to an increase in demand for industrial properties. Management efforts will be intensified to market the industrial properties at the Muar industrial park. Barring any unforeseen circumstances, your Directors are optimistic that the Group will return to profitability for financial year ending 31 December 2007.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere appreciation to the management & staff for their dedication and commitment in discharging their responsibilities. To our shareholders, we wish to assure you that every effort is being made to achieve better returns despite the setback in 2006.

Thank you.

Ng Sing Hwa
Executive Chairman

Profile of the Board of Directors

NG SING HWA Executive Chairman

Aged 61, is a Malaysian citizen and was appointed to the Board on 23 July, 2002. He is the Executive Chairman of Bertam Alliance Berhad and is also a member of the Audit Committee.

He qualified as a Chartered Accountant and is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

He has vast experience in the areas of corporate finance, hospitality industry, property & construction industry and manufacturing of building materials. He had held the positions of Group Chief Executive of Faber Merlin Malaysia Berhad from 1977 to 1985 and Managing Director of CI Holdings Berhad from 1985 to 1988 prior to venturing into management consultancy services and own property development in 1989.

His shareholdings in the Company are disclosed in the Directors' Report on page 23 and is deemed to be a substantial shareholder of the Company.

He is the brother of Ng Chee Hua who is a non-executive director and substantial shareholder of the Company. He is also the father to Ng Wei Wei and uncle to Ng Eu Jin, substantial shareholders of the Company, whose shareholdings are disclosed in page 75.

He does not hold directorship in other public listed companies and he has no conviction for any offences within the past ten years.

TAN AI TONG Managing Director

Aged 53, is a Malaysian citizen and was appointed to the Board on 23 July 2002. He is the Managing Director of Bertam Alliance Berhad. He is responsible for the overall management of the Group.

He holds a Master Degree in Business Administration from the Cranfield Institute of Technology, UK, and a Bachelor of Civil Engineering degree from the University of Auckland, New Zealand. He is a professional Engineer and a member of the Institution of Engineers, Malaysia. He has had many years of experiences in business and property development. He also sits on the Board of several other private limited companies.

His shareholdings in the Company are disclosed in the Directors' Report on page 23.

He does not hold directorship in other public listed companies. He has no family relationship with other directors or major shareholders of the Company and he has no conviction for any offences within the past ten years.

Profile of the Board of Directors (Cont'd)

NG CHEE HUA Non-Executive Director

Aged 56, is a Malaysian citizen and was appointed to the Board as non-executive director on 23 July 2002. He is also a member of the Remuneration Committee.

He is a fellow member of the Association of International Accountants and has more than 30 years of experiences in financial, manufacturing, property development and construction fields. He also holds directorship in a few private property development companies.

His shareholdings in the Company are disclosed in the Directors' Report on page 23 and is deemed to be a substantial shareholder of the Company.

He is the brother of Ng Sing Hwa who is the Executive Chairman and substantial shareholder of the Company. He is also the father to Ng Eu Jin and uncle to Ng Wei Wei, substantial shareholders of the Company, whose shareholdings are disclosed in page 75.

He does not hold directorship in other public listed companies and he has no conviction for any offences within the past ten years.

LOW YEW HWA Non-Executive Director

Aged 51, is a Malaysian citizen and was appointed to the Board as non-executive director on 23 July 2002. He is also a member of Nomination Committee and Remuneration Committee.

He holds a Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College. He is a Fellow Member of the Chartered Association of Certified Accountants, UK and also a member of the Malaysian Institute of Accountants. He is the Executive Director of Brem Holding Berhad and several subsidiaries of Brem Holding Berhad and several other private limited companies.

He neither holds any shares in the Company nor in other subsidiaries within the Group. He is deemed interested in recurrent related party transactions of which a shareholders' mandate has been obtained at the Annual General Meeting held on 24 May 2006. Details pertaining to these transactions are disclosed in Note 33 to the financial statements.

Besides holding directorship in Brem Holding Berhad, he does not hold any directorship in other public listed companies. He has no family relationship with other directors or major shareholders of the Company and he has no conviction for any offences within the past ten years.

Profile of the Board of Directors (Cont'd)

LOONG FOO CHING

Independent Non-Executive Director

Aged 57, is a Malaysian citizen and was appointed to the Board as an independent non-executive director on 31 July 2002. He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee.

He is an advocate & solicitor and holds a Bachelor of Laws (LLB) - honours degree from University of London and a Master of Laws (LLM) degree from University of Malaya. He is also an associate member of the Chartered Institute of Bankers, London (now under the official brand name of Institute of Financial Services) and a senior associate member of Institut Bank-Bank Malaysia. Prior to legal practice, Mr Loong had more than 25 years of working experience in the banking and finance industry.

His shareholdings in the Company are disclosed in the Directors' Report on page 23.

He does not have any conflict of interest with the Group nor has he any family relationship with other directors or major shareholders of the Company. He does not hold any directorship in other public listed companies and he has no conviction for any offence within the past ten years.

HAJI HAMDAN BIN YAHYA

Independent Non-Executive Director

Aged 57, is a Malaysian citizen and was appointed to the Board as an independent non-executive director on 22 February 2005. He is also a member of the Audit Committee and Nomination Committee.

He obtained his degree (BA Hons) from University Malaysia in 1972/73 and started his career as Johor Civil Service officer in 1973. He was an Assistant District Officer in the District Office for 2 ½ years, Secretary in the District Council Office for 3 years and the Chief District Land Officer for 3 years. Total of approximately 9 years. He resigned from the civil services in 1981 to join private sector.

He was the General Manager of Equity Mal Sdn. Bhd. and Equity Motors Sdn. Bhd. a Mercedes-Benz (passenger and commercial), Mitsubitshi and Proton dealer from 1981 to 1986. He was at the same time a Director of LKIM (Lembaga Kemajuan Ikan Malaysia) for 4 years, Chairman of a plantation company managed by the Johor Corporation (SEDC) for 10 years, Bakland Sdn. Bhd. (property company) and Director of a subsidiary company under Guthrie Group of Companies until 1988.

He was also a Director of a few other well-established organizations such as Siemens Nixdorf Information Services Sdn. Bhd. and Kuok Group of Companies and the former Managing Director of KPRJ Asset Sdn. Bhd. a joint venture company by Johore State Government for 5 years (from 1995 to 2000).

At present he is the Managing Director of Pacific Alpha Sdn. Bhd. a private investment company, Executive Director of a subsidiary of a public listed company known as Olympia Land Berhad since 1995 and Chairman of Ishtihar Properties Development Sdn. Bhd. a JVC company with YPJ Johor since 1997.

He has more than 25 years experience in business sector. He gained experiences in many fields and specialize in corporate and property management.

He has been participating in the federal and state government trade mission to USA, Europe, Taiwan, Japan and etc.

He does not have any conflict of interest with the Group nor has he any family relationship with other directors or major shareholders of the Company. He does not hold any directorship in other public listed companies and he has no conviction for any offences within the past ten years.

Audit Committee Report

1. COMPOSITION OF AUDIT COMMITTEE

Loong Foo Ching

Chairman

(Independent Non-Executive Director)

Ng Sing Hwa

Member

(Executive Chairman)

Haji Hamdan bin Yahya

Member

(Independent Non-Executive Director)

2. TERMS OF REFERENCE

• MEMBERSHIP

The Committee shall be appointed by the Board of Directors from amongst the Directors excluding Alternate Directors; shall consist of not less than 3 members, a majority of whom shall be independent directors and at least one member of the Committee shall be an accountant.

In order to form a quorum for any meeting of the Committee, the majority of members present must be independent directors. In the event of any vacancy in the Committee resulting in the non-compliance of the above, the Company must fill the vacancy within three (3) months.

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

The Chairman shall be elected by the Committee from among their members who shall be an independent director.

• RIGHTS

The Committee shall:

- i. Have authority to investigate any matter within its terms of reference;
- ii. Have the resources which are required to perform its duties;
- iii. Have full and unrestricted access to any information pertaining to the Company;
- iv. Have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- v. Be able to obtain independent professional or other advice; and
- vi. Be able to convene meetings with the external auditors, excluding the attendance of the executive members of the committee, whenever deemed necessary.

Audit Committee Report (Cont'd)

• FUNCTIONS

The Committee shall:

- i. Review the following and report the same to the Board of Directors:
 - (a) with the external auditors, the audit plan, their evaluation of the system of internal controls and their audit report;
 - (b) the assistance given by the employees of the Company to the external auditors,
 - (c) 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;
 - (d) the internal audit programme, process, 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;
 - (e) the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (aa) changes in or implementation of major accounting policy and practices;
 - (bb) significant and unusual events; and
 - (cc) compliance with accounting standards and other legal requirements;
 - (f) any related party transaction and conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity; and
 - (g) any letter of resignation from the external auditors; whether there is reason (supported by ground) to believe that the external auditors are not suitable for re-appointment;
- ii. Recommend the nomination of a person or persons as external auditors; and
- iii. Report promptly to Bursa Malaysia Securities Berhad ("Bursa Securities") where the Committee is of the view that a matter reported by it to the Board of Directors has not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Securities.

• ATTENDANCE AT MEETINGS

Other directors and employees may attend any particular audit committee meeting only at the Committee's invitation, specific to the relevant meeting. The Company Secretary shall act as the secretary of the Committee.

• FREQUENCY OF MEETINGS

Meetings shall be held not less than four (4) times a year to review the quarterly results and year end financial statements. Other meetings may be held as and when required.

Audit Committee Report (Cont'd)

3. AUDIT COMMITTEE MEETINGS ATTENDANCE

The Audit Committee had conducted 5 meetings for the financial year ended 31 December 2006. Details of attendance by the Audit Committee members during this financial period are set out as below:

Loong Foo Ching	5/5
Ng Sing Hwa	4/5
Haji Hamdan bin Yahya	5/5

4. ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial year were summarised as follows:

- (a) Reviewed the quarterly financial results and announcements for the financial quarters prior to submission to the Board of Directors for consideration and approval;
- (b) Reviewed the audited financial statements for the financial year ended 31 December 2005;
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2005 in relation to audit and accounting issues arising from the audit;
- (d) Review the external auditors' audit plan for the year ended 31 December 2006;
- (e) Considered the nomination of external auditors for recommendation to the Board for re-appointment;
- (f) Reviewed the internal audit plan, findings, reports and management implementation of audit recommendation in the Group;
- (g) Reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement of Internal Control and recommend their adoption to the Board; and
- (h) Reviewed the recurrent related party transactions and the renewal of shareholder mandate.

5. INTERNAL AUDIT FUNCTION

The internal audit function is essential to assist the Audit Committee in reviewing the state of the system of internal control maintained by the management.

The Company outsourced its internal audit function to an external consultant and the selected team is independent of the activities audited by them. The internal auditors review and assess the Group's system of internal control and report to the Committee functionally.

The Audit Committee approves the annual internal audit plan before the commencement of the internal audit reviews for each financial year. During the financial year, the internal auditors conducted reviews on the subsidiary companies of the Group and presented their reports to the Audit Committee. Areas for improvements identified were communicated to the management for further action.

Corporate Governance Statement

The Board of Bertam Alliance Berhad acknowledges the importance of maintaining good corporate governance in the Group. To achieve this objective, the Board is committed to ensure that the principles of corporate governance and best practices as set out in the Malaysian Code on Corporate Governance (“the Code”) are being observed.

In this annual Corporate Governance Statement, once again, the Board is pleased to report its state of corporate governance for the current financial year.

The Board of Directors

The Company continues to be led by same board members comprising directors with both professional and business experience relevant to the property development business of the Group. The number of Board member remains at 6 with one-third (1/3) or two (2) of them being Independent Non-Executive Directors. The role and responsibilities of the Executive Chairman and Managing Director are separated and assumed by different directors to ensure balance of authority. In addition, the Board continues to identify Mr. Loong Foo Ching as the Senior Independent Non-Executive Director, serving as an alternative for shareholders to convey their concerns and seek clarifications from the Board.

A description of the background of each director is presented on pages 8 to 10.

The Board is provided with appropriate and timely information to enable it to discharge its duties effectively. The management and auditors are also invited to be present at the Board and Audit Committee meetings to provide further explanations and reports to the Board. During the financial year, 5 Board meetings were held and these meetings were attended by all members of the Board.

The Board also maintains specific Board committees namely Audit Committee, Nomination Committee and Remuneration Committee. This is to allow greater attention, expertise, experience and objectivity are provided by the relevant Board members to the specific Board agenda. However, in order to ensure the direction and control of the Group is firmly within the Board, the Board has defined the terms of reference for each Committee requiring decisions on all matters deliberated in these Committees to be reported to the Board.

Appointment to the Board

The Nomination Committee is established and maintained to ensure that there is a formal and transparent procedure for the appointment of new directors to the Board. The members of the Committee remain as follows:

Chairman : Loong Foo Ching (Independent Non-Executive Director)
Member : Low Yew Hwa (Non-Executive Director)
Member : Haji Hamdan bin Yahya (Independent Non-Executive Director)

The functions of the Nomination Committee are:

- i) To recommend the nomination of a person(s) for all directorships to be filled by the shareholders or the Board;
- ii) To consider, in making its recommendations, candidates for directorships proposed by the Managing Director/ Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any director or shareholder;
- iii) To recommend to the Board, directors to fill the seats on Board Committee;
- iv) To assess annually the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each existing individual director and thereafter, recommend its findings to the Board; and
- v) To review and identify the required mix of skills and experience and other qualities, including core competencies which non-executive directors should bring to the Board and thereafter, recommend its findings to the Board.

Corporate Governance Statement (Cont'd)

Annually, the Nomination Committee reviews the effectiveness of the composition of the Board, the participation of the Board members, the skill sets and experience of the non-executive directors and the independence of the independent directors.

Directors' Training

The Board views continuous learning and training as an integral part of the directors' development. Members of the Board are informed of various directors' development programmes and encouraged to attend these programmes to keep abreast with the development in the industry and relevant regulatory requirements in furtherance of their duties.

All Directors have attended training during the financial year ended 31 December 2006. A brief description of these trainings is listed below:

Course / Training	Attended By
Tax & Corporate Seminar	Ng Sing Hwa Tan Ai Tong Low Yew Hwa Loong Foo Ching
Briefing on Public Ruling for Property Development and Construction Companies	Ng Chee Hua Haji Hamdan Bin Yahya

Re-election of Directors

Director re-election provides an opportunity for shareholders to renew their mandate conferred to the Directors. In this respect, the Articles of Association of the Company provides that all directors shall retire by rotation once in every three (3) years or at least one-third (1/3) of the Board can offer themselves for re-election at the Annual General Meeting ("AGM").

This requirement has been adhered to by the Board members in every Annual General Meeting. Profile of directors, standing for election covering their details of profession, meeting attendance, directorships in other public companies and shareholdings in the Group are summarised in the Statement Accompanying the Notice of AGM.

Directors' Remuneration

The remuneration of Executive Directors and Non-Executive Directors are reviewed by the Remuneration Committee and the Board respectively. All directors play no part in the decision of their own remuneration.

The members of the Remuneration Committee are:

Chairman : Loong Foo Ching (Independent Non-Executive Director)
Member : Ng Chee Hua (Non-Executive Director)
Member : Low Yew Hwa (Non-Executive Director)

The Committee adopts the principles recommended by the Code in determining the directors' remuneration, whereby, the executive remuneration is designed to link rewards to the Group's performance whilst the remuneration of the non-executive directors is determined in accordance with their experience and the level of responsibilities assumed.

Annually, the Remuneration Committee reviews the remuneration of the Executive Directors to ensure that it commensurates with the market expectation, experience, competencies and the Group' performance.

Corporate Governance Statement (Cont'd)

The number of Directors whose income falls within the following bands is set out as follows:

Remuneration Bands	Executive Directors	Non-Executive
RM50,000 and below	-	4
RM300,001-RM350,00	1	-
RM350,001-RM400,000	1	-

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:

	Fees*	Salaries	Bonuses	EPF	Benefit in Kind/ Allowance	Total
	(RM)	(RM)	(RM)	(RM)	(RM)	(RM)
Executive Directors	60,000	552,000	46,000	32,760	39,200	729,960
Non-Executive Directors	120,000	-	-	-	9,000	129,000

*Subject to the approval by shareholders at the AGM.

Shareholders

The Board endeavours to provide timely and accurate disclosure of all material information of the Group to the shareholders and investors. Information is disseminated through various disclosures and announcements made to the Bursa Securities which includes the quarterly reports, annual reports and press releases. This information is also electronically published at the Bursa Securities website at <http://www.bursamalaysia.com> and it is accessible by public. Where practicable, the Board is prepared to enter into a dialogue with institutional shareholders.

The Annual General Meeting remains the principal forum for dialogue with all shareholders while the Extraordinary General Meetings are held as and when required. During the financial year, the Twelfth AGM was held on 24 May 2006. At this AGM, questions raised were clarified before each proposed resolution was put for a vote.

Accountability and Audit

The Board is committed to present a balanced and understandable assessment of the Group's financial position and prospects to the shareholders and general public. These results are contained in the quarterly financial results, audited financial statements and annual reports.

The Board also affirms its responsibility for maintaining a sound system of internal control for the Group. The effectiveness of the system of internal control is reviewed by internal auditors, who operated independently from the activities of the Company under the purview of the Audit Committee. The internal audit function is currently outsourced to an independent internal audit services company. Further information on the Group's state of internal control is reported in the Statement on Internal Control which is presented on page 18.

To maintain a transparent and formal relationship with the Company's auditors, annually the Audit Committee reviews the appointment, performance and remuneration of the auditors before recommending them to the shareholders for re-appointment in the AGM. If deemed necessary, the Audit Committee will convene meetings with the statutory auditors without the presence of executive members of the Audit Committee.

The Board is mindful of the Listing Requirements of the Bursa Securities on the review of the terms of office and performance of the Audit Committee and each of its members at least once every 3 years. The Board had performed this review in 2005 and it is expected that the next review will be conducted in 2008.

Corporate Governance Statement (Cont'd)

Compliance with the Best Practices

Other than the disclosure of detailed remuneration of each director, the Board of Directors believes that the best practices of corporate governance as set out in Part 2 of the Code have been complied with during the current financial year.

The Board views that the transparency in respect of the Directors' remuneration has been appropriately dealt with by the 'band disclosure' presented on the previous page.

Directors' Responsibility Statement

The Directors are responsible for ensuring that:

- I the annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable approved accounting standards in Malaysia, For Entities Other than Private Entities the provisions of the Companies Act, 1965 and the Listing Requirements of the Bursa Securities) so as to give a true and fair view of the state of affairs of the Group and the Company for the financial year, and
- II proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2006, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statement with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

OTHER INFORMATION

Material Contracts

There were no material contracts other than those entered into in the ordinary course of business by the Group either still subsisting at the end of the financial year ended 31 December 2006 or entered into since the end of the previous financial year involving Directors' and Major Shareholders' interest.

Revaluation Policy

The Group does not adopt a policy of regular revaluation of its landed properties.

Statement on Internal Control

The Board of Directors of Bertam Alliance Berhad acknowledges the importance of the system of internal control and affirms that it is their responsibility to maintain a sound system of internal control to safeguard the Group's assets. In this respect the Board assumes its responsibility for identifying principal risks, ensuring the implementation of appropriate systems to manage these risks and reviewing the adequacy and integrity of the Group's system of internal control.

The process of identifying, evaluating and managing significant risks faced by the Group is managed under the leadership of the Executive Directors and assisted by the senior management team. Management meetings are held to review changes in the business environment and its impact on the operations. In these meetings, business strategies are reviewed, discussed and re-strategised to ensure the business performance is in accordance with the corporate plan whilst post-mortem review of completed development projects are carried out to ascertain the performance and the business acumen of the project management team. Significant matters discussed in the management meeting are brought to the Board meeting to ensure that these matters are adequately deliberated and reviewed by the Board members.

The Board recognises that the effective monitoring and review on a continuous basis is an essential component of sound system of internal control. Currently, the review of the systems of internal control of the Group is oversight by the Audit Committee with the assistance of the Internal Auditors. Quarterly, internal audit findings and reports are presented to the Audit Committee for review and consideration of the state of system of internal control. Significant issues, if any, noted by the Audit Committee will be brought to the Board meeting for further review and discussion. In addition, before releasing financial results to shareholders and public investors, quarterly financial results, annual report and audited financial statements are reviewed by the Audit Committee. These reviews complement the Audit Committee's assessment on systems of internal control and risk management framework.

The Board believes that the above management, internal audit and Audit Committee review frameworks provide reasonable assurance of the integrity of the systems of internal control of the Group. Nonetheless, the Board also recognises that the systems of internal control should be continuously improved in line with the growth of the Group and evolving business environment. It should also be noted that risk management systems and systems of internal control are only designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements or losses.

Recurrent Related Party Transactions

The breakdown of the aggregate value of Recurrent Related Party Transaction during the financial year ended 31 December 2006 are set out as follows:

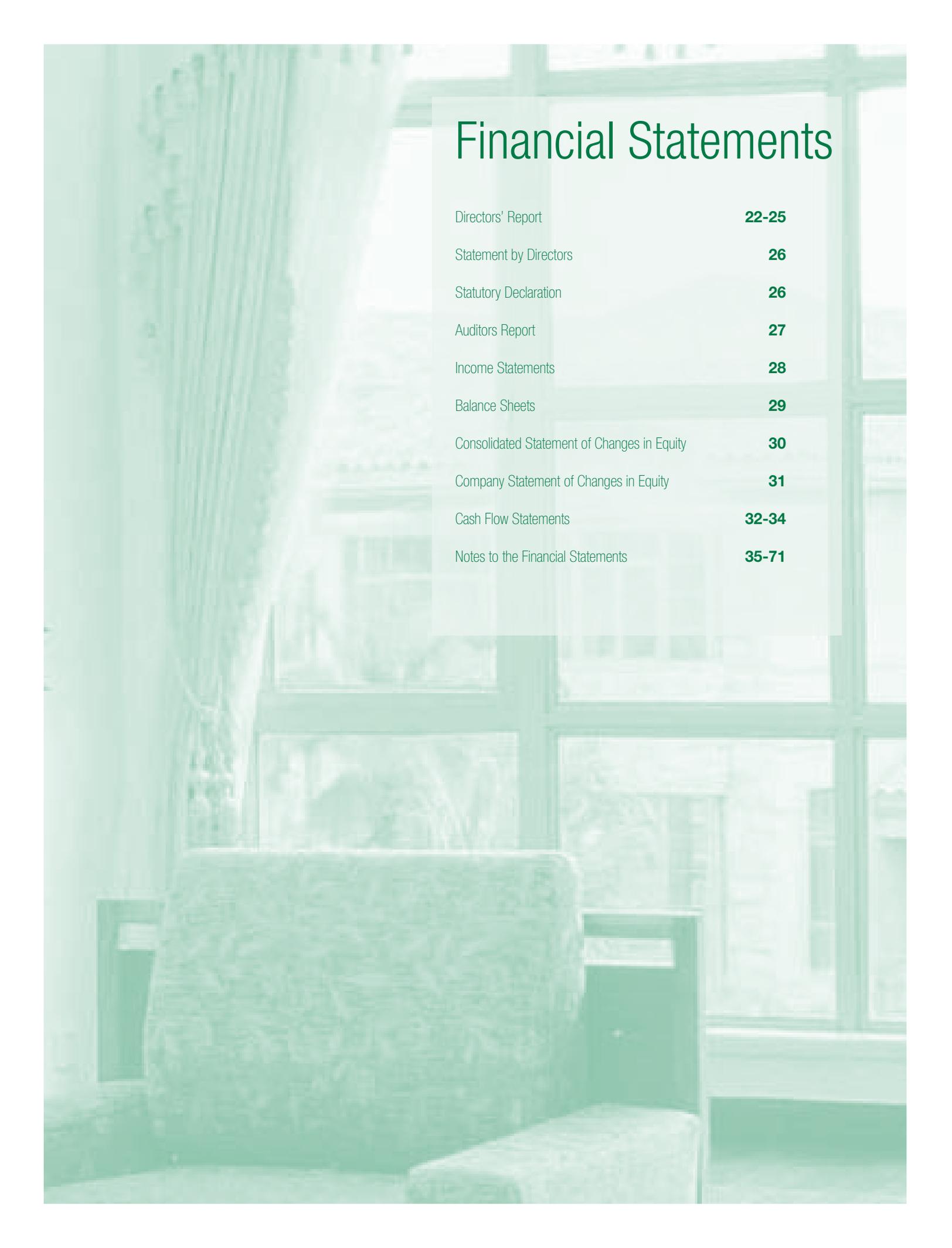
Nature / Type of Transaction	Transacting Party	Related Party	Interested Director, substantial shareholder and/or person	RM
Lease of Assets / Rental	Bertam Alliance Berhad	Nikmat Maju Development Sdn. Bhd.	Khoo Chai Kaa, Lee Lei Choo, Tan Joo Keng, Khoo Chai Thiam, Lee Lei Hong	65,640
	Bertam Development Sdn. Bhd.*	Brem Group	Khoo Chai Kaa, Lee Lei Choo, Low Yew Hwa, Khoo Chai Thiam, Tan Joo Keng, Lee Lei Hong, Teh Kim Teck	84,000
	Suria Pertiwi Sdn. Bhd.*	Datuk Haji. Omar Bin Haji. Mohd Esa	Datuk Haji. Omar Bin Haji. Mohd Esa	9,600

* Wholly owned subsidiaries of Bertam Alliance Berhad

Relationship of Related Party with Bertam Alliance Berhad ("Bertam") as at 31 December 2006.

Names of Related Party	Relationship
Brem Holding Berhad ("Brem")	Substantial shareholder of Bertam
Nikmat Maju Development Sdn. Bhd. ("Nikmat Maju")	Common major shareholder in Nikmat Maju and Brem
Datuk Haji. Omar Bin Haji. Mohd Esa	A director of certain subsidiary companies of Bertam

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Financial Statements

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Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2006.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services to the subsidiaries.

The principal activities of the subsidiary companies are property development, general contractors, investment holding, real estate management and the provision of project management and administrative services.

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

RESULTS

	GROUP RM	COMPANY RM
Net loss for the year	8,708,747	54,701,166

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the provision for doubtful debts as disclosed in Note 12 to the financial statements.

DIVIDENDS

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2006.

A final dividend in respect of the financial year ended 31 December 2005, of 1 sen per share less 28% taxation on 206,756,497 ordinary shares, amounting to a net dividend payable of RM1,488,647 was approved by the shareholders on 24 May 2006 and was paid on 21 June 2006.

DIRECTORS

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

Ng Sing Hwa
Tan Ai Tong
Ng Chee Hua
Low Yew Hwa
Loong Foo Ching
Haji Hamdan bin Yahya

Directors' Report (Cont'd)

DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown in Note 6 to the financial statements) by reason of a contract made by the Company or a related corporation with any 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 as disclosed in Note 33 to the financial statements.

DIRECTORS' INTERESTS

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

Name of Directors	Number of ordinary shares of RM1.00 each			As at 31.12.2006
	As at 1.1.2006	During the year Acquired	Sold	
The Company				
Direct Interest:				
Ng Sing Hwa	950,000	1,175,000	-	2,125,000
Ng Chee Hua	6,754,000	500,000	-	7,254,000
Indirect Interest:				
Ng Sing Hwa*	42,257,056	1,044,788	(786,578)	42,515,266
Ng Chee Hua**	43,027,056	-	(786,578)	42,240,478
Tan Ai Tong+	4,262,000	-	-	4,262,000
Loong Foo Ching^	58,000	-	-	58,000

* Deemed interest through his spouse, Miramas Realty Sdn. Bhd. and Ishtihar Properties & Development Sdn. Bhd.

** Deemed interest through his spouse, Miramas Realty Sdn. Bhd. and Ishtihar Properties & Development Sdn. Bhd.

+ Deemed interest through VA Trading Sdn. Bhd.

^ Deemed interest through his spouse.

In 2002, the Company had established an Employee Share Option Scheme ("ESOS") as detailed in Note 22 to the financial statements. At the Extraordinary General Meeting held on the 10 January 2003, the shareholders of the Company have approved the allocation of options to be granted under ESOS to certain directors of the Group. However, there has been no such options granted as at 31 December 2006.

Directors' Report (Cont'd)

OTHER STATUTORY INFORMATION

- (a). Before the income statements and balance sheets of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business have been written down to an amount which they might be expected so to realise.
- (b). At the date of this report, the directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c). At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d). At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Directors' Report (Cont'd)

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 28 to the financial statements.

SUBSEQUENT EVENTS

These are as disclosed in Note 29 to the financial statements.

AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 April 2007.

NG SING HWA

TAN AI TONG

Statement by Directors

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

We, NG SING HWA and TAN AI TONG, being two of the directors of **BERTAM ALLIANCE BERHAD**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 28 to 71 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 April 2007.

NG SING HWA

TAN AI TONG

Statutory Declaration

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

I, ALVIN YAP MENG CHEE, being the Officer primarily responsible for the financial management of **BERTAM ALLIANCE BERHAD**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 28 to 71 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **ALVIN YAP MENG
CHEE** at Petaling Jaya in the State of
Selangor Darul Ehsan on 16 April 2007

ALVIN YAP MENG CHEE

Before me,

Report of the Auditors

TO THE MEMBER OF BERTAM ALLIANCE BERHAD (INCORPORATED IN MALAYSIA)

We have audited the financial statements set out on pages 28 to 71. These financial statements are the responsibility of the Company's directors.

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

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities so as to give a true and fair view of:
 - (i) the financial position of the Group and of the Company as at 31 December 2006 and of the results and the cash flows of the Group and of the Company for the year then ended; and
 - (ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and
- (b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' report thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 12 to the financial statements, being financial statements that have been included in the consolidated financial statements.

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

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under section 174(3) of the Act.

ERNST & YOUNG

AF:0039

Chartered Accountants

Yap Seng Chong

No. 2190/12/07(J)

Partner

Kuala Lumpur, Malaysia

16 April 2007

Income Statements

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	GROUP		COMPANY	
		2006 RM	2005 RM	2006 RM	2005 RM
Revenue	4	34,509,413	64,011,461	767,000	4,531,000
Cost of sales	5	(40,388,135)	(55,368,110)	-	-
Gross (loss)/profit		(5,878,722)	8,643,351	767,000	4,531,000
Other operating income		1,688,649	2,263,145	5,380	-
Administrative expenses		(4,432,397)	(4,327,086)	(1,418,367)	(1,408,727)
Provision for doubtful debts		(475,378)	-	(48,348,780)	-
Provision for diminution in investment		-	-	(5,700,000)	-
(Loss)/profit from operations		(9,097,848)	6,579,410	(54,694,767)	3,122,273
Finance costs	7	(789,851)	(754,744)	(6,399)	(5,061)
(Loss)/profit before taxation	6	(9,887,699)	5,824,666	(54,701,166)	3,117,212
Taxation	8	1,178,952	(1,534,743)	-	(1,008,000)
Net (loss)/profit for the year		(8,708,747)	4,289,923	(54,701,166)	2,109,212
(Loss)/earnings per ordinary share (sen)	9	(4.21)	2.07		

Balance Sheets

AS AT 31 DECEMBER 2006

	Note	GROUP		COMPANY	
		2006 RM	2005 RM	2006 RM	2005 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	771,314	1,001,333	90,519	106,412
Land held for property development	11	35,341,275	25,559,025	-	-
Investment in subsidiaries	12	-	-	94,758,998	100,458,998
Other investments	13	66,000	561,000	-	500,000
Goodwill on consolidation	14	-	116,290	-	-
		36,178,589	27,237,648	94,849,517	101,065,410
CURRENT ASSETS					
Assets held for sale	15	10,968,670	-	-	-
Property development costs	16	92,995,461	105,013,374	-	-
Inventories	17	17,286,283	9,989,944	-	-
Trade and other receivables	18	21,441,422	43,246,933	129,257	434,257
Amount due from subsidiary companies	12	-	-	42,416,881	90,639,461
Deposits and cash and bank balances	19	1,045,115	6,292,117	37,361	12,007
		143,736,951	164,542,368	42,583,499	91,085,725
CURRENT LIABILITIES					
Trade and other payables	20	20,247,332	21,586,104	219,195	251,920
Amount due to subsidiary companies	12	-	-	5,349,133	3,808,888
Short term borrowings	21	3,150,616	5,470,794	10,681	21,663
Provision for taxation		415,606	4,455,835	-	-
		23,813,554	31,512,733	5,579,009	4,082,471
NET CURRENT ASSETS					
		119,923,397	133,029,635	37,004,490	87,003,254
		156,101,986	160,267,283	131,854,007	188,068,664
FINANCED BY:-					
Share capital	22	206,756,497	206,756,497	206,756,497	206,756,497
Reserves	23	(72,492,781)	(62,295,387)	(74,902,490)	(18,712,677)
Shareholders' funds		134,263,716	144,461,110	131,854,007	188,043,820
Long term borrowings	21	14,555,770	7,007,446	-	24,844
Deferred taxation	24	7,282,500	8,798,727	-	-
		156,101,986	160,267,283	131,854,007	188,068,664

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share Capital RM	Reserve on Consolidation RM	Accumulated losses RM	Total RM
At 1 January 2005		206,756,497	3,525,878	(69,597,259)	140,685,116
Net profit for the year		-	-	4,289,923	4,289,923
Amortisation of reserve on consolidation during the year	23	-	(513,929)	-	(513,929)
At 31 December 2005		206,756,497	3,011,949	(65,307,336)	144,461,110
At 1 January 2006					
Effects of adopting FRS - transfer of reserve on consolidation to accumulated losses	3(b)/23	-	(3,011,949)	3,011,949	-
Net loss for the year		-	-	(8,708,747)	(8,708,747)
Dividend	25	-	-	(1,488,647)	(1,488,647)
At 31 December 2006		206,756,497	-	(72,492,781)	134,263,716

Company Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Share Capital RM	Accumulated losses RM	Total RM
At 1 January 2005		206,756,497	(20,821,889)	185,934,608
Net profit for the year		-	2,109,212	2,109,212
At 31 December 2005		206,756,497	(18,712,677)	188,043,820
At 1 January 2006				
Net loss for the year		-	(54,701,166)	(54,701,166)
Dividend	25		(1,488,647)	(1,488,647)
At 31 December 2006		206,756,497	(74,902,490)	131,854,007

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

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

Note	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(9,887,699)	5,824,666
Adjustments for:		
Interest expense	789,851	754,744
Interest income	(56,256)	(639,760)
Impairment of inventories	-	120,000
Doubtful debts recovered	-	(6,036)
Provision for doubtful debts	475,378	-
Bad debts written off	-	3,017
Property, plant and equipment written off	-	27
Amortisation of goodwill	-	19,380
Amortisation of reserve on consolidation	-	(513,929)
Impairment of goodwill	116,290	-
Depreciation of property, plant and equipment	386,248	388,289
Gain on disposal of property, plant and equipment	(5,865)	(295,548)
Gain on disposal of other investment	(4,514)	-
Loss on disposal of property, plant and equipment	4,175	1,228
Operating (loss)/profit before working capital changes	(8,182,392)	5,656,078
Increase in inventories	(7,296,339)	(3,189,902)
Increase in assets held for sale	(10,968,670)	-
Decrease in property development costs	12,793,496	18,229,275
Increase in land held for property development	(9,782,250)	-
Decrease in trade and other receivable	21,330,133	13,809,438
Decrease in trade and other payables	(1,338,772)	(12,233,025)
Cash (used in)/generated from operating activities	(3,444,794)	22,271,864
Taxation paid	(4,377,504)	(1,919,266)
Net cash (used in)/generated from operating activities	(7,822,298)	20,352,598

Consolidated Cash Flow Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Purchase of property, plant and equipment		(185,638)	(70,410)
Proceeds from disposal of property, plant and equipment		31,099	2,146,586
Proceeds from disposal of other investment		504,514	-
Purchase of other investments		(5,000)	-
Acquisition of subsidiary companies	26	-	-
Proceeds from disposal of subsidiary company	26(b)(ii)	-	-
Interest received		56,256	639,760
Net cash generated from investing activities		401,231	2,715,936
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase		(117,299)	(185,836)
Drawdown of bank borrowings		15,252,505	5,819,677
Repayment of bank borrowings		(9,762,631)	(20,534,989)
Dividend paid		(1,488,647)	-
Interest paid		(1,565,434)	(1,613,806)
Net cash generated from/(used in) financing activities		2,318,494	(16,514,954)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,102,573)	6,553,580
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		4,843,331	(1,710,249)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 19)		(259,242)	4,843,331

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

Company Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

	2006 RM	2005 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before taxation	(54,701,166)	3,117,212
Adjustments for:		
Depreciation of property, plant and equipment	29,740	32,310
Interest expense	6,399	5,061
Gain on disposal of property, plant and equipment	(867)	-
Gain on disposal of other investment	(4,514)	-
Provision for doubtful debts	48,348,780	-
Provision for diminution in investment	5,700,000	-
Gross dividend income	-	(3,600,000)
Operating loss before working capital changes	(621,628)	(445,417)
Decrease/(increase) in receivables	178,800	(258,425)
Increase/(decrease) in payables	1,507,520	(2,238,507)
Cash generated from/(used in) operating activities	1,064,692	(2,942,349)
Tax refund	-	332,753
Net cash generated from/(used in) operating activities	1,064,692	(2,609,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(38,980)	-
Proceeds from disposal of property, plant and equipment	26,000	-
Proceeds from disposal of other investment	504,514	-
Dividend received	-	2,592,000
Net cash generated from investing activities	491,534	2,592,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(35,826)	(21,663)
Dividend paid	(1,488,647)	-
Interest expense	(6,399)	(5,061)
Net cash used in financing activities	(1,530,872)	(26,724)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	25,354	(44,320)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	12,007	56,327
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 19)	37,361	12,007

Notes to the Financial Statement

FOR THE YEAR ENDED 31 DECEMBER 2006

1. CORPORATE INFORMATION

The principal activities of the Company are investment holding and provision of management services. The principal activities of the subsidiary companies are property development, general contractors, investment holding, real estate management and the provision of project management and administrative services.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Second Board of the Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Utama, 47400 Petaling Jaya, Selangor Darul Ehsan and the principal place of business is at Brem House, Level 3A, Crystal Crown Hotel, No. 12 Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 16 April 2007.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company comply with applicable MASB Approved Accounting Standards in Malaysia for Entities Other Than Private Entities and the provisions of the Companies Act, 1965.

At the beginning of the current financial year, the Group and the Company adopted the new and revised Financial Reporting Standards ("FRS") which became mandatory for financial periods beginning on or after 1 January 2006 as described fully in Note 3.

The financial statements of the Group and of the Company have also been prepared on a historical basis. The financial statements are presented in Ringgit Malaysia (RM).

(b) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Subsidiaries and Basis of Consolidation (cont'd)

(ii) Basis of Consolidation (cont'd)

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the 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 is recognised immediately in profit or loss.

(c) Intangible Assets

(i) Goodwill

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. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Dividend income

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

(ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method in respect of all building units that have been sold as described in Note 2(f)(ii).

(iii) Interest income

Interest is recognised on an accrual basis using the effective interest method.

(iv) Project management and administrative services

Revenue from project management and administrative services is recognised when the service has been rendered and accounted for on accrual basis.

(e) Property, Plant and Equipment and Depreciation

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

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(e) Property, Plant and Equipment and Depreciation (cont'd)

Property, plant and equipment are depreciated on the straight line basis so as to write off the cost of each asset down to its residual value over their estimated useful lives at the following annual rates:

Plant and machinery	10% - 12%
Fixtures, fittings and office equipment	8% - 12%
Renovation	10%
Motor vehicles	16% - 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 and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

(f) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development consists of land where no 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. The policy for the recognition and measurement of impairment losses is in accordance with Note 2(l).

Land held for property development is reclassified as property development costs 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.

(ii) Property Development Costs

Land and development expenses are classified as property development costs when significant development work has been undertaken and is expected to be completed within the normal operating cycle. Property development costs comprises all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

When the financial outcome of a development activity can be reliably estimated, property development revenue and expenses are recognised in the income statement by using the percentage of completion method described in note 2(d)(ii) above. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

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

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

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in, first out method. Cost of finished goods comprise direct materials, direct labour, other direct costs and appropriate production overheads. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

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

(h) Leases

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incident to ownership. All other leases are classified as operating leases.

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

Operating lease payments are recognised as an expense on a straight line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight line basis.

In the case of a lease of land and buildings, the minimum lease payments or the upfront payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and building element for the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight line basis over the lease term.

(i) Provision for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(j) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

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

(k) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leaves 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

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make contributions to the Employees Provident Fund ("EPF").

(iii) Equity compensation benefits

The Company's Employee Share Options Scheme ("ESOS") allows the Group's employees to acquire shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of the revision of original estimates, if any, in the profit and loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share option reserve until the option is exercised, upon which it will be transferred to share premium, or until the option expires, upon which it will be transferred directly to retained earnings.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee Benefits (cont'd)

(iv) Termination benefits

The Group pays termination benefits in cases of termination of employment within the framework of a restructuring. Termination benefits are recognised as a liability and an expense when the Group has a detailed formal plan for the termination and is without realistic possibility of withdrawal.

(l) Impairment of Assets

The carrying amounts of its assets, other than inventories, assets arising from deferred tax assets and financial 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 to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's of CGU's fair value less costs to sell and its value in use. 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or group of units on a pro-rata basis.

An impairment loss is recognised in the income statement in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation for the same asset.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(m) Financial Instruments

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

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

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(i) Cash and Cash Equivalents

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank and deposits at call which have an insignificant risk of changes in value, net of outstanding bank overdrafts

(ii) Trade Receivables

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

(iii) Trade Payables

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

(iv) Other Non-Current Investments

Non-current investments other than investments in subsidiary companies are stated at cost less impairment losses. On disposal of an investment, the difference between net disposal proceeds and its carrying amount is recognised in the income statement.

(v) Interest-Bearing Loans and Borrowings

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

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

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

(vi) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

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

The MASB has issued a number of new and revised FRS and interpretations that are effective for financial periods beginning on or after 1 January 2006. On 1 January 2006, the Group and the Company adopted the following FRSs which became mandatory 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 Estimates and Errors
FRS 110	Events after 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	Investment 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

The Group has not early adopted FRS 117: Leases and FRS 124: Related Party Disclosures for its financial period beginning 1 January 2006.

Except for the changes in accounting policies and their effects as discussed below, the new and revised FRS and Interpretation above do not have any other significant impact on the financial statements of the Group and the Company:

FRS 3: Business Combination, 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 January 2006.

(a) Goodwill

Prior to 1 January 2006, goodwill was amortised on a straight line basis over its estimated useful life not exceeding 10 years. The adoption of FRS 3 and the revised FRS 136 has resulted in the Group ceasing annual goodwill amortisation. 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 policy for goodwill prospectively from 1 January 2006. The transitional provision of FRS 3 also required the Group to eliminate the carrying amount of the accumulated amortisation at 1 January 2006 amounting to RM77,520 against the carrying amount of goodwill. The net carrying amount of goodwill as at 1 January 2006 of RM116,290 ceased to be amortised thereafter.

Because the revised accounting policy has been applied prospectively, the changes has no impact on amounts reported for 2005 or prior periods.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

3. CHANGES IN ACCOUNTING POLICIES AND EFFECTS ARISING FROM ADOPTION OF NEW AND REVISED FRS (cont'd)

FRS 3 : Business combination, FRS 136 : Impairment of Assets and FRS 138 : Intangible Assets (cont'd)

(b) Excess of Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as negative goodwill)

Prior to 1 January 2006, negative goodwill was amortised over the weighted average useful life of the non-monetary assets acquired, except to the extent it relates to identified expected future losses as at the date of acquisition. In such cases, it was recognised in profit and loss as those expected losses were incurred. Under FRS 3, any excess of the Group's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the acquisitions, after reassessment, is now recognised immediately in the income statement. In accordance with the transitional provisions of FRS3, the negative goodwill as at 1 January 2006 of RM3,011,949 was derecognised with a corresponding increase in retained earnings.

Because the revised accounting policy has been applied prospectively, the changes has no impact on amounts reported for 2005 or prior periods.

(c) Accounting for acquisitions

Prior to 1 January 2006, the Group did not recognise separately the acquiree's contingent liabilities at the acquisition date as part of allocating the cost of a business combination. Upon the adoption of FRS 3, contingent liabilities are now separately recognised, provided their fair values can be measured reliably.

The change did not materially affect the financial statements of the Group and the Company.

Standards And Interpretations Issued But Not Yet Effective

At the date of authorisation of these financial statements, the following FRS, amendments to FRS and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRS, Amendments to FRS and Interpretations	Effective for financial periods beginning on or after
FRS 139: Financial Instruments: Recognition and Measurement	Deferred
FRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2007
Amendment to FRS 119 ₂₀₀₄ : Employee 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
IC Interpretation 1: Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 July 2007
IC Interpretation 2: Members' Shares in Co-operative Entities and Similar Instruments	1 July 2007
IC Interpretation 5: Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 July 2007
IC Interpretation 6: Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	1 July 2007
IC Interpretation 7: Applying the Restatement Approach under FRS 129 ₂₀₀₄ Financial Reporting in Hyperinflationary Economies	1 July 2007
IC Interpretation 8: Scope of FRS 2	1 July 2007

The above FRS, amendments to FRS and Interpretations are expected to have no significant impact on the financial statements of the Group and the Company upon their initial application.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

4. REVENUE

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

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Sale of properties	34,342,530	63,936,664	-	-
Management fees from subsidiaries	-	-	-	150,000
Support service fees	-	-	767,000	781,000
Gross dividend from subsidiary	-	-	-	3,600,000
Management fee from third party	166,883	74,797	-	-
	34,509,413	64,011,461	767,000	4,531,000

5. COST OF SALES

Cost of sales of the Group represents cost of inventories sold, cost of services provided, contract costs recognised as an expense and property development costs.

6. (LOSS)/PROFIT BEFORE TAXATION

The following amounts have been included in arriving at (loss)/profit before tax:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Auditors' remuneration:				
- Group auditors				
- current	60,000	60,000	36,000	36,000
- Other auditors				
- current	37,100	38,200	-	-
- over-provision in the prior year	(1,000)	-	-	-
Bad debts written off	-	3,017	-	-
Provision for doubtful debts	475,378	-	48,348,780	-
Provision for diminution in investment	-	-	5,700,000	-
Depreciation	386,248	388,289	29,740	32,310
Property, plant and equipment written off	-	27	-	-
Rental of buildings	215,820	225,820	65,640	65,640
Staff costs (Note a)	2,467,577	2,412,374	1,020,669	1,010,589
Goodwill amortised	-	19,380	-	-
Loss on disposal of property, plant and equipment	4,175	1,228	-	-
Impairment of inventories	-	120,000	-	-
Impairment of goodwill	116,290	-	-	-
Gain on disposal of property, plant and equipment	(5,865)	(295,548)	(867)	-
Rental income	(68,900)	(67,721)	-	-
Gain on disposal of other investment	(4,514)	-	(4,514)	-
Interest income	(56,256)	(639,760)	-	-
Amortisation of reserve on consolidation (Note 23)	-	(513,929)	-	-
Gross dividend from subsidiary	-	-	-	(3,600,000)
Doubtful debts recovered on trade debts	-	(6,036)	-	-

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
(a) Staff costs				
Wages and salaries	2,211,547	2,143,348	946,946	937,118
Social security contribution	14,426	13,684	1,745	1,530
Short term accumulating compensated absences	(1,195)	38,243	788	2,089
Contribution to defined contribution plan	201,246	194,842	54,534	53,340
Other staff related expenses	41,553	22,257	16,656	16,512
	2,467,577	2,412,374	1,020,669	1,010,589
(b) Directors' Remuneration				
Directors of the Company				
Executive:				
Salaries and other emoluments	552,000	552,000	552,000	552,000
Fees	60,000	60,000	60,000	60,000
Bonus	46,000	46,000	46,000	46,000
Contribution to defined contribution plan	32,760	32,760	32,760	32,760
Benefits-in-kind	39,200	39,200	14,200	14,200
	729,960	729,960	704,960	704,960
Non - Executive:				
Fees	120,000	120,000	120,000	120,000
Allowances	9,000	9,300	9,000	9,300
	129,000	129,300	129,000	129,300
Directors of Subsidiaries				
Executive:				
Salaries and other emoluments	215,353	256,239	-	-
Social security contribution	-	212	-	-
Contribution to defined contribution plan	22,732	27,652	-	-
Benefits-in-kind	8,800	8,800	-	-
	246,885	292,903	-	-
Grand Total	1,105,845	1,152,163	833,960	834,260
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	928,845	974,863	690,760	690,760
Total non-executive directors' remuneration	129,000	129,300	129,000	129,300
Total directors' remuneration excluding benefits-in-kind	1,057,845	1,104,163	819,760	820,060

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

6. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(b) Directors' Remuneration (cont'd)

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

	Number of Directors			
	2006		2005	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Directors of the Company				
RM50,000 and below	-	4	-	4
RM50,000-RM100,000	-	-	-	-
RM100,001-RM150,000	-	-	-	-
RM150,001-RM200,000	-	-	-	-
RM200,001-RM250,000	-	-	-	-
RM250,001-RM300,000	-	-	-	-
RM300,001-RM350,000	1	-	1	-
RM350,001-RM400,000	1	-	1	-
Other Directors				
RM50,000 and below	1	-	3	-
RM50,001-RM100,000	-	-	-	-
RM100,001-RM150,000	-	-	-	-
RM150,001-RM200,000	-	-	-	-
RM200,000-RM250,000	1	-	1	-

7. FINANCE COST

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Interest expense on:				
- bank charges	104,261	28,280	-	-
- bank borrowings	1,410,334	1,535,994	-	-
- hire purchase	50,839	49,532	6,399	5,061
	1,565,434	1,613,806	6,399	5,061
Less interest expense capitalised in qualifying assets:				
Property development costs (Note 16)	(775,583)	(859,062)	-	-
	789,851	754,744	6,399	5,061

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

8. TAXATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Income tax:				
Malaysian income tax	198,730	1,926,282	-	1,008,000
Adjustment for prior year	138,545	3,700	-	-
Deferred tax:				
- Relating to origination and reversal of temporary differences	(1,516,227)	(395,239)	-	-
	(1,178,952)	1,534,743	-	1,008,000

Domestic income tax is calculated at the Malaysian statutory tax rate of 28% (2005: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 27% from the current year's rate of 28%, effective year of assessment 2007 and to 26% effective year of assessment 2008. Certain subsidiaries of the Group qualify for income tax rate of 20% for the first RM500,000 (2005: RM500,000) chargeable income for small and medium scale companies in accordance with the Income Tax Act 1967.

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

	GROUP	
	2006 RM	2005 RM
(Loss)/profit before taxation	(9,887,699)	5,824,666
Taxation at Malaysian statutory tax rate of 28% (2005:28%)	(2,768,556)	1,630,907
Effect of different tax rate of 20% (2005:20%) on the first RM500,000 (2005: RM500,000) of chargeable income for qualified small and medium enterprises	(100,569)	(100,638)
Net expenses not deductible for tax purposes	612,813	593,207
Effect of reversal of taxable temporary differences	163,419	297,960
Difference in recognition of revenue by tax authorities and by the Group	612,631	560,543
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(779,391)	(1,582,661)
Deferred tax assets not recognised during the year	942,156	131,725
Adjustment for prior year income tax	138,545	3,700
Tax expense for the year	(1,178,952)	1,534,743

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

8. TAXATION (cont'd)

	COMPANY	
	2006 RM	2005 RM
(Loss)/profit before taxation	(54,701,166)	3,117,212
Taxation at Malaysian statutory tax rate of 28% (2005:28%)	(15,316,326)	872,819
Expenses not deductible for tax purposes	15,160,268	17,250
Deferred tax assets not recognised during the year	156,058	9,931
Effect of reversal of taxable temporary differences	-	108,000
Tax expense for the year	-	1,008,000

Deferred tax assets not recognised are as follows:

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Unabsorbed capital allowances carried forward	6,167,580	7,552,994	111,733	79,239
Unutilised tax losses carried forward	51,134,839	49,804,095	1,733,138	1,175,786

9. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	GROUP	
	2006 RM	2005 RM
Net (loss)/profit for the year (RM)	(8,708,747)	4,289,923
Weighted average number of ordinary shares in issue	206,756,497	206,756,497
Basic (loss)/earnings per share (sen)	(4.21)	2.07

(b) Diluted

The entitlement of the share option and entitlement date of the Employee Share Option Scheme have not been fixed and as such, the effect of the share option is not included in the calculation on the earnings per share.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

10. PROPERTY, PLANT & EQUIPMENT

GROUP

At 31 December 2006

AT COST	Freehold	Long	Short	Buildings	Plant and	Fixtures, fittings and office	Motor	Renovation	Total
	land	leasehold	leasehold						
	land	land	land						
RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 January	-	-	-	-	74,830	661,073	1,649,626	330,181	2,715,710
Additions	-	-	-	-	-	11,638	144,000	30,000	185,638
Written off	-	-	-	-	-	(3,500)	-	-	(3,500)
Disposals	-	-	-	-	-	(6,130)	(140,797)	-	(146,927)
At 31 December	-	-	-	-	74,830	663,081	1,652,829	360,181	2,750,921

ACCUMULATED DEPRECIATION

At 1 January	-	-	-	-	18,980	481,160	993,670	220,567	1,714,377
Depreciation for the year	-	-	-	-	7,181	43,086	307,826	28,155	386,248
Written off	-	-	-	-	-	(3,500)	-	-	(3,500)
Disposals	-	-	-	-	-	(1,855)	(115,663)	-	(117,518)
At 31 December	-	-	-	-	26,161	518,891	1,185,833	248,722	1,979,607

NET CARRYING AMOUNT

At 31 December 2006	-	-	-	-	48,669	144,190	466,996	111,459	771,314
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GROUP

At 31 December 2005

AT COST	Freehold	Long	Short	Buildings	Plant and	Fixtures, fittings and office	Motor	Renovation	Total
	land	leasehold	leasehold						
	land	land	land						
RM	RM	RM	RM	RM	RM	RM	RM	RM	
At 1 January	533,256	980,565	-	1,801,562	74,830	666,610	1,639,354	330,181	6,026,358
Additions	-	-	-	-	-	11,630	58,780	-	70,410
Written off	-	-	-	-	-	(15,467)	-	-	(15,467)
Disposals	(533,256)	(980,565)	-	(1,801,562)	-	(1,700)	(48,508)	-	(3,365,591)
At 31 December	-	-	-	-	74,830	661,073	1,649,626	330,181	2,715,710

ACCUMULATED DEPRECIATION

At 1 January	159,977	450,293	-	858,998	11,724	446,438	734,496	192,927	2,854,853
Depreciation for the year	-	1,707	-	13,141	7,256	50,431	288,114	27,640	388,289
Written off	-	-	-	-	-	(15,440)	-	-	(15,440)
Disposals	(159,977)	(452,000)	-	(872,139)	-	(269)	(28,940)	-	(1,513,325)
At 31 December	-	-	-	-	18,980	481,160	993,670	220,567	1,714,377

NET CARRYING VALUE

At 31 December 2005	-	-	-	-	55,850	179,913	655,956	109,614	1,001,333
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Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

10. PROPERTY, PLANT & EQUIPMENT (cont'd)

COMPANY

At 31 December 2006

AT COST

	Motor vehicles RM	Fixtures, fittings and office equipment RM	Renovation RM	Total RM
At 1 January	120,775	49,710	31,836	202,321
Additions	38,980	-	-	38,980
Disposal	(58,000)	-	-	(58,000)
At 31 December	101,755	49,710	31,836	183,301

ACCUMULATED DEPRECIATION

At 1 January	69,645	16,016	10,248	95,909
Depreciation for the year	21,586	4,971	3,183	29,740
Disposal	(32,867)	-	-	(32,867)
At 31 December	58,364	20,987	13,431	92,782

NET CARRYING VALUE

At 31 December 2006	43,391	28,723	18,405	90,519
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At 31 December 2005

AT COST

At 1 January	120,775	49,710	31,836	202,321
Additions	-	-	-	-
Disposal	-	-	-	-
At 31 December	120,775	49,710	31,836	202,321

ACCUMULATED DEPRECIATION

At 1 January	45,490	11,045	7,064	63,599
Depreciation for the year	24,155	4,971	3,184	32,310
Disposal	-	-	-	-
At 31 December	69,645	16,016	10,248	95,909

NET CARRYING VALUE

At 31 December 2005	51,130	33,694	21,588	106,412
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The net book values of motor vehicles of the Group and Company acquired under hire purchase agreements amounted to RM 322,262 (2005: RM580,423) and RM11,509 (2005: RM51,130) respectively.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

11. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP

At Cost:

At 1 January 2006
 Additions
 Disposals
 Written off
 Transfer (to)/from property development costs

	Freehold Land RM	Leasehold RM	Total RM
At 1 January 2006	-	25,559,025	25,559,025
Additions	9,938,452	2,000	9,940,452
Disposals	-	-	-
Written off	-	(158,202)	(158,202)
Transfer (to)/from property development costs	-	-	-
At 31 December 2006	9,938,452	25,402,823	35,341,275

At Cost:

At 1 January 2005
 Additions
 Disposals
 Written off
 Transfer (to)/from property development costs

At 1 January 2005	-	25,559,025	25,559,025
Additions	-	-	-
Disposals	-	-	-
Written off	-	-	-
Transfer (to)/from property development costs	-	-	-
At 31 December 2005	-	25,559,025	25,559,025

Leasehold Land

On 9 May 1995, Menteri Besar Negeri Sembilan (Incorporation) entered into an agreement with Budaya Identiti Sdn. Bhd. ("Budaya"), a wholly owned subsidiary of the Company, to develop a piece of land in Tampin, Negeri Sembilan. The said leasehold land of the Group is held at a carrying value of RM25,402,823 (2005 : RM25,400,823). In accordance with the terms of the agreement, Budaya shall pay premium, quit rent and other related expenses in respect of the transfer of the land title. Budaya shall also pay RM2.2 million plus 10% net profit in the first year only from the development to the Menteri Besar Negeri Sembilan (Incorporation). On 24 July 2003 and 8 September 2003, the Menteri Besar Negeri Sembilan (Incorporation) and Budaya agreed to a new arrangement which restructured the expenses to be paid by Budaya in respect of the transfer of the land title. Budaya shall pay RM500,000 (previously RM2,200,000) and 15% (previously 10%) net profit for the first year only from the development to the Menteri Besar Negeri Sembilan (Incorporation).

Pursuant to the above, Budaya had on 8 February 2007, made the payment of RM500,000 to the Menteri Besar Negeri Sembilan (Incorporation).

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

12. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2006 RM	2005 RM
Unquoted investment, at cost:	111,506,990	111,506,990
Less: Impairment loss	(16,747,992)	(11,047,992)
	94,758,998	100,458,998
Amount due from subsidiary companies	90,915,041	90,788,841
Less: Provision for doubtful debts	(48,498,160)	(149,380)
	42,416,881	90,639,461
Amount due to subsidiary companies	5,349,133	3,808,888

Included in the amount due from subsidiary companies are amounts owing from UH Industries & Development Sdn. Bhd. and Dove Industries Sdn. Bhd., wholly owned subsidiaries of the Company, of RM42,870,589 (2004: RM42,870,589) and RM5,478,191 (2004: RM5,477,142) respectively. The Board of Directors have reviewed the carrying amounts of the above and have made provisions for debts owing by the subsidiary companies amounting to RM48,348,780 for the financial year ended 31 December 2006. The Board of Directors will continue to monitor the recoverability of the other inter company debts for indications of impairment.

The amount owing by the subsidiary companies arose from the Rescue cum Debt Restructuring Exercise ("Exercise") which the Company undertook in 2002 as part of the Group's restructuring exercise whereby the Company settled the restructured liabilities of the said subsidiary companies. Pursuant to the Exercise, the Company issued a total of 32,488,497 ordinary shares of RM1.00 each together with a cash payment of RM13,500,000 to the lenders of the subsidiary companies, while a balance of RM10,500,000 was settled to the lenders of the subsidiary companies under a repayment scheme, which was fully settled in February 2005.

The provisions for debts made in the financial year ended 31 December 2006 in respect of the amounts owing by the subsidiary companies have no impact on the Group's financial statements.

The amounts due from and due to subsidiary companies are unsecured, interest-free and have no fixed terms of repayment.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

12. INVESTMENT IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held	
			2006 %	2005 %
UH Industries & Development Sdn. Bhd.	Property development and provision of project management and administrative services	Malaysia	100	100
UH Capital Sdn. Bhd.	Property development	Malaysia	100	100
+ Bertam Development Sdn. Bhd.	Property development, investment holding and general contractors	Malaysia	100	100
+ Budaya Identiti Sdn. Bhd.	Property development	Malaysia	100	100
+ Syarikat Sungei Buan Sdn. Bhd.	Property development	Malaysia	100	100
Dove Industries Sdn. Bhd.	Temporarily ceased operations	Malaysia	100	100
UH Trading (Johore) Sdn. Bhd.	Temporarily ceased operations	Malaysia	100	100
UH Trading (Melaka) Sdn. Bhd.	Temporarily ceased operations	Malaysia	100	100
UH Trading (K.L.) Sdn. Bhd.	Temporarily ceased operations	Malaysia	100	100
Bertam Minetech Sdn. Bhd.	Temporarily ceased operations	Malaysia	100	100
Subsidiaries of Bertam Development Sdn. Bhd.:				
+ Brem Park Management Sdn. Bhd.	Real estate management	Malaysia	100	100
+ Sunrise Avenue Sdn. Bhd.	Property development	Malaysia	100	100
+ Sepakat Heights Sdn. Bhd.	Property development	Malaysia	100	100
+ Gunung Jaya Sdn. Bhd.	Property development	Malaysia	100	100

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

12. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held	
			2006 %	2005 %
+ Antara Megah Sdn. Bhd.	Property development	Malaysia	100	100
+ Bintang Urusjuta (M) Sdn. Bhd.	Property development	Malaysia	100	100
+ Legacy Mega Development Sdn. Bhd.	Property development	Malaysia	100	100
Subsidiaries of Antara Megah Sdn. Bhd.:				
+ Perikatan Progresif Sdn. Bhd.	Dormant	Malaysia	100	100
+ Tabur Bakti Sdn. Bhd.	Property development	Malaysia	100	100
+ Suria Pertiwi Sdn. Bhd.	Property development	Malaysia	100	100
Subsidiary of Syarikat Sungei Buan Sdn. Bhd.:				
+ MV Properties Sdn. Bhd.	Property development	Malaysia	100	-

All the companies are audited by Ernst & Young Malaysia except for those marked + are audited by other firms in Malaysia.

13. OTHER INVESTMENTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Marketable securities in Malaysia, at cost	-	500,000	-	500,000
Club membership, at cost	66,000	61,000	-	-
	66,000	561,000	-	500,000
Allowance for diminution in value	-	-	-	-
	66,000	561,000	-	500,000
Market value of marketable securities	-	465,172	-	465,172

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

14. GOODWILL ON CONSOLIDATION

Excess of consideration over fair value of net assets of a subsidiary company acquired:

Goodwill on consolidation, at cost
 Less: Accumulated amortisation of goodwill
 Impairment of goodwill

GROUP	
2006 RM	2005 RM
116,290	193,810
-	(77,520)
(116,290)	-
-	116,290

15. ASSETS HELD FOR SALE

Freehold land, at cost
 Leasehold land, at cost

GROUP	
2006 RM	2005 RM
10,845,737	-
122,933	-
10,968,670	-

On 5 December 2006, UH Industries & Development Sdn. Bhd. entered into a Sale and Purchase Agreement with Sanubari Sejahtera Sdn. Bhd., a wholly-owned subsidiary of PJD Realty Sdn. Bhd. to dispose of five (5) pieces of land located in Mukim Sungai Karang, Daerah Kuantan, Pahang for a total consideration of RM14,751,863. Sales proceeds totalling RM10,251,863 are payable by three instalments within 21 months from the date of the Sale and Purchase Agreement while the balance of RM4,500,000 is payable within 60 months from the date of the Sale and Purchase Agreement.

The disposal is subject to the approval of the consent to transfer from the state authority and is expected to be completed in the financial year ending 31 December 2007.

16. PROPERTY DEVELOPMENT COSTS

Property development costs at 1 January:
 Land
 Development costs

Costs incurred during the year:
 Land
 Development costs

GROUP	
2006 RM	2005 RM
91,464,357	109,826,512
88,470,371	152,086,505
179,934,728	261,913,017
8,020,500	2,446,687
26,463,607	39,256,119
34,484,107	41,702,806

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

16. PROPERTY DEVELOPMENT COSTS (cont'd)

	GROUP	
	2006 RM	2005 RM
Cost recognised in income statement:		
As at 1 January:	80,224,832	140,918,548
Recognised during the year	32,417,428	56,317,470
As at 31 December:	112,642,260	197,236,018
Transfers to inventories	(8,781,114)	(1,366,431)
	(8,781,114)	(1,366,431)
Property Development costs at 31 December	92,995,461	105,013,374

Included in the property development costs incurred during the year are the following expenses:

	GROUP	
	2006 RM	2005 RM
Interest expense (Note 7)	775,583	859,062
Hire of equipment	-	25,020

Certain land under development at cost of RM63,938,987 (2005 : RM69,251,565) of the Group have been charged as securities for banking facilities extended to the Group as referred to in Note 21 to the financial statements.

Included in the land cost, is a land valued at RM1,606,275 in a subsidiary company, UH Industries & Development Sdn. Bhd. attributable to the Taman Duyong Permai property development joint venture project and the land is registered in the name of GJH Development Sdn Bhd., and unrelated party. The land is charged to a financial institution for credit facilities extended to GJH Development Sdn. Bhd.

Pursuant to the joint venture project, UH Industries & Development Sdn. Bhd. undertakes to carry out the development of the said land as a residential development.

17. INVENTORIES

	GROUP	
	2006 RM	2005 RM
Cost		
Properties held for sale	11,743,702	6,573,526
Net Realisable Value		
Properties held for sale	5,542,581	3,416,418
	17,286,283	9,989,944

Properties held for sale of the Group of NIL (2005 : RM3,210,977) are pledged to financial institutions for banking facilities extended to the Group as disclosed in Note 21 to the financial statements.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

18. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade receivables	36,705,390	48,948,018	-	-
Accrued billings in respect of property development costs	-	4,668,124	-	-
	36,705,390	53,616,142	-	-
Less: Provision for doubtful debts	(18,517,993)	(18,128,291)	-	-
	18,187,397	35,487,851	-	-
Other receivables and prepayments	3,039,595	7,687,001	1,000	306,000
Tax Recoverable	214,430	72,081	128,257	128,257
	21,441,422	43,246,933	129,257	434,257

The Group's normal trade credit term ranges from 14 to 90 days. Other credit terms are assessed and approved on a case-by-case basis. The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

Included in trade receivables of the Group is RM1,225,298 (2005: RM1,225,298) owing by Brem Holding Berhad, a substantial shareholder of the Company.

19. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Cash on hand and at bank (Note a)	1,042,915	6,261,607	37,361	12,007
Deposits with licensed banks (Note b)	2,200	30,510	-	-
Cash and Bank Balances	1,045,115	6,292,117	37,361	12,007
Bank overdrafts (Note 21)	(1,304,357)	(1,448,786)	-	-
Cash and cash equivalents	(259,242)	4,843,331	37,361	12,007

(a) Included in cash and bank balances for the Group is an amount of RM704,510 (2005: RM3,336,514) held under the Housing Development (Housing Development Account) Regulations, 1991 and therefore restricted from use in other operations.

(b) Included in the Group's deposits with licensed banks are deposits of RM2,200 (2005: RM30,510) pledged to licensed banks as collateral for banking facilities granted to the Group as disclosed in Note 21 to the financial statements. The pledged deposits amounting to NIL (2005: RM22,910) are registered in the name of certain directors and a third party.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

19. CASH AND CASH EQUIVALENTS (cont'd)

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2006 were as follows:

	GROUP	
	2006 RM	2005 RM
Licensed banks		
Weighted average interest rates (%)	3.0	3.0
Average maturity days	365	365

20. TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Trade payables	6,710,020	12,177,111	-	-
Contract retention amount	288,403	640,412	-	-
Progress billings in respect of property development costs	990,297	1,423,855	-	-
Accruals	2,595,263	395,790	219,195	251,920
Amount due to Directors	4,500	4,500	-	-
Other payables	9,658,849	6,944,436	-	-
	20,247,332	21,586,104	219,195	251,920

The normal trade credit term granted to the Group ranges from 14 days to 90 days. Other payables are unsecured, interest free and with no fixed term of repayment.

Included in trade payables of the Group are as follows:

- (i) Amount owing to a company in which a director has substantial financial interest of NIL (2005: RM333,111).
- (ii) RM428,000 (2005: RM4,082,872) owing to Suasa Tegas Sdn. Bhd, a company in which a director of a subsidiary company, Teh Kim Teck and a director of the Company, Tan Ai Tong have interest.
- (iii) RM969,556 (2005: RM875,546) owing to Brem Holding Berhad, a substantial shareholder of the Company.

Included in other payables of the Group are as follows:

- (i) RM1,516,570 (2005: RM1,516,570) owing to Brem Development Sdn. Bhd. a shareholder of the Company.
- (ii) RM133,954 (2005: RM133,954) owing to an individual, a related party who has substantial financial deemed interest in the Company.
- (iii) Deposit of RM2,251,865 paid by Sanubari Sejahtera Sdn. Bhd., a wholly-owned subsidiary of PJD Realty Sdn. Bhd. in relation to the disposal of five (5) pieces of land located in Mukim Sungai Karang, Daerah Kuantan, Pahang.
- (iv) RM2,243,931 owing to Hamdy Bin Abdul Basek in relation to the acquisition of six (6) pieces of land located in Mukim Sungai Karang, Daerah Kuantan, Pahang.

Included in accruals of the Group and of the Company are provision for directors fees of RM180,000 (2005: RM180,000).

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

21. BORROWINGS

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Short Term Borrowings				
Secured:				
Revolving credits (Note a)	500,000	1,139,048	-	-
Term loans (Note a)	1,216,584	2,692,584	-	-
Bank overdraft (Note b)	1,304,357	1,448,786	-	-
Hire purchase payables (Note c)	129,675	190,376	10,681	21,663
Total	3,150,616	5,470,794	10,681	21,663
Long Term Borrowings				
Secured:				
Revolving credits (Note a)	1,600,000	2,100,000	-	-
Term loans (Note a)	12,638,477	4,533,555	-	-
Hire purchase payables (Note c)	317,293	373,891	-	24,844
Total	14,555,770	7,007,446	-	24,844
Total Borrowings				
Secured:				
Revolving credits (Note a)	2,100,000	3,239,048	-	-
Term loans (Note a)	13,855,061	7,226,139	-	-
Bank overdraft (Note b)	1,304,357	1,448,786	-	-
Hire purchase payables (Note c)	446,968	564,267	10,681	46,507
Total	17,706,386	12,478,240	10,681	46,507
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	3,020,941	5,280,418	-	-
More than 1 year and less than 2 years	9,138,477	3,192,584	-	-
More than 2 years and less than 5 years	5,100,000	3,340,971	-	-
More than 5 years	-	100,000	-	-
Total	17,259,418	11,913,973	-	-

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

21. BORROWINGS (cont'd)

The weighted average effective interest rates at the balance sheet date for borrowings, excluding hire purchase, were as follows:

	GROUP	
	2006 RM	2005 RM
Bank overdraft	8.5 - 8.75	7.0 - 8.0
Revolving credits	8.75	8.0 - 9.5
Bankers' acceptances	-	7.0
Bridging loans	-	7.5 - 8.0
Term loans	8.5 - 8.75	8.0

(a) The revolving credits and term loans are secured as follows:

- (i) Legal charges over certain land under development of the Group as disclosed in Note 16 to the financial statements;
- (ii) Jointly and severally guaranteed by certain directors of the Group;
- (iii) Corporate guarantee of the Company;
- (iv) Loan agreement cum assignment and legal charges over the inventories of completed properties of the Group as disclosed in Note 16 to the financial statements; and

The revolving credit and certain term loans of the Group are repayable on demand, otherwise by sales proceeds from project or by redemption of units, whichever is first available.

The term loans are repayable:

- (i) in equal monthly instalments of RM123,000 each commencing 14 December 2003; and
- (ii) in equal monthly instalments of RM101,382 each commencing 31 August 2004.

(b) The bank overdraft is secured as follows:

- (i) legal charges over certain properties under development of the Group as disclosed in Note 16 to the financial statements;
- (ii) by way of legal assignment of a Housing Development Account of a development project;
- (iii) joint and severally guaranteed by certain directors of the Group; and
- (iv) corporate guarantee of the Company.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

21. BORROWINGS (cont'd)

(c) Hire purchase payables

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Minimum hire purchase payments:				
Not later than 1 year	158,273	235,365	12,685	26,721
Later than 1 year and not later than 2 years	105,792	155,653	-	26,721
Later than 2 years and not later than 5 years	225,842	230,422	-	4,203
Later than 5 years	17,973	38,791	-	-
	507,880	660,231	12,685	57,645
Less: Future finance charges	(60,912)	(95,964)	(2,004)	(11,138)
	446,968	564,267	10,681	46,507
Analysed as:				
Due within 12 months	129,675	190,376	10,681	21,663
Due after 12 months	317,293	373,891	-	24,844
	446,968	564,267	10,681	46,507

22. SHARE CAPITAL

Group and Company

	Number of Ordinary shares of RM1.00 each	
	2006 RM	2005 RM
Authorised		
At 1 January / 31 December	1,000,000,000	1,000,000,000
Issued and fully paid		
At 1 January / 31 December	206,756,497	206,756,497

- (a) On 3 October 2002, the Company proposed to establish an Employees' Share Option Scheme ("ESOS") which is governed by the by-laws and was approved by the shareholders at an Extraordinary General Meeting held on 10 January 2003 and the Securities Commission on 22 November 2002.

The main features of the ESOS are as follows:

- (i) The ESOS shall be in force for a period of five (5) years from the date of the receipt of the last of the requisite approvals.
- (ii) Eligible persons are employees of the Group (including executive directors) who have been employed by and is on the payroll of a company within the Group. The eligibility for participation in the ESOS shall be at the discretion of the Options Committee appointed by the Board of Directors.
- (iii) The total number of shares to be offered shall not exceed in aggregate 10% of the issued share capital of the Company at any point of time during the tenure of the ESOS.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

22. SHARE CAPITAL (cont'd)

- (iv) The exercise price for each option share shall be the higher of the following:
- at a discount of not more than 10% from the weighted average market quotation of the shares as shown in the daily official list issued by the Bursa Malaysia Securities Berhad for the five (5) trading days preceding the date of offer; or
 - the par value of the shares.
- (v) No offer shall be made for less than 1,000 shares but more than 20% of the total new shares of the Company available under the ESOS.
- (vi) An option granted under the ESOS shall be capable of being exercised by the grantee by notice in writing to the Company commencing from the date of the offer but before the expiry of the five (5) years from the date of the receipt of the last of the requisite approvals.
- (vii) The number of shares under option or the option price or both so far as the option remains unexercised may be adjusted following any alteration in the capital structure of the Company by way of capitalisation of profit or reserves, rights issue, bonus issue, reduction, subdivision or consolidation of capital.

During the Extraordinary General Meeting convened on 10 January 2003, the shareholders had voted for the approval of a maximum allocation of:

- 2,000,000 new ordinary shares to Ng Sing Hwa, a substantial shareholder and Executive Chairman of the Company and director of certain subsidiary companies of the Group;
- 2,000,000 new ordinary shares to Tan Ai Tong, an indirect shareholder and Managing Director of the Company and director of certain subsidiary companies of the Group; and
- 500,000 new ordinary shares to Teh Kim Teck, a shareholder and director of certain subsidiary companies of the Group.

As at the balance sheet date, no options have been offered or granted to any eligible employee of the Group.

23. RESERVES

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Non-distributable:				
Reserve on consolidation	-	3,011,949	-	-
Distributable:				
Accumulated losses	(72,492,781)	(65,307,336)	(74,902,490)	(18,712,677)
	(72,492,781)	(62,295,387)	(74,902,490)	(18,712,677)

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

23. RESERVES (cont'd)

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Reserve on Consolidation				
Cost:				
At 1 January/ 31 December	10,739,205	10,739,205	-	-
Accumulated amortisation:				
At 1 January	7,727,256	7,213,327	-	-
Amortisation during the year	-	513,929	-	-
Transferred to accumulated losses	3,011,949	-	-	-
	10,739,205	7,727,256	-	-
At 31 December	-	3,011,949	-	-

24. DEFERRED TAXATION

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
At 1 January	8,798,727	9,193,966	-	-
Transfer to income statement	(1,516,227)	(395,239)	-	-
At 31 December	7,282,500	8,798,727	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(1,837)	(4,184)	(1,837)	(1,837)
Deferred tax liabilities	7,284,337	8,802,911	1,837	1,837
	7,282,500	8,798,727	-	-

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

24. DEFERRED TAXATION (cont'd)

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	GROUP Property, Plant and Equipment RM
As at 1 January 2006	8,802,911
Recognised in income statement	(1,518,574)
As at 31 December 2006	7,284,337
As at 1 January 2005	9,393,485
Recognised in income statement	(590,574)
As at 31 December 2005	8,802,911

Deferred tax assets of the Group:

	GROUP		
	Tax Losses and Unabsorbed Capital Allowances RM	Others RM	Total RM
As at 1 January 2006	(23,248)	19,064	(4,184)
Recognised in income statement	(2,347)	-	(2,347)
As at 31 December 2006	(20,901)	19,064	(1,837)
As at 1 January 2005	(218,583)	19,064	(199,519)
Recognised in income statement	195,335	-	195,335
As at 31 December 2005	(23,248)	19,064	(4,184)

Deferred tax liabilities of the Company:

	COMPANY Property, Plant and Equipment RM
As at 1 January 2006	1,837
Recognised in income statement	-
As at 31 December 2006	1,837
As at 1 January 2005	492
Recognised in income statement	1,345
As at 31 December 2005	1,837

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

24. DEFERRED TAXATION (cont'd)

Deferred tax assets of the Company:

	COMPANY Tax Losses and Unabsorbed Allowances RM
As at 1 January 2006	(1,837)
Recognised in income statement	-
As at 31 December 2006	(1,837)
As at 1 January 2005	(492)
Recognised in income statement	(1,345)
As at 31 December 2005	(1,837)

25. DIVIDEND

	Dividends in respect of Year		Dividends Recognised in Year	
	2006 RM	2005 RM	2006 RM	2005 RM
Recognised during the year:				
Final dividend for 2005:				
1% less 28% taxation, on 206,756,497 ordinary shares	-	1,488,647	1,488,647	-
	-	1,488,647	1,488,647	-

A final dividend in respect of the financial year ended 31 December 2005, of 1 sen per share less 28% taxation on 206,756,497 ordinary shares, amounting to a net dividend payable of RM1,488,647 was approved by the shareholders on 24 May 2006 and was paid on 21 June 2006.

The Directors do not recommend the payment of a dividend in respect of the financial year ended 31 December 2006.

26. ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES

(a) MV Properties Sdn. Bhd.

On 17 February 2006, a wholly owned subsidiary of the Company, Syarikat Sungei Buan Sdn. Bhd., acquired the entire equity interest which comprises two (2) ordinary shares of RM1.00 each in MV Properties Sdn. Bhd. for a cash consideration of RM2.

The cost of acquisition comprised of the following:

	RM
Purchase consideration satisfied by cash	2
Cash of subsidiary company acquired	(2)
Net cash outflow from the acquisition of subsidiary company	-

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

26. ACQUISITION AND DISPOSAL OF SUBSIDIARY COMPANIES (cont'd)

(b) Sanubari Sejahtera Sdn. Bhd.

(i) Acquisition

On 11 September 2006, a wholly owned subsidiary of the Company, UH Industries & Development Sdn. Bhd., acquired the entire equity interest which comprises two (2) ordinary shares of RM1.00 each in Sanubari Sejahtera Sdn. Bhd. for a cash consideration of RM2.

The cost of acquisition comprised of the following:

	RM
Purchase consideration satisfied by cash	2
Cash of subsidiary company acquired	(2)
Net cash outflow from the acquisition of subsidiary company	-

(ii) Disposal

On 22 November 2006, UH Industries & Development Sdn. Bhd. entered into a Shares Sale Agreement with PJD Realty Sdn. Bhd. to dispose of the entire equity interest which comprises two (2) ordinary shares of RM1.00 each in Sanubari Sejahtera Sdn. Bhd. for RM2.

Proceed from the disposal comprised the following:

	RM
Cash consideration	2
Cash and cash equivalents of the subsidiary company	(2)
	-

The above acquisition and disposal of subsidiary companies have no significant effects on the results or financial position of the Group for the year under review.

27. CONTINGENT LIABILITIES AND MATERIAL LITIGATION

Contingent Liabilities

	GROUP		COMPANY	
	2006 RM	2005 RM	2006 RM	2005 RM
Secured:				
(a) Bank guarantees provided to third parties (Note i)	-	22,910	-	-
Unsecured:				
(b) Guarantees to financial institutions for borrowings of subsidiary companies (Note ii)	-	-	27,450,000	22,050,000
(c) Guarantee to a financial institution for borrowings of a third party	-	-	-	2,695,575

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

27. CONTINGENT LIABILITIES AND MATERIAL LITIGATION (cont'd)

Notes:

- (i) The bank guarantees are secured by pledged fixed deposits of NIL (2005: RM22,910) together with Set-off and Memorandum of Deposit duly executed.
- (ii) The banking facilities utilised as at 31 December 2006 amounting to RM15,159,419 for guarantees provided.

Material Litigation

- (d) Kuala Lumpur High Court Suit No. S6-22-280-2001

The claim filed by Linear Harvest Sdn. Bhd. ("LHSB") and Ong Tai Chin ("OTC") against Bertam Development Sdn. Bhd. ("BDSB"), a wholly owned subsidiary of the Company, was fixed for case management on 7 August 2003 by the High Court. The claim for RM1,370,000 is allegedly due pursuant to a sale and purchase agreement dated 30 October 1995 in relation to the property known as SPK 4480, Lot 1274, Mukim Kuah, Langkawi. BDSB has counter-claimed against LHSB and OTC for a sum of RM3,798,329 on 5 July 2001. Full trial hearing was conducted from 6 to 8 March 2006. The court had then vacated the hearing date which was originally fixed for 9 March 2006 and has re-fixed for continued hearing on 7 to 8 January 2008. Having considered legal advice, the Directors are of the opinion that BDSB will not suffer any losses in respect of the alleged claim and accordingly, no provisions have been made in the financial statements.

28. SIGNIFICANT EVENTS DURING THE YEAR

(a) Acquisition of Subsidiary Companies

(i) MV Properties Sdn. Bhd.

Syarikat Sungei Buan Sdn. Bhd. had on 17 February 2006, entered into a share sale and purchase agreement with two individuals to acquire 2 ordinary shares of RM1.00 each in MV Properties Sdn. Bhd. ("MV") representing the entire issued and paid-up share capital of MV for a purchase consideration of RM2.

The acquisition of MV was completed on 17 February 2006.

(ii) Sanubari Sejahtera Sdn. Bhd.

UH Industries & Development Sdn. Bhd. had on 11 September 2006 entered into a Sale of Shares Agreement with two individuals to acquire two (2) ordinary shares of RM1.00 each in Sanubari Sejahtera Sdn. Bhd. ("Sanubari") representing the entire issued and paid-up share capital of Sanubari for RM2.

The acquisition of Sanubari was completed on 11 September 2006.

(b) Disposal of Subsidiary Company

UH Industries & Development Sdn. Bhd. had on 22 November 2006 entered into a Shares Sale Agreement with PJD Realty Sdn. Bhd. to dispose of two (2) ordinary shares of RM1.00 each in Sanubari Sejahtera Sdn. Bhd. ("Sanubari") representing the entire issued and paid-up share capital of Sanubari for RM2.

The disposal of Sanubari was completed on 22 November 2006.

(c) Acquisition of Development Properties

During the financial year ended 31 December 2006, UH Industries & Development Sdn. Bhd., MV Properties Sdn. Bhd. and Legacy Mega Development Sdn. Bhd., wholly owned subsidiary companies of the Company entered into various sale and purchase agreements with various unrelated parties to acquire a total of nine (9) pieces of land for a total consideration of RM27,447,300.

The acquisitions were all completed in the financial year ended 31 December 2006.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

28. SIGNIFICANT EVENTS DURING THE YEAR (cont'd)

(d) Disposal of Development Properties

UH Industries & Development Sdn. Bhd. had on 5 December 2006 entered into a Sale and Purchase Agreement with Sanubari Sejahtera Sdn. Bhd., a wholly-owned subsidiary of PJD Realty Sdn. Bhd. to dispose of five (5) pieces of land located in Mukim Sungai Karang, Daerah Kuantan, Pahang for a total consideration of RM14,751,863. Sales proceeds totaling RM10,251,863 are payable by installments within 21 months from the date of the Sale and Purchase Agreement while the balance of RM4,500,000 is payable within 60 months from the date of the Sale and Purchase Agreement.

The disposal of the five (5) pieces of land is expected to be completed in the financial year ending 31 December 2007.

29. SUBSEQUENT EVENTS

(a) Acquisition of Development Properties

On 13 April 2007, a wholly owned subsidiary of the Company, Bertam Development Sdn. Bhd. entered into a sale and purchase agreement with Miramas Development Sdn. Bhd., a substantial shareholder of the Company of which two of the Company's directors namely, Ng Sing Hwa and Ng Chee Hua have interest. The Company acquired thirty nine (39) vacant lots held under PT 11879 to PT 11889, PT 11939, PT 24103 to PT 24110 and PT 24124 to PT 24142, Mukim Setul, Daerah Seremban, Negeri Sembilan for a purchase consideration of RM4,106,000.

The acquisition of the land is expected to be completed in the financial year ending 31 December 2007.

(b) Disposal of Development Properties

On 13 April 2007, MV Properties Sdn. Bhd. entered into a sale and purchase agreement with KEMJ Engineering Sdn. Bhd. ("KEMJ"), to dispose of a piece of land held under GM 563 Lot 809, Mukim Cheras, Daerah Hulu Langat, Selangor for a total consideration of RM12,743,522.

The disposal of the land is expected to be completed in the financial year ending 31 December 2007.

30. DEVELOPMENT COMMITMENTS

	GROUP	
	2006 RM	2005 RM
Development expenditure Approved and contracted for:		
Development Land acquisition by subsidiary companies	-	14,099,952

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its liquidity and credit risks. The Group operates within clearly defined guidelines that are approved by the Board.

(b) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements in addition to maintaining available banking facilities, to meet any immediate operating cash flow requirements.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

31. FINANCIAL INSTRUMENTS (cont'd)

(c) Credit Risk

Credit risks, or the risk of counterparties defaulting, are controlled by application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored by strictly limiting the Group's associations to customers with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures. The Group through its Directors and management, review all significant exposure to individual customers and counterparties and reviews any major concentration of credit risk related to any financial instruments.

The Group has risk management procedures in place to manage these risks to ensure that all the procedures and principles relating to risk management is adhered to.

As at 31 December 2006, certain trade receivables of the Group have exceeded its normal trade credit terms. However, the Group does not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that will eventually be received.

The Group has no significant concentration of credit risk as at balance sheet date.

The maximum credit risk associated with recognised financial assets is the carrying amount shown in the balance sheet.

(d) Foreign Exchange Risk

The Group is not exposed to any foreign exchange risk as it operates in Malaysia and all transactions, monetary assets and liabilities are denominated in Ringgit Malaysia.

(e) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group has no long-term interest bearing assets as at 31 December 2006. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes but have been mostly placed in fixed deposits with licensed financial institutions.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the level and nature of borrowings. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

(f) Fair Values

The carrying amounts of the financial assets and liabilities approximate to their fair value after taking into consideration the nature and terms of the assets and liabilities.

It is not practical to estimate the fair value of the Group's non-current investments, other than as disclosed in Note 13 to the financial statements, because of the lack of quoted market prices and the inability to estimate the fair value without incurring excessive costs. However, the Directors believe that the carrying amount of those non-current investments represents the recoverable values.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

32. SEGMENT INFORMATION

BUSINESS SEGMENTS

	Property development		Corporate and others		Eliminations*		Consolidated	
	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM	2006 RM	2005 RM
Revenue								
External sales	34,509,413	64,011,461	-	-	-	-	34,509,413	64,011,461
Inter-segment sales	-	-	767,000	931,000	(767,000)	(931,000)	-	-
Total revenue	34,509,413	64,011,461	767,000	931,000	(767,000)	(931,000)	34,509,413	64,011,461
Results								
Segment result / profit / (loss) from operations	(4,798,017)	7,313,231	(54,694,767)	(477,727)	50,394,936	(256,094)	(9,097,848)	6,579,410
Finance cost, net							(789,851)	(754,744)
Taxation							1,178,952	(1,534,743)
Net (loss)/profit for the year							(8,708,747)	4,289,923
Assets and Liabilities								
Segment assets / consolidated total assets	154,028,830	161,461,147	95,016,135	101,511,674	(69,129,425)	(71,192,805)	179,915,540	191,780,016
Segment liabilities / consolidated total liabilities	54,601,985	54,733,328	229,876	298,427	(9,180,037)	(7,712,849)	45,651,824	47,318,906
Other Information								
Capital expenditure	146,658	70,410	38,980	-	-	-	185,638	70,410
Depreciation	356,508	355,979	29,740	32,310	-	-	386,248	388,289
Amortisation of reserve on consolidation and goodwill	-	7,720	-	-	-	486,829	-	494,549
Provision for diminution in investment	-	-	5,700,000	-	(5,700,000)	-	-	-
Provision for doubtful debts	-	-	48,348,780	-	(48,348,780)	-	-	-
Non-cash expenses other than depreciation, amortisation and impairment losses	167,376	(300,329)	5,381	-	-	-	172,757	(300,329)

* Eliminations are principally inter company and Group adjustments.

No information is prepared on the geographical segments as the Group principally operates within Malaysia.

Notes to the Financial Statement (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2006

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	GROUP	
	2006 RM	2005 RM
(a) Transactions with subsidiary companies:		
Dividend income from Syarikat Sungei Buan Sdn. Bhd.	-	3,600,000
Management fee receivable	-	150,000
Support service fees	767,000	781,000
(b) Transactions with a corporate shareholder which has a substantial interest in the Company:		
Brem Holding Berhad		
Office rental payable	84,000	84,000
(c) Transactions with companies in which Directors have substantial controlling interests:		
Bertam Realty Sdn. Bhd.		
Office rental payable	-	2,800
(d) Transaction with a company in which persons connected to a substantial shareholder have substantial controlling interest:		
Nikmat Maju Development Sdn. Bhd.		
Other rental payable	65,640	65,640
(e) Transaction with a joint-venture partner:		
Suasa Tegas Sdn. Bhd.		
Overprovision of share of profit payable in relation to a property development joint venture with a related party	-	(833,332)

The Directors are of the opinion that the above transactions have been entered in the normal course of business and have been established under terms that are no less favourable than those arranged with independent third parties.

List of Properties

Properties & Locations	Description	Area/ (Built-up)	Tenure	Age of Building	Net Book Value As at 31 Dec 2006 RM'000	Date of Acquisition or (last revaluation)
GRN 24697, 52430, 97219 GRN 327, 5833, 5834 GRN 60082, 60247 Lot 186, 2734, 10725 Lot 11613, 5492, 5493 Lot 14129, 8111 Mukim Serom Daerah Muar Johore	Vacant development land	282.31 acres	Freehold	-	43,100	29/08/2002
Lot 1274 Mukim of Kuah District of Langkawi Kedah Darul Aman	Vacant development land	7.81 acres	Freehold	-	2,212	20/11/1995
Lot 1413-1418 Mukim of Rasah District of Seremban Negeri Sembilan	Vacant development land	49.42 acres	Freehold	-	9,189	10/09/1997
HS(D) 10517, PT4800 Mukim Gemenchah Daerah Tampin Negeri Sembilan	Vacant development land	500.14 acres	Leasehold (expiring on 15/01/2096)	-	6,765	09/05/1995
PT 3199-3213 Mukim of Jimah District of Port Dickson Negeri Sembilan	Vacant development land	0.72 acres	Leasehold (expiring on 28/05/2097)	-	139	31/12/1993
GM 563 Lot 809 Mukim Cheras Daerah Hulu Langat Selangor	Vacant development land	8.36 acres	Freehold	-	8,556	10/7/2006
GM156 Lot 935, GM157 Lot 929, GM159 Lot 932 GM119 Lot 2422 HS(M) 1040 PT 1346 Mukim Sungai Karang Daerah Kuantan, Pahang	Vacant development land	15.68 acres	Freehold	-	10,747	31/07/2006
PM 1 Lot 2928 Mukim Sungai Karang Daerah Kuantan, Pahang	Vacant development land	0.64 acres	Leasehold (25/09/2076)	-	123	31/07/2006

Analysis of Shareholdings

as at 5 April 2007

Authorised Share Capital	:	RM1,000,000,000.00
Issued and Paid-Up Capital	:	RM206,756,497.00 Comprising 206,756,497 Ordinary Shares of RM1.00 each
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One vote per ordinary share

Category			Number of Holders	%	Number of Shares Held	%
1	-	99	7	0.35	474	0.00
100	-	1,000	502	25.33	480,325	0.23
1,001	-	10,000	905	45.66	4,594,226	2.22
10,001	-	100,000	456	23.01	17,238,547	8.34
100,001	-	10,337,823 (*)	109	5.50	95,761,742	46.32
10,337,824 and above		(**)	3	0.15	88,681,183	42.89
TOTAL			1,982	100.00	206,756,497	100.00

* Less than 5% of issued shares

** 5% and above of issued shares

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

No	Name of Shareholders	Number of Shares Held	%
1.	Brem Holding Berhad	50,843,000	24.59
2.	Southern Nominees (Tempatan) Sdn Bhd Pledged securities account for Loke Kim Wan	19,438,183	9.40
3.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Miramas Realty Sdn. Bhd.	18,400,000	8.90
4.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Miramas Realty Sdn Bhd (BPK)	8,300,000	4.01
5.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Ishtihar Properties & Development Sdn Bhd (BPK)	7,000,000	3.39
6.	Teh Kim Teck	6,542,000	3.16
7.	Southern Nominees (Tempatan) Sdn Bhd Pledged securities account for Ishtihar Properties & Development Sdn Bhd	6,500,000	3.14
8.	Goy Ah Moy	5,235,100	2.53
9.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Ng Chee Hua	4,384,000	2.12
10.	Multiple Launch Sdn Bhd	4,105,000	1.99
11.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Chong Thin Choy (100561)	3,740,600	1.81

Analysis of Shareholdings (Cont'd)

as at 5 April 2007

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

No	Name of Shareholders	Number of Shares Held	%
12.	AIBB Nominees (Tempatan) Sdn Bhd Pledged securities account for Ng Poh Hwa	2,565,100	1.24
13.	Southern Nominess (Tempatan) Sdn Bhd Pledged securities account for V.A. Trading Sdn Bhd	2,400,000	1.16
14.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged securites account for Ng Chee Hua (100446)	2,250,000	1.09
15.	RCE Equity Sdn Bhd	2,067,900	1.00
16.	V.A.Trading Sdn.Bhd.	1,862,000	0.90
17.	Wei Han Sdn Bhd	1,579,000	0.76
18.	Brem Development Sdn. Bhd.	1,507,000	0.73
19.	Public Nominees (Tempatan) Sdn Bhd Pledged securites account for Beh Poh Sim (E-KLC)	1,400,000	0.68
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged securities account for Gan Chin Yap (MLK/SS)	1,341,000	0.65
21.	Then Yun Hee	1,326,000	0.64
22.	Ng Sing Hwa	1,175,000	0.57
23.	Wong Swee Yee	1,050,000	0.51
24.	Dynamic Enterprises Sdn Bhd	1,044,788	0.51
25.	Ho Sin Kheong	1,010,800	0.49
26.	Citigroup Nominess (Tempatan) Sdn Bhd Pledged securities account for Ng Sing Hwa (474130)	950,000	0.46
27.	Idaman Ikhlas Sdn Bhd	940,500	0.46
28.	HDM Nominess (Asing) Sdn Bhd DBS Vickers Secs (S) Pte Ltd for Life Planning Associates Pte Ltd	897,000	0.43
29.	Yeo Sit Hwee	870,000	0.42
30.	S'ng Soo Eng	827,000	0.40
Total		161,550,971	78.14

Analysis of Shareholdings (Cont'd)

as at 5 April 2007

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2007

Name	Nature of Interest		No. of shares held of RM1.00 each	
	Direct	%	Indirect	%
1. Brem Holding Berhad	50,843,000	24.59		
2. Khoo Chai Kaa	-	-	50,843,000 (a)	24.59
3. Lee Lei Choo	-	-	50,843,000 (b)	24.59
4. Ishtihar Properties & Development Sdn. Bhd.	13,719,000	6.64	-	-
5. Miramas Realty Sdn. Bhd.	26,701,478	12.91	-	-
6. Miramas Development Sdn. Bhd.	-	-	40,420,478 (c)	19.55
7. Ng Sing Hwa	2,125,000	1.03	42,515,266 (d)	20.56
8. Ng Chee Hua	7,254,000	3.51	42,240,478 (e)	20.43
9. Ng Wei Wei	-	-	40,420,478 (f)	19.55
10. Ng Eu Jin	-	-	40,420,478 (g)	19.55
11. Loke Kim Wan	19,438,183	9.40	-	-

Note :

- (a) Deemed interest by virtue of his interest in Brem Holding Berhad in pursuance of Section 6A(4) of the Companies Act, 1965.
- (b) Deemed interest by virtue of her interest in Brem Holding Berhad in pursuance of Section 6A(4) of the Companies Act, 1965.
- (c) Deemed interest by virtue of its interest in Miramas Realty Sdn. Bhd. (26,701,478) and Ishtihar Properties & Development Sdn. Bhd. (13,719,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (d) Deemed interest by virtue of his interest in Miramas Realty Sdn. Bhd. (26,701,478), Ishtihar Properties & Development Sdn. Bhd. (13,719,000), Dynamic Enterprises Sdn. Bhd. (1,044,788) and through shares held by his spouse (1,050,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (e) Deemed interest by virtue of his interest in Miramas Realty Sdn. Bhd.(26,701,478), through shares held by his spouse (1,820,000) and Ishtihar Properties & Development Sdn. Bhd. (13,719,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (f) Deemed interest by virtue of her interest in Miramas Realty Sdn. Bhd. (26,701,478) and Ishtihar Properties & Development Sdn. Bhd. (13,719,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (g) Deemed interest by virtue of his interest in Miramas Realty Sdn. Bhd. (26,701,478) and Ishtihar Properties & Development Sdn. Bhd. (13,719,000) in pursuance of Section 6A(4) of the Companies Act, 1965.

Analysis of Shareholdings (Cont'd)

as at 5 April 2007

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 5 APRIL 2007

Name	Nature of Interest		No. of shares held of RM1.00 each	
	Direct	%	Indirect	%
1. Ng Sing Hwa (Executive Chairman)	2,125,000	1.03	42,515,266 (a)	20.56
2. Tan Ai Tong (Managing Director)	-	-	4,262,000 (b)	2.06
3. Low Yew Hwa (Non-Executive Director)	-	-	-	-
4. Ng Chee Hua (Non-Executive Director)	7,254,000	3.51	42,240,478 (c)	20.43
5. Loong Foo Ching (Independent & Non-Executive Director)	-	-	58,000 (d)	0.03
6. Tuan Haji Hamdan bin Yahya (Independent & Non-Executive Director)	-	-	-	-

Note :

- (a) Deemed interest by virtue of his interest in Miramas Realty Sdn. Bhd. (26,701,478), Ishtihar Properties & Development Sdn. Bhd. (13,719,000), Dynamic Enterprises Sdn. Bhd. (1,044,788) and through shares held by his spouse (1,050,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (b) Deemed interest by virtue of his interest in VA Trading Sdn. Bhd. in pursuance of Section 6A(4) of the Companies Act, 1965.
- (c) Deemed interest by virtue of his interest in Miramas Realty Sdn. Bhd. (26,701,478), Ishtihar Properties & Development Sdn. Bhd. (13,719,000) and through shares held by his spouse (1,820,000) in pursuance of Section 6A(4) of the Companies Act, 1965.
- (d) Deemed interest through shares held by his spouse in pursuance of Section 6A(4) of the Companies Act, 1965.

BERTAM ALLIANCE BERHAD 305530-A

DETAILS OF THE PROPOSED AMENDMENTS TO THE

ARTICLES OF ASSOCIATION

OF

BERTAM ALLIANCE BERHAD (305530 A)

(i)

This is the Appendix 1 referred to in the Special Resolution of the Notice of Thirteenth Annual General Meeting of Bertam Alliance Berhad.

The Articles of Association of Bertam Alliance Berhad are proposed to be amended in the following manner, to be in compliance with the amendments to the Listing Requirements of Bursa Malaysia Securities Berhad:

ARTICLE 2

The following existing definitions in Article 2 be amended to read as follows and wherever appears throughout the entire Articles of Association of the Company:

Existing Interpretation	Proposed Interpretation
<p>“Approved Market Place”</p> <ul style="list-style-type: none"> - Approved Market Place means a stock exchange which is specified to be an approved market place in the Securities Industry (Central Depositories) Exemption Order (No. 2) 1998. 	<p>“Approved Market Place”</p> <ul style="list-style-type: none"> - Deleted
<p>“Central Depository”</p> <ul style="list-style-type: none"> - Malaysian Central Depository Sdn. Bhd. 	<p>“Depository”</p> <ul style="list-style-type: none"> - Bursa Malaysia Depository Sdn. Bhd. (165570-W) including any further change to its name.
<p>“Central Depositories Act”</p> <ul style="list-style-type: none"> - The Securities Industry (Central Depositories) Act, 1991 	<p>“Depositories Act”</p> <ul style="list-style-type: none"> - The Securities Industry (Central Depositories) Act, 1991 or any statutory modification, amendment or re-enactment thereof for the time being in force.
<p>“Depositor”</p> <ul style="list-style-type: none"> - A holder of securities account. 	<p>“Depositor”</p> <ul style="list-style-type: none"> - means a holder of a securities account established by the Depository.
<p>“Market day”</p> <ul style="list-style-type: none"> - any day between Mondays and Fridays which is not a market holiday of the Exchange or a public holiday. 	<p>“Market day”</p> <ul style="list-style-type: none"> - Day on which the stock market of the Exchange is open for trading in securities.
<p>“Member”</p> <ul style="list-style-type: none"> - “Member” includes a depositor who shall be treated as if he were a member pursuant to Section 35 of the Securities Industry (Central Depositories) Act 1991 but excluded the Central Depository in its capacity as a bare trustee. 	<p>“Member”</p> <ul style="list-style-type: none"> - A depositor who shall be treated as if he were a member pursuant to section 35 of the Depositories Act but excludes the Depository in its capacity as a bare trustee.
<p>“Record of Depositors”</p> <ul style="list-style-type: none"> - A record provided by the Central Depository to the Company under Chapter 24.0 of the Rules. 	<p>“Records of Depositors”</p> <ul style="list-style-type: none"> - means a record provided by the Depository to the Company under Chapter 24.0 of the Rules of the Depository.
<p>“Rules”</p> <ul style="list-style-type: none"> - The Rules of the Central Depository. 	<p>“Rules of the Depository”</p> <ul style="list-style-type: none"> - Shall have the meaning given in section 2 of the Depositories Act.
<p>“Securities Account”</p> <ul style="list-style-type: none"> - “Securities Account” means an account established by the Central Depository for a Depositor for the recording of deposit of securities and for dealing in such securities by the Depositor. 	<p>“Securities Account”</p> <ul style="list-style-type: none"> - means an account established by the Depository for a depositor for the recording of deposit of securities and for dealing in such securities by the depositor.
<p>“The Exchange”</p> <ul style="list-style-type: none"> - Means Kuala Lumpur Stock Exchange 	<p>“The Exchange”</p> <ul style="list-style-type: none"> - Bursa Malaysia Securities Berhad and such other stock exchange if any upon which the shares of the Company may be listed and quoted.
<p>“Listing Requirements”</p> <ul style="list-style-type: none"> - Listing Requirements means the Listing Requirements of Kuala Lumpur Stock Exchange including any amendment thereto that may be made from time to time. 	<p>“The Listing Requirements”</p> <ul style="list-style-type: none"> - Means the Listing Requirements of the Exchange including any amendment thereto that may be made from time to time.

(ii)

This is the Appendix 1 referred to in the Special Resolution of the Notice of Thirteenth Annual General Meeting of Bertam Alliance Berhad.

ARTICLE 4

The existing Article 4 be deleted in its entirety and replaced with the following new Article 4:

“Without prejudice to any special rights previously conferred on the holders of any shares or class of shares already issued, but subject to the Act and these Articles any shares in the Company (whether forming part of the original capital or not) may be issued or have attached thereto such preferred, deferred or other special rights, or such restrictions, whether in regard to dividend, return of capital, voting or otherwise, as the Company may from time to time by ordinary resolution determine provided that:

- (a) the holders of preference shares shall have the same rights as the holders of ordinary shares as regards receiving notices, reports and accounts and attending general meetings of the Company but shall only have the right to vote at any meeting convened for the following purposes:

 - (i) reducing the capital;*
 - (ii) winding up;*
 - (iii) sanctioning a sale of the undertaking of the Company;*
 - (iv) where the proposition to be submitted to the meeting directly affects their rights and privileges; or*
 - (v) when the dividend on such shares is in arrears for more than six (6) months; and**
- (b) the Company shall not unless with the consent of the existing preference shareholders at a class meeting issue further preference capital ranking in priority above preference shares already issued but may issue preference shares ranking equally therewith.*

Subject to the Act, any preference shares may be issued on the terms that they are, or at the opinion of the Company are liable, to be redeemed.”

ARTICLE 17(2)

The existing Article 17(2) be deleted in its entirety and replaced with the following new Article 17(2):

“Subject to the provisions of the Act, the Depositories Act and the Rules of the Depository, the Company shall allot/or issue securities, despatch notices of allotment to the successful allottees and make an application for the quotation of such securities:

- a) within fifteen (15) market days of the final applications closing date for an issue of securities or such other period as may be prescribed by the Exchange;*
- b) within eight (8) market days after the final applications closing date for issues of a rights issue or such other period as may be prescribed by the Exchange;*
- c) within eight (8) market days of the date of receipt of a notice of the exercise of an employee share option together with the requisite payment or such other period as may be prescribed by the Exchange;*
- d) within eight (8) market days of the receipt of a subscription form together with the requisite payment or such other period as may be prescribed by the Exchange.*

The Company must not allot or issue securities until after it has filed with the Exchange a listing application for such new issue of securities and has been notified by the Exchange that such new issue of securities has been approved in principal for listing.

Every certificate issued shall be under the share seal or bear the signatures or the autographic signatures reproduced by mechanical, electronic and/or any other means of one director and the Secretary or a second director or such other person may be authorised by the directors, and shall specify the shares to which it relates, and the amount paid up thereon.”

ARTICLE 33A

To insert the following new Article 33A immediately after Article 33:

“Any capital paid on shares in advance of calls shall not, while carrying interest, confer a right to participate in profits.”

(iii)

This is the Appendix 1 referred to in the Special Resolution of the Notice of Thirteenth Annual General Meeting of Bertam Alliance Berhad.

ARTICLE 39

The existing Article 39 be deleted in its entirety and replaced with the following new Article 39:

“The Register of Members may be closed at such time and for such period as the Directors may from time to time determine PROVIDED ALWAYS that they shall not be closed for more than thirty (30) days in any year. Any notice of intention to fix a books closing date and the reason therefore shall be published in a daily newspaper circulating in Malaysia and shall also be given to the Exchange, such notice shall state the books closing date, which shall be at least ten (10) clear market days after the date of notification to the Exchange, and the address of the share registry at which documents will be accepted for registration. In relation to such closure, the Company shall give written notice, in accordance with the Rules of the Depository to issue the appropriate Record of Depositors.”

ARTICLE 41A

The existing Article 41A be deleted in its entirety and replaced with the following new Article 41A:

“Where:

- (a) the securities of the Company are listed on another stock exchange; and*
- (b) the Company is exempted from compliance with Section 14 of the Depositories Act or Section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,*

the Company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the Registrar of the Company in the jurisdiction of other stock exchange, to the register of holders maintained by the Registrar of the Company in Malaysia and vice versa provided that there shall be no change in the ownership of such securities.”

ARTICLE 68

The existing Article 68 be deleted in its entirety and replaced with the following new Article 68:

- “(i) (1) The Company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Company.*
 - (2) The Company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than three (3) market days before the general meeting (hereinafter referred to as “the General Meeting Record of Depositors”).*
 - (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.*
- (ii) A meeting of the Company called for the passing of a special resolution and an annual general meeting shall be called by twenty-one (21) days’ notice in writing at the least. Any other meetings of the Company shall be called by fourteen (14) days’ notice in writing at the least specifying the place, day and hour of the meeting and, in the case of special business shall also specify the general nature of that business and shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Notice of every such meeting shall be given by advertisement in at least one (1) nationally circulated Bahasa Malaysia or English newspaper and in writing to the Exchange on which the Company is listed.”*

ARTICLE 80

The existing Article 80 be deleted in its entirety and replaced with the following new Article 80:

“Subject to any rights or restrictions for the time being attaching to any class or classes of shares, at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or by attorney and on a show of hands every person present who is a member or a representative or a proxy of a member who is present and entitled to vote shall have one vote, and on a poll every member present in person or by proxy or by attorney or other duly authorised representative shall have one vote for each share he holds. Where the capital of the Company consists of shares of different monetary denominations, voting rights shall be prescribed in such manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such rights is exercisable.”

(iv)

This is the Appendix 1 referred to in the Special Resolution of the Notice of Thirteenth Annual General Meeting of Bertam Alliance Berhad.

ARTICLE 90

The existing Article 90 be deleted in its entirety and replaced with the following new Article 90:

“The first Directors of the Company shall be Mr Foong Weng Chee and Mr Loganathan a/I S Velu.”

ARTICLE 101(b)

The existing Article 101(b) be deleted in its entirety and replaced with the following new Article 101(b):

“becomes bankrupt or makes any arrangement or composition with its creditors generally during his term of office;”

ARTICLE 101(d)

The existing Article 101(d) be deleted in its entirety and replaced with the following new Article 101(d):

“becomes of unsound mind or a person whose person or estate is liable to be dealt with in any way under the law relating to mental disorder during his term of office;”

ARTICLE 101(f)

The existing Article 101(f) be deleted in its entirety.

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FORM OF PROXY

BERTAM ALLIANCE BERHAD ^{305530-A}

(Incorporated in Malaysia)

I/We _____ NRIC No. _____
(Full Name in Capital Letters)

of _____
(Full Address)

being a member(s) of **BERTAM ALLIANCE BERHAD** (Company No.: 305530-A) hereby appoint _____

_____ (Full Name in Capital Letters)

of _____
(Full Address)

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Thirteenth Annual General Meeting of the Company to be held at Utara 1, Level 1, Crystal Crown Hotel, No. 12, Lorong Utara A, Off Jalan Utara, 46200 Petaling Jaya, Selangor Darul Ehsan on Wednesday, 30 May 2007 at 10.30 a.m. and at any adjournment thereof. The proxy is to vote in the manner indicated below, with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy will vote or abstain from voting at his/her discretion.

NO.	RESOLUTIONS	FOR	AGAINST
1.	To receive the Audited Accounts for the financial year ended 31 December 2006 and the Reports of Directors and Auditors thereon.		
2.	To re-elect Mr. Tan Ai Tong who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
3.	To re-elect Tuan Haji Hamdan Bin Yahya who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
4.	To re-appoint Ernst & Young as Auditors of the Company for the financial year ending 31 December 2007 and to authorise the Directors to fix the Auditors' remuneration.		
5.	To approve the payment of Directors' Fees of RM180,000.00 for the financial year ended 31 December 2006.		
6.	Authority to Issue Shares.		
7.	Authority Pursuant to Section 132E of the Companies Act, 1965.		
8.	Amendments to the Articles of Association of the Company.		

Signed this _____ day of _____ 2007.

Number of shares held:	
CDS account no.:	
Telephone no. (during office hours):	

Signature
Shareholder or Common Seal

Notes:

- i. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote in his stead and the holder shall specify the proportion of his shareholding to be represented by each proxy; a proxy need not be a member and the provision of Section 149(1)(b) of the Companies Act, 1965 shall not apply.
- ii. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of an officer or its attorney duly authorised.
- iii. The instrument appointing a proxy must be deposited at the registered office of the Company at Level 14, Uptown 1, No. 1, Jalan SS21/58, Damansara Uptown, 47400 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the meeting, i.e. on or before 10.30 a.m., Monday, 28 May 2007.

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The Secretary,
Bertam Alliance Berhad (305530-A)
Level 14, Uptown 1
No. 1 Jalan SS21/58, Damansara Uptown
47400 Petaling Jaya, Selangor Darul Ehsan

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