

A graphic of a staircase with seven steps, ascending from the bottom left towards the top right. The steps are light orange, and the background is a light teal color.

BERTAM ALLIANCE BERHAD

305530-A

ANNUAL REPORT

'07

CONTENTS



Notice of Fourteenth Annual General Meeting	02
Statement Accompanying Notice of Fourteenth Annual General Meeting	06
Corporate Information	07
Executive Chairman's Statement	08
Profile of the Board of Directors	10
Audit Committee Report	13
Corporate Governance Statement	17
Statement on Internal Control	23
Financial Statements	25
List of Properties	81
Analysis of Shareholdings	82
Proxy Form	

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fourteenth 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 **Monday, 9 June 2008 at 10.30 a.m.**, to transact the following businesses:

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2007 and the Reports of Directors and Auditors thereon. *(Ordinary Resolution 1)*
2. To declare a first and final dividend of 1.5 sen per share less 26% income tax in respect of the financial year ended 31 December 2007 as recommended by the Directors. *(Ordinary Resolution 2)*
3. To re-elect Mr. Ng Chee Hua 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-elect Mr. Low Yew Hwa who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association. *(Ordinary Resolution 4)*
5. To re-appoint Ernst & Young as Auditors of the Company for the financial year ending 31 December 2008 and to authorise the Directors to fix the Auditors' remuneration. *(Ordinary Resolution 5)*

AS SPECIAL BUSINESS

6. To approve the payment of Directors' Fees of RM180,000 for the financial year ended 31 December 2007. *(Ordinary Resolution 6)*
7. 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 7)

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

3

8. 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 hereby given for the Company and each of its subsidiaries to enter into any arrangement or transaction with any Director or Substantial Shareholder of the Company or any person connected with such Director or Substantial Shareholder to acquire from or dispose to such Director or Substantial Shareholder or person connected with such Director or Substantial Shareholder any non-cash assets of a requisite value.

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 8)

whichever is earlier.

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

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 2

The following existing definition:

“Securities”

- Securities shall have the same meaning given in Section 2 of the Securities Commission Act, 1993” be amended to read as follows and wherever it appears throughout the entire Articles of the Company:

“Securities”

- Shall have the meaning given in Section 2 of the Capital Markets and Services Act, 2007”

(Special Resolution)

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

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

NOTICE OF FIRST AND FINAL DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the approval of the members at the Annual General Meeting to be held on 9 June 2008, a first and final dividend of 1.5 sen per share less 26% income tax for the financial year ended 31 December 2007, will be paid on 30 June 2008 to the Depositors whose names appear in the Record of Depositors on 16 June 2008.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 16 June 2008 in respect of transfers; and
- (b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

WONG WEI FONG (MAICSA 7006751)

KUAN HUI FANG (MIA 16876)

Secretaries

Petaling Jaya

Date: 16 May 2008

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., Saturday, 7 June 2008.

NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING (CONT'D)

5

Explanatory Notes on Special Business:

1. Ordinary Resolution 6

The proposed resolution 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 2007.

2. Ordinary Resolution 7

The proposed resolution, 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 8

Section 132E of the Companies Act, 1965 prohibits a company or its subsidiaries from entering into any arrangement or transaction with its Directors or Substantial Shareholders or persons connected with such Directors or Substantial Shareholders in respect of the acquisition from or disposal to such Directors or Substantial Shareholders or persons connected with such Directors or Substantial Shareholders 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, the requisite value of a non-cash asset shall be the same value as the value prescribed by the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

- (i) which relates to acquisitions or disposals by a company or its subsidiaries to which such provisions applies; and
- (ii) which would require the approval of shareholders at a general meeting in accordance with the provisions of the Listing Requirements of Bursa Securities.

The proposed resolution, if passed, will authorise the Company and each of its subsidiaries to enter into any arrangement or transaction with a Director or Substantial Shareholder of the Company or with a person connected with such a Director and Substantial Shareholder to acquire from or dispose to such a Director or Substantial Shareholder or person connected with such a Director or Substantial Shareholder any non-cash assets of a requisite value.

4. Special Resolution

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

STATEMENT ACCOMPANYING NOTICE OF FOURTEENTH ANNUAL GENERAL MEETING

Details of Directors who are standing for re-election

Directors standing for re-election

- (1) Ng Chee Hua
- (2) Low Yew Hwa

Details of the above Directors who are standing for re-election are set out in the Directors' Profiles appearing on page 11 of this Annual Report.

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
(Resigned on 16 November 2007)

Haji Hamdan Bin Yahya
Member

Low Yew Hwa
Member
(Appointed on 16 November 2007)

NOMINATION COMMITTEE

Loong Foo Ching
Chairman

Haji Hamdan Bin Yahya
Member

Low Yew Hwa
Member
(Resigned on 16 November 2007)

Ng Chee Hua
Member
(Appointed on 16 November 2007)

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 : 603-7718 6188
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 : 603-7718 6000
Facsimile : 603-7722 2311

AUDITORS

Ernst & Young
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damalela
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 am pleased to present the Annual Report and the Audited Financial Statements of the Group and Company for the financial year ended 31 December 2007.

OVERALL BUSINESS ENVIRONMENT

2007 was a year that witnessed many changes to the overall business environment. On the positive side, serious efforts were made by the government to improve the delivery system. These efforts include expediting the approval procedures for land development applications, amendments to the existing Housing Development Act and other related Acts pertaining to the housing industry. Financial institutions continue to offer increasingly more competitive loan packages to homeowners. However it was also a period that witnessed heightened concern on inflation.

FINANCIAL REVIEW

Against that economic and legislative backdrop, on behalf of the Board of Directors, I am pleased to report that the Group had returned to profitability for the year under review. For the financial year ended 31 December 2007, the Group posted an after tax profit of RM4,292,589 as against an after tax loss of RM8,708,747 incurred in the preceding financial year. Satisfactory sales were achieved during the year under review, resulting in substantial increase in the turnover from RM34,509,413 in 2006 to RM52,962,103 in 2007.

DIVIDEND

Your Board of Directors has proposed a first and final gross dividend of 1.5 sen less 26% income tax per share for the financial year ended 31 December 2007. Subject to your approval at the Annual General Meeting to be held on 9 June 2008, the dividend will be paid on 30 June 2008.

PROSPECTS

The continuation of the progressive recognition of sales from the current projects in Selangor, Negeri Sembilan and Malacca will help maintain the profit momentum of the Group for the current financial year. In addition, the launching of various new phases and projects during the current financial year is also expected to contribute to the earnings of the Group for the ensuing years. These include Jasmine Villas @ Nilai Impian, Negeri Sembilan, Taman Mutiara Subang (Phase 3), Selangor and Taman Bukit Indah (Phase 3), Langkawi.

Barring any unforeseen circumstances, your Board of Directors is confident that the Group will be able to maintain its positive performance for the financial year ending 31 December 2008.

Moving forward, your Directors are also looking into ways to enhance Shareholder's value. In view of the recent easing on foreign ownership restriction and more attractive investment environment resulting from the waiver of Real Property Gains Tax (RPGT), projects comprising of higher-end properties are being sought to enhance earnings. All viable financial options, such as reverse take-over of profitable business, merger and acquisition with new equity holder, will also be actively explored.

CORPORATE SOCIAL RESPONSIBILITIES

Being a responsible corporate citizen, Bertam Alliance Berhad Group has initiated efforts to meet its obligation to build a sustainable future for various groups. These efforts include taking the interests of customers, employees, shareholders and the communities, amongst others, into consideration.

The Group constantly contributes and donates to various government departments and charitable organisations for welfare purposes. In addition, the Group also sponsors dialysis treatment of needy persons.

The Board of Directors is also committed to look into the interest of the Group's employees. In this regard, the Board of Directors is desirous of setting up a Study Loan Fund to provide interest free study loans to the Group's employees and their dependants. The Board of Directors believes that this scheme will encourage the employees and ultimately lead them to be a loyal and dedicated workforce.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I would like to express my sincere appreciation to the Management and Staff for their dedication and commitment in discharging their responsibilities. To you, our Valued Shareholders, your Directors wish to assure you that every effort will be made to maintain the profit momentum of the Group in the years ahead.

Ng Sing Hwa
Executive Chairman

PROFILE OF THE BOARD OF DIRECTORS

NG SING HWA **Executive Chairman**

Aged 62, is a Malaysian citizen and was appointed to the Board on 23 July, 2002. He is the Executive Chairman of Bertam Alliance Berhad.

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 on page 85 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 84.

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 54, 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 on page 85.

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.

NG CHEE HUA
Non-Executor Director

Aged 57, 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 Nomination Committee and 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 on page 85 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 84.

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

LOW YEOW HWA
Non-Executor Director

Aged 52, is a Malaysian citizen and was appointed to the Board as non-executive director on 23 July 2002. He is also a member of Audit 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 subsidiary companies within the Group. He is deemed interested in certain recurrent related party transactions. 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 58, 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.

He neither holds any shares in the Company nor in other subsidiary companies within the Group.

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.

TUAN HAJI HAMDAN BIN YAHYA Independent Non-Executive Director

Aged 58, 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 the 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 organisations 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 the 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 neither holds any shares in the Company nor in other subsidiary companies within the Group.

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.

1. COMPOSITION OF AUDIT COMMITTEE

Loong Foo Ching

Chairman

(Independent Non-Executive Director)

Ng Sing Hwa

Member

(Executive Chairman – Resigned on 16/11/2007)

Haji Hamdan bin Yahya

Member

(Independent Non-Executive Director)

Low Yew Hwa

Member

(Non-Executive Director – Appointed on 16/11/2007)

2. TERMS OF REFERENCE

• MEMBERSHIP

The Committee shall be appointed by the Board of Directors from amongst the Directors excluding Alternate Directors and shall consist of not less than 3 members, a majority of whom shall be independent non-executive directors. All members should be non-executive directors.

All the members of the Committee should be financially literate and at least one member of the Committee:

- a. must be a member of the Malaysian Institute of Accountants (“MIA”); or
- b. if he or she is not a member of the MIA, he or she must have at least 3 years of working experience and:
 - he or she must have passed the examination specified in Part I of the 1st Schedule to the Accountants Act 1967; or
 - he or she must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or
 - fulfills such other requirements as prescribed or approved by Bursa Securities.

In order to form a quorum for any meeting of the Committee, the majority of members present must be independent non-executive directors. In the event of any vacancy in the Committee resulting in 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 such 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 non-executive director. The Chairman should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to keep informed of matters affecting the Company.

AUDIT COMMITTEE REPORT (CONT'D)

- **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 and documents 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, the internal auditors or both excluding the attendance of other directors and employees, whenever deemed necessary.

- **FUNCTIONS**

The Committee shall:

- i. consider the appointment of the external auditor, the audit fee and any question of resignation or dismissal;
- ii. discuss with the external auditor before the audit commences, the nature and scope of the audit, and ensure co-ordination where more than one audit firm is involved;
- iii. review the quarterly results and year end financial statements, prior to the approval by the Board of Directors, focusing particularly on:
 - (a) changes in or implementation of major accounting policy and practices;
 - (b) significant adjustments and unusual events arising from the audit;
 - (c) the going concern assumption; and
 - (d) compliance with accounting standards and other legal requirements;
- iv. discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary);
- v. review the external auditor's management letter and management's response;
- vi. do the following, in relation to the internal audit function:
 - (a) review the adequacy of the scope, functions, competency and resources of the internal audit function, and that it has the necessary authority to carry out its work;
 - (b) review the internal audit programme and results of the internal audit process and where necessary, ensure that appropriate actions are taken on the recommendations of the internal audit function;

- **FUNCTIONS (Cont'd)**

- vi. do the following, in relation to the internal audit function: (Cont'd)
 - (c) review any appraisal or assessment of the performance of members of the internal audit function;
 - (d) approve any appointment or termination of senior staff members of the internal audit function; and
 - (e) take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- vii. consider any related party transactions that may arise within the Company or Group;
- viii. consider the major findings of internal investigations and management's response;
- ix. consider other topics as defined by the Board.

- **ATTENDANCE AT MEETINGS**

The finance director, the head of internal audit and a representative of the external auditors should normally attend meetings. Other directors and employees may attend any particular audit committee meeting only at the Committee's invitation, specific to the relevant meeting.

However, the Committee should meet with the external auditors without the presence of the executive directors, at least twice a year.

- **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.

3. AUDIT COMMITTEE MEETINGS ATTENDANCE

The Audit Committee had conducted 6 meetings for the financial year ended 31 December 2007. Details of attendance of the Audit Committee members during this financial period are set out as below:

Loong Foo Ching	6/6
Ng Sing Hwa	5/5*
Haji Hamdan bin Yahya	6/6
Low Yew Hwa	1/1*

* Based on the number of meetings held during the term of office of the said Director

4. ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial period are 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 annual audited financial statements for the financial year ended 31 December 2006.
- (c) Reviewed the external auditors' reports for the financial year ended 31 December 2006 in relation to audit and accounting issues arising from the audit.
- (d) Reviewed the external auditors' audit plan for the year ended 31 December 2007.
- (e) Evaluated the performance and effectiveness of the external auditors and made recommendations to the Board on re-appointment and remuneration.
- (f) Convened 2 meetings with the external and internal auditors without the presence of the executive directors and employees of the Group.
- (g) Reviewed the internal audit plan, findings, reports and management implementation of audit recommendations to ensure that all the key risks and control lapses have been addressed.
- (h) Reviewed the disclosure statements on Corporate Governance, Audit Committee Report and the Statement on Internal Control and recommended to the Board for adoption.
- (i) Deliberated the disclosure requirements for corporate social responsibility and identified the management action plan.
- (j) Reviewed the recurrent related party transactions to ensure compliance with the listing requirements.

5. TRAINING

During the financial year, the members of the Committee have attended a training on "Updates on Listing Requirements: Issues and Challenges" jointly organised by Bursa Securities and MAICSA.

6. INTERNAL AUDIT FUNCTION

The internal audit function is essential in assisting 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 internal audit consulting company. The audit team members are 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 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 operations of the Group and presented their reports to the Audit Committee. Areas of improvement identified were communicated to the management for further action.

Following the recent corporate misdeeds, the Securities Commission has revised the Malaysian Code on Corporate Governance (“the Revised Code”) to further strengthen Malaysia’s corporate governance framework. The Revised Code which was effective from 1st October 2007 contains key amendments on the roles and responsibilities of the Board of Directors and Audit Committee. Essentially, these include the amendments on the eligibility criteria for appointment of directors, the composition of non-executive directors in the Audit Committee and the role of the Nomination Committee.

In this connection, the Board had reviewed the Revised Code and re-aligned the composition of the Audit Committee members to the current acceptable best practices of the Revised Code. The Board recognises the aim of the Revised Code for ensuring the directors of public listed companies discharge their duties effectively. Hence the Board is committed to ensuring that the principles of corporate governance and best practices as set out in the Revised Code are being observed.

The following statement contains the detailed explanation of the application of the principles and best practices of the Revised Code by the Board for the current financial year.

The Board of Directors

The Company continues to be led by the 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 roles and responsibilities of the Executive Chairman and Managing Director are separated and assumed by different directors to ensure balance of authority. In addition, Mr. Loong Foo Ching continues to act 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 profile of each director is presented on pages 10 to 12.

The Board is provided with appropriate and timely information to enable it to discharge its duties effectively. Schedule of Board and Audit Committee meetings are planned in advance before the new financial year. This enables the management to plan ahead the yearly business and corporate affairs and ensure timely preparation of information for dissemination to the Board members.

The Board has access to the information relating to business development and progress in the organisation. Senior management and director of key subsidiaries are invited to attend the Board and Audit Committee meetings and to brief and provide explanation to the Board members on the development in the Group. In addition, the Board is also regularly being updated and advised by the management, external auditors, company secretary and the internal auditors on new or revised statutory and regulatory requirements.

During the financial year, 6 Board meetings were held. Details of attendance by the Board members during this financial period are set out as below:

Ng Sing Hwa	6/6
Tan Ai Tong	5/6
Ng Chee Hua	6/6
Low Yew Hwa	6/6
Loong Foo Ching	6/6
Haji Hamdan Bin Yahya	6/6

The Board maintains specific Board committees namely Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention and objectivity are provided 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. The Chairmen of the Board Committees would report to the Board during Board Meetings on significant matters deliberated in the Committees.

Under the Revised Code, the Board should record its deliberations, in terms of issues discussed and the conclusion in discharging its duties and responsibilities. In this case, the Company Secretary records such deliberations of all issues discussed in arriving at the Board decisions. These minutes are circulated to all directors for review and confirmation before the commencement of the next meeting.

Appointment of Board Members and Terms of Reference of Nomination Committee

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 are as follows:

Chairman : Loong Foo Ching (Independent Non-Executive Director)
Member : Ng Chee Hua (Non-Executive Director – appointed on 16/11/2007)
Member : Haji Hamdan bin Yahya (Independent Non-Executive Director)
Member : Low Yew Hwa (Non-Executive Director – resigned on 16/11/2007)

The Revised Code provides greater clarity on the aspects of which the Nomination Committee should consider when recommending candidates for directorship.

In this case, the Nomination Committee will in making their recommendation to the Board, consider the candidates':

- Skills, knowledge, expertise and experience;
- Professionalism;
- Integrity; and
- In the case of candidates for the position of independent non-executive directors, the Nomination Committee will also evaluate the candidates' ability to discharge such responsibility or functions as expected from an independent non-executive director.

The other aspects of the functions of the Nomination Committee are:

- i) 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;
- ii) To recommend to the Board, directors to fill the seats on Board Committees;
- iii) 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
- iv) 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.

The Revised Code further places importance on the directors' appraisal where the Nomination Committee should ensure that its assessments and evaluations are properly documented. In this respect, the Nomination Committee has conducted an annual review for the financial year ended 31 December 2007. This annual review covered the assessment of 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.

During the financial year, all directors have attended a training on "Updates on Listing Requirements: Issues and Challenges" jointly organised by Bursa Securities and MAICSA.

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 AGM. Profile of directors standing for election are summarised in the Statement Accompanying the Notice of AGM.

Directors' Remuneration and Terms of Reference of Remuneration Committee

The remuneration of the 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 performance and the remunerations of the Executive Directors to ensure that it commensurate with the market expectation, the directors' experience and competency and the Group's 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	562,000	46,000	32,760	39,200	739,960
Non-Executive Directors	120,000	-	-	-	11,100	131,100

*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 Bursa Securities which includes the quarterly reports, annual reports and press releases. This information is also electronically published at 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 AGM 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 Thirteenth AGM was held on 30 May 2007. At this AGM, the representatives from the statutory audit firm were present in the AGM to avail themselves to answer the shareholders' questions on the conduct and finalisation of the audited accounts. In addition, before the proposed resolutions were put for a vote, the shareholders were provided with opportunities to raise their questions.

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 the management and independently assessed by the internal auditors, who function 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. The Revised Code outlines the requirements for the internal auditors to appraise the risk management, internal control and governance processes within the company. Further information on the Group's state of internal control is reported in the Statement on Internal Control which is presented on page 23.

Audit Committee

The Revised Code provides that the Audit Committee shall consist of at least three (3) members, a majority of whom are independent and exclusively made up of non-executive directors. All the members shall be financially literate. Further, it is provided that the Audit Committee Chairman should engage on continuous basis with the senior management, chairman of the board, CEO, head of finance, internal and external auditors in order to be kept informed of matters affecting the Group.

The Board has re-aligned the composition of the Audit Committee members in accordance with the Revised Code before the end of the financial year. All the members of the Audit Committee are familiar with financial reporting and the Audit Committee Chairman maintains close contact with all the Executive Directors, senior management and the internal auditor of the organisation. In order to further strengthen the financial knowledge and keep the members abreast of the latest accounting and financial reporting issues, the Audit Committee members would participate in suitable financial related trainings periodically.

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. The Audit Committee further noted that Revised Code's suggestion that at least two (2) meetings shall be held with the external auditors without the presence of executive board members annually. During the financial year, the Audit Committee has convened two meetings with the external auditors and internal auditors without the presence of the executive directors and employees of the Group.

The Board is mindful of the Listing Requirements of 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 the next review will be conducted in 2008.

Recurrent Related Party Transaction ("RRPT")

The Listing Requirements of Bursa Securities currently provide that a listed issuer with an issued and paid up capital of RM60 million and above is required to make an immediate announcement in respect of RRPT, where:

- a. the consideration, value of the assets, capital outlay or cost of the RRPT is equal to or exceed RM1 million; or
- b. the percentage ratio of such RRPT is equal to or exceeds 1%

whichever is the higher.

In view of this provision, no shareholders' mandate on RRPT was sought in 2007. Similarly, the Board decided not to obtain shareholders' mandate for RRPT in 2008. Nonetheless, the Board through the Audit Committee and the management will continue to review and monitor the status of RRPT in every quarter to ensure compliance with the listing requirements.

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 Revised Code have been complied with during the current financial year.

The Board continues to view 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, the provisions of the Companies Act, 1965 and the Listing Requirements of 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 2007, 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 2007 or entered into since the end of the previous financial year involving Directors' and major Shareholders' interest except as disclosed in Note 30 of the financial statements.

Revaluation Policy

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

STATEMENT ON INTERNAL CONTROL

23

The Board of Directors of Bertam Alliance Berhad acknowledges the importance of the system of internal control and recognises that it is their responsibility to maintain a sound system of internal control to safeguard the Group's assets. In this respect the Board is responsible 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.

Structurally, the experiences of the directors and the management team; the monitoring and review procedures of business operations; and the independent review mechanism established in the organisation constitute the key aspects of the risk management in the Group.

The operations of the Group are led by the Executive Directors and assisted and supervised by the management. Both the Executive Directors and the management have extensive construction, development and financial related experiences in property development. Collectively, these experiences support the foundation of effective risk management and provide the assurance that potential risks are identified, considered and addressed appropriately and projects undertaken by the Group are managed profitably.

Both the executive and non-executive directors conduct regular management meetings with the senior management members. This meeting provides the channel of communication for discussing and managing the risks facing the Group. Broadly, the agenda of this meeting covers the progress of projects undertaken, the financial management, new business opportunities and ventures and changes in the regulations. In this meeting issues and risks are identified and appropriate actions are decided to ensure businesses are under control and corporate targets and objectives are achieved. The deliberated issues and decided actions in these meetings are recorded in the minutes. The independent directors of the Board will also be kept abreast progressively of the issues deliberated through the minutes of these meetings.

Independent review mechanism provides objective assurance to the Board on the effectiveness of the 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, reports and/or briefings are presented to the Audit Committee for review and consideration of the state of the system of internal control in the organisation. In addition, before releasing financial results to the shareholders and public investors, quarterly financial results, annual report and audited financial statements are reviewed by the Audit Committee. Significant issues, if any, noted by the Audit Committee will be brought to the Board meeting for further review and discussion.

The Board believes that the above risk management and review frameworks provide reasonable assurance of the integrity of the systems of internal control of the Group. Nonetheless, the Board 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.

This Statement is made in accordance with a resolution of the Board of Director dated 26 February 2008.

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Directors' Report	26
Statement by Directors	30
Statutory Declaration	30
Report of the Auditors	31
Income Statements	32
Balance Sheets	33
Consolidated Statement of Changes in Equity	34
Company Statement of Changes in Equity	35
Cash Flow Statements	36-38
Notes to the Financial Statements	39-80

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2007.

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 profit for the year	4,292,589	3,951,142

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.

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 1.5 sen per share less 26% taxation on 206,756,497 ordinary shares, amounting to a net dividend payable of RM2,294,997 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of reserve in the financial year ending 31 December 2008.

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' 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 7 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 in 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 31.12.2007
	As at 1.1.2007	During the year Acquired	Sold	
The Company				
Direct Interest:				
Ng Sing Hwa	2,125,000	-	-	2,125,000
Ng Chee Hua	7,254,000	-	-	7,254,000
Indirect Interest:				
Ng Sing Hwa*	42,515,266	-	-	42,515,266
Ng Chee Hua**	42,240,478	-	-	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 23 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. There have been no such options granted as at 31 December 2007.

In addition, the ESOS had subsequently expired on 9 January 2008 and an extension of the ESOS was not sought from the shareholders.

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.

SIGNIFICANT EVENTS DURING THE YEAR

Significant events during the year are disclosed in Note 30 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 8 April 2008.

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 32 to 80 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2007 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 8 April 2008.

NG SING HWA

TAN AI TONG

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) 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 32 to 80 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 8 April 2008

ALVIN YAP MENG CHEE

Before me,

REPORT OF THE AUDITORS

31

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

We have audited the financial statements set out on pages 32 to 80. 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 Financial Reporting Standards in Malaysia 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 2007 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' reports 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. 2190/12/09(J)

Partner

Kuala Lumpur, Malaysia

8 April 2008

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
Revenue	4	52,962,103	34,509,413	6,800,000	767,000
Cost of sales	5	(45,348,900)	(40,388,135)	-	-
Gross profit/(loss)		7,613,203	(5,878,722)	6,800,000	767,000
Other operating income		1,005,023	1,688,649	-	5,380
Administrative expenses		(4,108,813)	(4,432,397)	(1,434,246)	(1,418,367)
Provision for doubtful debts		-	(475,378)	-	(48,348,780)
Provision for diminution in investment		-	-	-	(5,700,000)
Operating profit/(loss)		4,509,413	(9,097,848)	5,365,754	(54,694,767)
Finance costs	6	(899,023)	(789,851)	(2,018)	(6,399)
Profit/(loss) before taxation	7	3,610,390	(9,887,699)	5,363,736	(54,701,166)
Taxation	8	682,199	1,178,952	(1,412,594)	-
Net profit/(loss) for the year		4,292,589	(8,708,747)	3,951,142	(54,701,166)
Earnings/(loss) per ordinary share (sen)	9	2.08	(4.21)		

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

BALANCE SHEETS

AS AT 31 DECEMBER 2007

33

	Note	GROUP		COMPANY	
		2007 RM	2006 RM	2007 RM	2006 RM
NON-CURRENT ASSETS					
Property, plant and equipment	10	535,223	771,314	63,318	90,519
Land held for property development	11	39,865,623	35,341,275	-	-
Investment in subsidiaries	12	-	-	94,758,998	94,758,998
Other investment	13	71,000	66,000	-	-
Non-current trade receivable	14	3,750,000	-	-	-
Goodwill on consolidation	15	65	-	-	-
		44,221,911	36,178,589	94,822,316	94,849,517
CURRENT ASSETS					
Assets held for sale	16	9,650,277	10,968,670	-	-
Property development costs	17	80,350,486	92,995,461	-	-
Inventories	18	13,286,648	17,286,283	-	-
Trade and other receivables	19	33,002,141	21,441,422	356,856	129,257
Amounts due from subsidiary companies	12	-	-	47,394,336	42,416,881
Deposits and cash and bank balances	20	1,399,284	1,045,115	14,967	37,361
		137,688,836	143,736,951	47,766,159	42,583,499
CURRENT LIABILITIES					
Trade and other payables	21	13,733,656	20,247,332	251,318	219,195
Amounts due to subsidiary companies	12	-	-	6,532,008	5,349,133
Short term borrowings	22	12,744,967	3,150,616	-	10,681
Provision for taxation		179,209	415,606	-	-
		26,657,832	23,813,554	6,783,326	5,579,009
NET CURRENT ASSETS					
		111,031,004	119,923,397	40,982,833	37,004,490
		155,252,915	156,101,986	135,805,149	131,854,007
FINANCED BY:-					
Share capital	23	206,756,497	206,756,497	206,756,497	206,756,497
Accumulated losses		(68,200,192)	(72,492,781)	(70,951,348)	(74,902,490)
Shareholders' funds		138,556,305	134,263,716	135,805,149	131,854,007
Long term borrowings	22	9,674,199	14,555,770	-	-
Deferred taxation	25	7,022,411	7,282,500	-	-
		155,252,915	156,101,986	135,805,149	131,854,007

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

	Share Capital (Note 23) RM	Reserve on Consolidation (Note 24) RM	Accumulated losses RM	Total RM
Note				
At 1 January 2006	206,756,497	3,011,949	(65,307,336)	144,461,110
Effects of adopting FRS 3				
- transfer of reserve on consolidation to accumulated losses	-	(3,011,949)	3,011,949	-
Net loss for the year	-	-	(8,708,747)	(8,708,747)
Dividend	-	-	(1,488,647)	(1,488,647)
At 31 December 2006	206,756,497	-	(72,492,781)	134,263,716
At 1 January 2007	206,756,497	-	(72,492,781)	134,263,716
Net profit for the year	-	-	4,292,589	4,292,589
At 31 December 2007	206,756,497	-	(68,200,192)	138,556,305

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2007

35

	Note	Share Capital (Note 23) RM	Accumulated losses RM	Total RM
At 1 January 2006		206,756,497	(18,712,677)	188,043,820
Net loss for the year		-	(54,701,166)	(54,701,166)
Dividend	26	-	(1,488,647)	(1,488,647)
At 31 December 2006		206,756,497	(74,902,490)	131,854,007
At 1 January 2007		206,756,497	(74,902,490)	131,854,007
Net profit for the year		-	3,951,142	3,951,142
At 31 December 2007		206,756,497	(70,951,348)	135,805,149

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		3,610,390	(9,887,699)
Adjustments for:			
Interest expense		899,023	789,851
Interest income		(652,521)	(56,256)
Doubtful debts recovered		(4,600)	-
Provision for doubtful debts		-	475,378
Property, plant and equipment written off		5,063	-
Impairment of goodwill		-	116,290
Depreciation of property, plant and equipment		249,164	386,248
Gain on disposal of property, plant and equipment		(172,411)	(5,865)
Gain on disposal of other investment		-	(4,514)
Loss on disposal of property, plant and equipment		-	4,175
Operating profit/(loss) before working capital changes		3,934,108	(8,182,392)
Decrease/(increase) in inventories		3,999,635	(7,296,339)
Decrease/(increase) in assets held for sale		1,472,790	(10,968,670)
Decrease in property development costs		13,351,973	12,793,496
Increase in land held for property development		(4,524,348)	(9,782,250)
Increase in non-current trade receivable		(3,750,000)	-
(Increase)/decrease in trade and other receivables		(11,219,871)	21,330,133
Decrease in trade and other payables		(6,513,676)	(1,338,772)
Cash used in operating activities		(3,249,389)	(3,444,794)
Taxation refunded/(paid)		185,713	(4,377,504)
Net cash used in operating activities		(3,063,676)	(7,822,298)

CONSOLIDATED CASH FLOW STATEMENT

(CONT'D)

37

FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM	2006 RM
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(21,429)	(185,638)
Proceeds from disposal of property, plant and equipment		4,704	31,099
Proceeds from disposal of other investment		-	504,514
Purchase of other investments		(5,000)	(5,000)
Acquisition of subsidiary company	27	(65)	-
Interest received		487,273	56,256
Net cash generated from investing activities		465,483	401,231
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of hire purchase		(129,675)	(117,299)
Drawdown of bank borrowings		10,047,399	15,252,505
Repayment of bank borrowings		(5,902,757)	(9,762,631)
Dividend paid		-	(1,488,647)
Interest paid		(1,760,418)	(1,565,434)
Net cash generated from financing activities		2,254,549	2,318,494
NET DECREASE IN CASH AND CASH EQUIVALENTS		(343,644)	(5,102,573)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		(259,242)	4,843,331
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 20)		(602,886)	(259,242)

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

COMPANY CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM	2006 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	5,363,736	(54,701,166)
Adjustments for:		
Depreciation of property, plant and equipment	27,464	29,740
Interest expense	2,018	6,399
Property, plant and equipment written off	405	-
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 received	(6,800,000)	-
Operating loss before working capital changes	(1,406,377)	(621,628)
Decrease in receivables	182,352	178,800
Increase in payables	1,214,998	1,507,520
Cash (used in)/generated from operating activities	(9,027)	1,064,692
Net cash (used in)/generated from operating activities	(9,027)	1,064,692
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(668)	(38,980)
Proceeds from disposal of property, plant and equipment	-	26,000
Proceeds from disposal of other investment	-	504,514
Net cash (used in)/generated from investing activities	(668)	491,534
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase	(10,681)	(35,826)
Dividend paid	-	(1,488,647)
Interest expense	(2,018)	(6,399)
Net cash used in financing activities	(12,699)	(1,530,872)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(22,394)	25,354
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	37,361	12,007
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR (Note 20)	14,967	37,361

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007

39

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 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 Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 8 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements of the Group and of the Company comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia.

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 2007 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) Subsidiary Companies and Basis of Consolidation

(i) Subsidiary Companies

Subsidiary companies 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 subsidiary companies 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(b) Subsidiary Companies and Basis of Consolidation (cont'd)****(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 subsidiary companies are prepared for the same reporting date as the Company.

Subsidiary companies 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.

Acquisitions of subsidiary companies 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.

Minority interests represent the portion of profit or loss and net assets in subsidiary companies not held by the Group. It is measured at the minorities' share of the fair value of the subsidiary companies' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiary companies' equity since then.

(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:

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(d) Revenue Recognition (cont'd)

(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 income 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.

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%
Motor vehicles	16% - 20%
Renovation	10%

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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(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 significant development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at cost less any accumulated impairment losses. 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 comprise 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.

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. The costs 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) Provisions 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.

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 Group 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.

(iii) Equity compensation benefits

The Company's Employee Share Options Scheme 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Employee Benefits (cont'd)

(iii) Equity compensation benefits (cont'd)

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.

(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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)**(l) Impairment of assets (cont'd)**

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 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 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.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements, 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 values. 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 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.

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(m) Financial Instruments (cont'd)

(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 drawdown 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 STATEMENTS

31 DECEMBER 2007 (cont'd)

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

On 1 January 2007, the Group adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007:

FRS 6	<i>Exploration for and Evaluation of Mineral Resources</i>
FRS 117	<i>Leases</i>
FRS 124	<i>Related Party Disclosures</i>
Amendment to FRS 119 ₂₀₀₄	<i>Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures</i>

The adoption of the revised FRS 117, FRS 119 and FRS 124 has not resulted in significant changes in accounting policies of the Group except for disclosures presented in the financial statements. FRS 6 is not applicable to the Group.

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

Standard / Interpretation	Effective Date
FRS 139 <i>Financial Instruments: Recognition and Measurement</i>	To be announced
Amendment to FRS 121 <i>The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation</i>	1 July 2007
IC Interpretation 1 <i>Changes in Existing Decommissioning Resources and Similar Liabilities</i>	1 July 2007
IC Interpretation 2 <i>Members' Share in Co-operative Entities and Similar Instruments</i>	1 July 2007
IC Interpretation 5 <i>Rights to Interests arising from Decommissioning, Restoration and Environment Rehabilitation Funds</i>	1 July 2007
IC Interpretation 6 <i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>	1 July 2007
IC Interpretation 7 <i>Applying the Restatement Approach under FRS 129₂₀₀₄ Financial Reporting in Hyperinflationary Economies</i>	1 July 2007
IC Interpretation 8 <i>Scope of FRS 2 Share-based Payment</i>	1 July 2007
FRS 107 <i>Cash Flow Statements</i>	1 July 2007
FRS 111 <i>Construction Contracts</i>	1 July 2007
FRS 112 <i>Income Taxes</i>	1 July 2007
FRS 120 <i>Accounting for Government Grants and Disclosure of Government Assistance</i>	1 July 2007
FRS 134 <i>Interim Financial Reporting</i>	1 July 2007
FRS 137 <i>Provisions, Contingent Liabilities and Contingent Assets</i>	1 July 2007

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

49

4. REVENUE

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Sale of properties	52,843,610	34,342,530	-	-
Support service fees	-	-	-	767,000
Gross dividend from subsidiary	-	-	6,800,000	-
Management fee from third party	118,493	166,883	-	-
	52,962,103	34,509,413	6,800,000	767,000

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. FINANCE COST

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Interest expense on:				
- Bank charges	50,408	104,261	-	-
- Bank borrowings	1,681,399	1,410,334	-	-
- Hire purchase	28,611	50,839	2,018	6,399
	1,760,418	1,565,434	2,018	6,399
Less: Interest expense capitalised in qualifying assets:				
Land held for property development (Note 11)	(154,397)	(260,356)	-	-
Property development costs (Note 17)	(706,998)	(515,227)	-	-
	899,023	789,851	2,018	6,399

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

7. PROFIT/(LOSS) BEFORE TAXATION

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Auditors' remuneration:				
- Group auditors				
- current	77,000	60,000	36,000	36,000
- Other auditors				
- current	33,600	37,100	-	-
- over-provision in the prior year	-	(1,000)	-	-
Provision for doubtful debts	-	475,378	-	48,348,780
Provision for diminution in investment	-	-	-	5,700,000
Depreciation	249,164	386,248	27,464	29,740
Property, plant and equipment written off	5,063	-	405	-
Rental of buildings	219,420	215,820	65,640	65,640
Staff costs (Note a)	2,412,326	2,467,577	1,041,365	1,020,669
Loss on disposal of property, plant and equipment	-	4,175	-	-
Impairment of goodwill	-	116,290	-	-
Gain on disposal of property, plant and equipment	(172,411)	(5,865)	-	(867)
Rental income	(93,075)	(68,900)	-	-
Gain on disposal of other investment	-	(4,514)	-	(4,514)
Interest income	(652,521)	(56,256)	-	-
Gross dividend from subsidiary company	-	-	(6,800,000)	-
Doubtful debts recovered on trade debts	(4,600)	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

51

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

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
(a) Staff costs				
Wages and salaries	2,164,636	2,211,547	968,265	946,946
Social security contributions	13,063	14,426	1,640	1,745
Short term accumulating compensated absences	(543)	(1,195)	251	788
Contributions to defined contribution plan	196,670	201,246	56,819	54,534
Other benefits	38,500	41,553	14,390	16,656
	2,412,326	2,467,577	1,041,365	1,020,669

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting to RM1,011,958 (2006:RM976,845) and RM714,960 (2006:RM704,960) respectively as further disclosed in Note 7(b).

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
(b) Directors' Remuneration				
Directors of the Company				
<i>Executive:</i>				
Salaries and other emoluments	562,000	552,000	562,000	552,000
Fees	60,000	60,000	60,000	60,000
Bonus	46,000	46,000	46,000	46,000
Contributions to defined contribution plan	32,760	32,760	32,760	32,760
Benefits-in-kind	39,200	39,200	14,200	14,200
	739,960	729,960	714,960	704,960
<i>Non - Executive:</i>				
Fees	120,000	120,000	120,000	120,000
Allowances	11,100	9,000	11,100	9,000
	131,100	129,000	131,100	129,000

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

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

(b) Directors' Remuneration (cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Directors of Subsidiaries				
<i>Executive</i>				
Salaries and other emoluments	238,850	215,353	-	-
Contributions to defined contribution plan	24,348	22,732	-	-
Benefits-in-kind	8,800	8,800	-	-
	271,998	246,885	-	-
Grand Total	1,143,058	1,105,845	846,060	833,960
Analysis excluding benefits-in-kind:				
Total executive directors' remuneration	963,958	928,845	700,760	690,760
Total non-executive directors' remuneration	131,100	129,000	131,100	129,000
Total directors' remuneration excluding benefits-in-kind	1,095,058	1,057,845	831,860	819,760

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

	Number of Directors			
	2007		2006	
	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	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

53

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

(b) Directors' Remuneration (cont'd)

	Number of Directors			
	2007		2006	
	Executive Directors	Non-Executive Directors	Executive Directors	Non-Executive Directors
Other Directors				
RM50,000 and below	1	-	1	-
RM50,001-RM100,000	-	-	-	-
RM100,001-RM150,000	-	-	-	-
RM150,001-RM200,000	-	-	-	-
RM200,000-RM250,000	1	-	1	-

8. TAXATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Income tax:				
Malaysian income tax	(351,882)	198,730	1,481,054	-
(Over)/underprovision in prior year	(70,228)	138,545	(68,460)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	-	(1,516,227)	-	-
Relating to changes in tax rates	(260,089)	-	-	-
	(682,199)	(1,178,952)	1,412,594	-

The tax income of RM351,882 is in respect of Section 110 credit refundable by the Inland Revenue Board.

Domestic income tax is calculated at the Malaysian statutory tax rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008 and to 25% effective year of assessment 2009.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

8. TAXATION (cont'd)

A reconciliation of income tax expense applicable to profit/(loss) 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	
	2007 RM	2006 RM
(a) Profit/(loss) before taxation	3,610,390	(9,887,699)
Taxation at Malaysian statutory tax rate of 27% (2006:28%)	974,805	(2,768,556)
Deferred tax recognised at different tax rates	(260,089)	-
Non taxable income	(42,669)	(100,569)
Expenses not deductible for tax purposes	250,932	612,813
Effect of reversal of taxable temporary differences	-	163,419
Difference in recognition of revenue by tax authorities and by the Group	(1,830)	612,631
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(2,303,520)	(779,391)
Deferred tax assets not recognised during the year	770,400	942,156
(Over)/underprovision in prior year	(70,228)	138,545
Tax benefit for the year	(682,199)	(1,178,952)

	COMPANY	
	2007 RM	2006 RM
Profit/(loss) before taxation	5,363,736	(54,701,166)
Taxation at Malaysian statutory tax rate of 27% (2006:28%)	1,448,209	(15,316,326)
Expenses not deductible for tax purposes	27,190	15,160,268
Deferred tax assets not recognised during the year	5,655	156,058
Overprovision in prior year	(68,460)	-
Tax expense for the year	1,412,594	-

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2007 (cont'd)

55

8. TAXATION (cont'd)

Deferred tax assets not recognised are as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unabsorbed capital allowances carried forward	6,204,152	6,167,580	121,072	111,733
Unutilised tax losses carried forward	45,056,299	51,134,839	1,736,508	1,733,138

9. EARNINGS/(LOSS) 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	
	2007 RM	2006 RM
Net profit/(loss) for the year (RM)	4,292,589	(8,708,747)
Weighted average number of ordinary shares in issue	206,756,497	206,756,497
Basic earnings/(loss) per share (sen)	2.08	(4.21)

(b) Diluted

The Employee Share Option Scheme ("ESOS") has expired on 9 January 2008 and an extension of the ESOS was not sought from the shareholders. In view that there is no possibility of a dilution, the calculation of the diluted earnings per share is not applicable.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

10. PROPERTY, PLANT & EQUIPMENT

GROUP

At 31 December 2007

AT COST

	Plant and machinery RM	Fixtures, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January	74,830	663,081	1,652,829	360,181	2,750,921
Additions	-	21,429	-	-	21,429
Written off	-	(7,325)	-	-	(7,325)
Disposals	-	-	(664,123)	-	(664,123)

At 31 December

74,830 677,185 988,706 360,181 2,100,902

ACCUMULATED DEPRECIATION

At 1 January	26,161	518,891	1,185,833	248,722	1,979,607
Depreciation for the year	7,181	41,719	172,092	28,172	249,164
Written off	-	(2,262)	-	-	(2,262)
Disposals	-	-	(660,830)	-	(660,830)

At 31 December

33,342 558,348 697,095 276,894 1,565,679

NET CARRYING AMOUNT

At 31 December 2007

41,488 118,837 291,611 83,287 535,223

At 31 December 2006

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

57

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

COMPANY

	Motor vehicles RM	Fixtures, fittings and office equipment RM	Renovation RM	Total RM
At 31 December 2007				
AT COST				
At 1 January	101,755	49,710	31,836	183,301
Additions	-	668	-	668
Written off	-	(685)	-	(685)
At 31 December	101,755	49,693	31,836	183,284
ACCUMULATED DEPRECIATION				
At 1 January	58,364	20,987	13,431	92,782
Depreciation for the year	19,305	4,975	3,184	27,464
Written off	-	(280)	-	(280)
At 31 December	77,669	25,682	16,615	119,966
NET CARRYING VALUE				
At 31 December 2007	24,086	24,011	15,221	63,318
At 31 December 2006				
AT COST				
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

The net book values of motor vehicles of the Group and of the Company acquired under hire purchase agreements amounted to RM176,380 (2006: RM322,262) and NIL (2006: RM11,509) respectively.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

11. LAND HELD FOR PROPERTY DEVELOPMENT

GROUP

	Freehold land RM	Leasehold land RM	Total RM
At Cost:			
At 1 January 2007	9,938,452	25,402,823	35,341,275
Additions	200,842	102,000	302,842
Transfer from property development costs (Note 17)	13,871,783	-	13,871,783
Reclassified to assets held for sale (Note 16)	(9,650,277)	-	(9,650,277)
At 31 December 2007	14,360,800	25,504,823	39,865,623
At Cost:			
At 1 January 2006	-	25,559,025	25,559,025
Additions	9,938,452	2,000	9,940,452
Written off	-	(158,202)	(158,202)
At 31 December 2006	9,938,452	25,402,823	35,341,275

Included in the land held for property development incurred during the financial year are:

	2007 RM	2006 RM
Loan interest expense	154,397	260,356

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 RM25,504,823 (2006 : RM25,402,823). 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).

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

59

12. INVESTMENT IN SUBSIDIARIES

	COMPANY	
	2007 RM	2006 RM
Unquoted investment, at cost:	111,506,990	111,506,990
Less: Impairment loss	(16,747,992)	(16,747,992)
	94,758,998	94,758,998
Amount due from subsidiary companies	95,892,496	90,915,041
Less: Provision for doubtful debts	(48,498,160)	(48,498,160)
	47,394,336	42,416,881
Amount due to subsidiary companies	6,532,008	5,349,133

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

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held	
			2007 %	2006 %
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

12. INVESTMENT IN SUBSIDIARIES (cont'd)

Name of subsidiaries	Principal activities	Country of incorporation	Equity interest held	
			2007 %	2006 %
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
+ 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
+ Budi Halus Sdn. Bhd.	Property development, investment holding and general contractors	Malaysia	65	-
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	100

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

NOTES TO THE
FINANCIAL STATEMENTS
31 DECEMBER 2007 (cont'd)

61

13. OTHER INVESTMENT

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Club membership, at cost	71,000	66,000	-	-

14. NON-CURRENT TRADE RECEIVABLE

The non-current trade receivable relates to the balance of the sale proceeds receivable from Sanubari Sejahtera Sdn. Bhd.

On 5 December 2006, UH Industries & Development Sdn. Bhd., a wholly-owned subsidiary of the Company entered into a Sale and Purchase Agreement with Sanubari Sejahtera 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. Sale 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 which was subject to the transfer of consent approval from the state authority was completed during the financial year ended 31 December 2007.

The non-current trade receivable is accounted for in the balance sheet of the Group as follows:

	GROUP	
	2007 RM	2006 RM
Balance of sales proceeds	4,500,000	-
Less: Interest-in-suspense	(750,000)	-
	3,750,000	-
Interest income recognised during the financial year in income statement	50,000	-

Interest income of the non-current trade receivable is calculated on the effective yield basis of 5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

15. GOODWILL ON CONSOLIDATION

	GROUP	
	2007 RM	2006 RM
Excess of consideration over fair value of net assets of a subsidiary company acquired:		
Goodwill on consolidation, at cost	65	116,290
Less: Impairment of goodwill	-	(116,290)
	65	-

16. ASSETS HELD FOR SALE

	GROUP	
	2007 RM	2006 RM
a) Freehold land, at cost	-	10,845,737
a) Leasehold land, at cost	-	122,933
b) Reclassified from land held for property development (Note 11)	9,650,277	-
	9,650,277	10,968,670

- a) The disposal of five (5) pieces of land located in Mukim Sungai Karang, Daerah Kuantan, Pahang was completed in the financial year ended 31 December 2007.
- b) On 13 April 2007, a wholly-owned subsidiary, MV Properties Sdn. Bhd. entered into a sale and purchase agreement with KEMJ Engineering Sdn. Bhd., to dispose of a piece of freehold land located in Cheras, Selangor for a total consideration of RM12,743,522.

The disposal is subject to the planning and building approvals of the relevant authorities and is expected to be completed in the financial year ending 31 December 2008.

The freehold land is charged to a licenced bank in connection with a term loan extended to Syarikat Sungei Buan Sdn. Bhd., the immediate holding company of MV Properties Sdn. Bhd. The term loan extended to Syarikat Sungei Buan Sdn. Bhd. was to finance MV Properties Sdn. Bhd.'s part payment of the aforesaid freehold land.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

63

17. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2007 RM	2006 RM
Property development costs at 1 January:		
Land	77,090,058	91,464,357
Development costs	27,598,515	88,470,371
	104,688,573	179,934,728
Costs incurred during the year:		
Land	5,978,781	8,020,500
Development costs	24,613,229	26,463,607
	30,592,010	34,484,107
Reversal of completed projects		
Land	(1,941,452)	(21,804,858)
Development costs	(8,302,861)	(79,042,290)
	(10,244,313)	(100,847,148)
Cost recognised in income statement:		
As at 1 January:	11,795,112	80,224,832
Recognised during the year	27,423,043	32,417,428
Reversal of completed projects	(10,244,313)	(100,847,148)
	28,973,842	11,795,112
As at 31 December:		
Transfer to land held for development (Note 11)	(13,871,783)	-
Transfers to inventories	(1,840,159)	(8,781,114)
	80,350,486	92,995,461

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

	GROUP	
	2007 RM	2006 RM
Interest expense (Note 6)	706,998	515,227

Certain land under development at cost of RM68,044,987 (2006 : RM63,938,987) of the Group have been charged as securities for banking facilities extended to the Group as referred to in Note 22 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

18. INVENTORIES

	GROUP	
	2007 RM	2006 RM
Cost		
Properties held for sale	9,886,671	11,743,702
Net Realisable Value		
Properties held for sale	3,399,977	5,542,581
	13,286,648	17,286,283

19. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade receivables	43,460,166	36,705,390	-	-
Accrued billings in respect of property development costs	3,370,834	-	-	-
	46,831,000	36,705,390	-	-
Less: Provision for doubtful debts	(18,511,384)	(18,517,993)	-	-
	28,319,616	18,187,397	-	-
Other receivables and prepayments	4,305,884	3,039,595	1,910	1,000
Tax Recoverable	376,641	214,430	354,946	128,257
	33,002,141	21,441,422	356,856	129,257

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.

Included in trade receivable is an amount of RM4,000,000 receivable from Sanubari Sejahtera Sdn. Bhd. relating to the disposal of 5 pieces of land disclosed in Note 14. RM1,225,298 owing by Brem Holding Berhad, a substantial shareholder of the Company, was recorded in trade receivables in 2006.

The provision for doubtful debts amounting to RM18,124,550 is in respect of the trade receivables of the manufacturing division which ceased operations in 2004.

Other than the total amount of RM8,500,000 receivable from Sanubari Sejahtera Sdn. Bhd., the Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

65

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Cash on hand and at bank (Note a)	1,397,084	1,042,915	14,967	37,361
Deposits with a licensed bank (Note b)	2,200	2,200	-	-
Cash and Bank Balances	1,399,284	1,045,115	14,967	37,361
Bank overdrafts (Note 22)	(2,002,170)	(1,304,357)	-	-
Cash and cash equivalents	(602,886)	(259,242)	14,967	37,361

(a) Included in cash and bank balances for the Group is an amount of RM642,408 (2006: RM704,510) 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 a licensed bank are deposits of RM2,200 (2006: RM2,200) pledged to the licensed bank as collateral for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.

The weighted average interest rates during the financial year and the average maturities of deposits as at 31 December 2007 were as follows:

	GROUP	
	2007 RM	2006 RM
Licensed banks		
Weighted average interest rates (%)	3.0	3.0
Average maturity days	365	365

21 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Trade payables	7,564,683	6,710,020	-	-
Contract retention amount	270,969	288,403	-	-
Progress billings in respect of property development costs	1,257,854	990,297	-	-
Accruals	887,182	2,595,263	251,318	219,195
Amount due to Directors	2,500	4,500	-	-
Other payables	3,750,468	9,658,849	-	-
	13,733,656	20,247,332	251,318	219,195

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

21 TRADE AND OTHER PAYABLES (cont'd)

Included in trade payables of the Group are as follows:

- (i) RM478,000 (2006: RM428,000) 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.
- (ii) RM47,721 (2006: RM969,556) 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 (2006: RM1,516,570) owing to Brem Development Sdn. Bhd. a shareholder of the Company.
- (ii) NIL (2006: RM133,954) owing to an individual, a related party who has substantial deemed financial interest in the Company.
- (iii) Deposit of NIL (2006: 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) RM203,726 (2006: 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 (2006: RM180,000).

22. BORROWINGS

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Short Term Borrowings				
Secured:				
Revolving credits	500,000	500,000	-	-
Bridging loans	4,883,105	-	-	-
Term loans	5,268,706	1,216,584	-	-
Bank overdraft	2,002,170	1,304,357	-	-
Hire purchase payables	90,986	129,675	-	10,681
Total	12,744,967	3,150,616	-	10,681

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

67

22. BORROWINGS (cont'd)

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Long Term Borrowings				
Secured:				
Revolving credits	1,100,000	1,600,000	-	-
Term loans	8,347,892	12,638,477	-	-
Hire purchase payables	226,307	317,293	-	-
Total	9,674,199	14,555,770	-	-
Total Borrowings				
Secured:				
Revolving credits	1,600,000	2,100,000	-	-
Bridging loans	4,883,105	-	-	-
Term loans	13,616,598	13,855,061	-	-
Bank overdraft	2,002,170	1,304,357	-	-
Hire purchase payables	317,293	446,968	-	10,681
Total	22,419,166	17,706,386	-	10,681
Maturity of borrowings (excluding hire purchase and finance lease):				
Within one year	12,653,981	3,020,941	-	-
More than 1 year and less than 2 years	4,797,958	9,138,477	-	-
More than 2 years and less than 5 years	4,649,934	5,100,000	-	-
More than 5 years	-	-	-	-
Total	22,101,873	17,259,418	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

22. BORROWINGS (cont'd)

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

	GROUP	
	2007 %	2006 %
Bank overdraft	8.5 - 8.75	8.5 - 8.75
Revolving credits	8.75	8.75
Bridging loans	8.5	-
Term loans	8.5 - 8.75	8.5 - 8.75

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

- (i) Legal charges over certain land under development of the Group as disclosed in Note 17 to the financial statements;
- (ii) Jointly and severally guaranteed by certain directors of the Group;
- (iii) Corporate guarantee of the Company; and

The bridging loans, 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 RM103,187 each commencing 31 July 2007; and
- (ii) within twenty four months from the date of first disbursement of the bridging loan.

(b) The bank overdraft is secured as follows:

- (i) legal charges over certain properties under development of the Group as disclosed in Note 17 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 STATEMENTS

31 DECEMBER 2007 (cont'd)

69

22. BORROWINGS (cont'd)

(c) Hire purchase payables

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Minimum hire purchase payments:				
Not later than 1 year	105,792	158,273	-	12,685
Later than 1 year and not later than 2 years	95,491	105,792	-	-
Later than 2 years and not later than 5 years	147,007	225,842	-	-
Later than 5 years	1,318	17,973	-	-
	349,608	507,880	-	12,685
Less: Future finance charges	(32,315)	(60,912)	-	(2,004)
	317,293	446,968	-	10,681
Analysed as:				
Due within 12 months	90,986	129,675	-	10,681
Due after 12 months	226,307	317,293	-	-
	317,293	446,968	-	10,681

23. SHARE CAPITAL

Group and Company

	Number of Ordinary shares of RM1.00 each	
	2007 RM	2006 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

23. SHARE CAPITAL (cont'd)

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (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.
- (iv) The exercise price for each option share shall be the higher of the following:
 - (a) 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
 - (b) 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.

The main features of the ESOS are as follows:

- (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.

23. SHARE CAPITAL (cont'd)

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

- (a) 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;
- (b) 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
- (c) 500,000 new ordinary shares to Teh Kim Teck, a shareholder and director of certain subsidiary companies of the Group.

The ESOS has expired on 9 January 2008 and an extension of the ESOS was not sought from the shareholders.

24. RESERVE ON CONSOLIDATION

	GROUP	
	2007 RM	2006 RM
Cost:		
At 1 January/ 31 December	-	10,739,205
Accumulated amortisation:		
At 1 January	-	7,727,256
Transferred to accumulated losses	-	3,011,949
	-	10,739,205
At 31 December	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

25. DEFERRED TAXATION

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
At 1 January	7,282,500	8,798,727	-	-
Transfer to income statement	(260,089)	(1,516,227)	-	-
At 31 December	7,022,411	7,282,500	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	-	(1,837)	-	(1,837)
Deferred tax liabilities	7,022,411	7,284,337	-	1,837
	7,022,411	7,282,500	-	-

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 2007	7,284,337
Recognised in income statement	(261,926)
As at 31 December 2007	7,022,411
As at 1 January 2006	8,802,911
Recognised in income statement	(1,518,574)
As at 31 December 2006	7,284,337

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

73

25. DEFERRED TAXATION (cont'd.)

	GROUP		
	Tax Losses and Unabsorbed Capital Allowances RM	Others RM	Total RM
As at 1 January 2007	(20,901)	19,064	(1,837)
Recognised in income statement	1,837	-	1,837
As at 31 December 2007	(19,064)	19,064	-
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)

Deferred tax liabilities of the Company:

	COMPANY Property, Plant and Equipment RM
As at 1 January 2007	1,837
Recognised in income statement	(1,837)
As at 31 December 2007	-
As at 1 January 2006	1,837
Recognised in income statement	-
As at 31 December 2006	1,837

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2007 (cont'd)

25. DEFERRED TAXATION (cont'd.)

Deferred tax assets of the Company:

	COMPANY Tax Losses and Unabsorbed Capital Allowances RM
As at 1 January 2007	(1,837)
Recognised in income statement	1,837
As at 31 December 2007	-
As at 1 January 2006	(1,837)
Recognised in income statement	-
As at 31 December 2006	(1,837)

26. DIVIDEND

	Dividends Recognised in Year	
	2007 RM	2006 RM
Dividend recognised in 2006		
Final dividend for 2005: 1% less 28% taxation, on 206,756,497 ordinary shares, paid on 21 June 2006	-	1,488,647
	-	1,488,647

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2007, of 1.5 sen per share less 26% taxation on 206,756,497 ordinary shares, amounting to a net dividend payable of RM2,294,997 will be proposed for shareholders' approval. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by shareholders, will be accounted for in equity as an appropriation of reserves in the financial year ending 31 December 2008.

27. ACQUISITION OF A SUBSIDIARY COMPANY

Budi Halus Sdn. Bhd.

On 26 December 2007, a wholly owned subsidiary of the Company, Bertam Development Sdn. Bhd., acquired a 65% equity interest in Budi Halus Sdn. Bhd. comprising sixty-five (65) ordinary shares of RM1.00 each in Budi Halus Sdn. Bhd. for a cash consideration of RM65.

The cost of acquisition comprised of the following:

	RM
Purchase consideration satisfied by cash	65
Cash of subsidiary company acquired	-
Net cash outflow from the acquisition of subsidiary company	65

28. CAPITAL COMMITMENT

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Approved and contracted for	477,513	-	477,513	-

29. CONTINGENT LIABILITIES AND MATERIAL LITIGATION

<u>Contingent Liabilities</u>	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Unsecured:				
(a) Guarantees to financial institutions for borrowings of subsidiary companies (Note i)	-	-	31,100,000	27,450,000

Note:

(i) The banking facilities utilised as at 31 December 2007 amounting to RM22,101,873 for guarantees provided.

29. CONTINGENT LIABILITIES AND MATERIAL LITIGATION (cont'd)**Material Litigation****(b) 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.

BDSB has filed an application to amend its defence and counterclaim and an application to recall LHSB and OTC's witnesses. Both applications are now fixed for 22 May 2008. Both applications have to be disposed off before the trial can resume. 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.

30. SIGNIFICANT EVENTS DURING THE YEAR**(a) Acquisition of Subsidiary Company**

Bertam Development Sdn. Bhd. had on 26 December 2007, acquired 65 ordinary shares of RM1.00 each in Budi Halus Sdn. Bhd. ("BH") representing a 65% equity interest in the issued and paid-up share capital of BH for a purchase consideration of RM65 only comprising 60 ordinary shares from Khoo Chai Kaa, the deemed major shareholder of the Company and 5 ordinary shares from Tan Ai Tong, a Director of the Company respectively.

The acquisition which was satisfied by cash has no material impact on the income statement for the financial year ended 31 December 2007 and the balance sheet as at 31 December 2007.

(b) 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 director 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 was completed in the financial year ended 31 December 2007.

(c) Disposal of Development Properties

On 13 April 2007, MV Properties Sdn. Bhd. entered into a sale and purchase agreement with KEMJ Engineering Sdn. Bhd., 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 is subject to the planning and building approvals of the relevant authorities and is expected to be completed in the financial year ending 31 December 2008.

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its 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.

(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 are adhered to.

As at 31 December 2007, 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.

Other than the balance of sale proceeds of RM8,500,000 receivable from Sanubari Sejahtera Sdn. Bhd. as disclosed in Note 14 and Note 19, the Company does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

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.

31. FINANCIAL INSTRUMENTS**(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 2007. 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 their fair values 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 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 STATEMENTS
31 DECEMBER 2007 (cont'd)

79

32. SEGMENT INFORMATION

BUSINESS SEGMENTS

	Property development		Corporate and others		Eliminations*		Consolidated	
	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM	2007 RM	2006 RM
Revenue								
External sales	52,962,103	34,509,413	-	-	-	-	52,962,103	34,509,413
Inter-segment sales	-	-	-	767,000	-	(767,000)	-	-
Dividend income	-	-	6,800,000	-	(6,800,000)	-	-	-
Total revenue	52,962,103	34,509,413	6,800,000	767,000	(6,800,000)	(767,000)	52,962,103	34,509,413
Results								
Segment profit /(loss) from operations	5,953,659	(4,798,017)	5,365,754	(54,694,767)	(6,810,000)	50,394,936	4,509,413	(9,097,848)
Finance cost, net							(899,023)	(789,851)
Taxation							682,199	1,178,952
Net (loss)/profit for the year							4,292,589	(8,708,747)
Assets and Liabilities								
Segment assets / consolidated total assets	155,846,035	154,028,830	95,194,139	95,016,135	(69,129,427)	(69,129,425)	181,910,747	179,915,540
Segment liabilities / consolidated total liabilities	52,533,251	54,601,985	251,318	229,876	(9,430,127)	(9,180,037)	43,354,442	45,651,824
Other Information								
Capital expenditure	20,761	146,658	668	38,980	-	-	21,429	185,638
Depreciation	221,700	356,508	27,464	29,740	-	-	249,164	386,248
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	-	5,381	-	-	-	172,757

* 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 STATEMENTS

31 DECEMBER 2007 (cont'd)

33. SIGNIFICANT RELATED PARTY TRANSACTIONS

	COMPANY	
	2007 RM	2006 RM
(a) Transactions with subsidiary companies:		
Support service fees	-	767,000
	GROUP	
	2007 RM	2006 RM
(b) Transactions with a corporate shareholder which has a substantial interest in the Company:		
Miramas Development Sdn. Bhd.		
Acquisition of land	4,106,000	-
Brem Holding Berhad		
Office rental payable	84,000	84,000
(c) 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

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 mutually agreed between the parties.

(d) Compensation of key management personnel

The remuneration of members of key management other than directors during the year was as follows:

	GROUP		COMPANY	
	2007 RM	2006 RM	2007 RM	2006 RM
Short term employee benefits	231,368	215,123	119,746	109,145
Post employment benefits				
Defined contribution plan	26,604	24,653	13,932	12,632
	257,972	239,776	133,678	121,777

LIST OF PROPERTIES

81

Properties & Locations	Description	Area/ (Built-up)	Tenure	Age of Building	Net Book Value As At 31 Dec 2007 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	270.31 acres	Freehold	-	43,100	29/08/2002
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 Gemencheh 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	10/07/2006
HS(M) 1040 PT 1346 Mukim Sungai Karang Daerah Kuantan Pahang	Vacant development land	2.5 acres	Freehold	-	477	31/07/2006

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2008

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	6	0.34	339	0.00
100	-	1,000	462	25.78	434,110	0.21
1,001	-	10,000	801	44.70	4,097,048	1.98
10,001	-	100,000	409	22.82	15,350,597	7.43
100,001	-	10,337,823 (*)	111	6.19	98,396,820	47.59
10,337,824 and above		(**)	3	0.17	88,477,583	42.79
TOTAL			1,792	100.00	206,756,497	100.00

* Less than 5% if issued

** 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.	UOBM Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Loke Kim Wan	19,234,583	9.30
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)	7,224,000	3.49
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.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ishtihar Properties & Development Sdn. Bhd. (49523 PDZM)	6,500,000	3.14
8.	Goy Ah Moy	5,235,100	2.53
9.	Multiple Launch Sdn. Bhd.	3,561,300	1.72
10.	EB Nominees (Tempatan) Sendirian Berhad Pledged securities account for Ng Chee Hua (SFC)	3,384,000	1.64
11.	HLG Nominee (Tempatan) Sdn. Bhd. Pledged securities account for Tan Lee Kau	3,171,700	1.53

ANALYSIS OF SHAREHOLDINGS AS AT 15 APRIL 2008 (cont'd)

83

THIRTY LARGEST SHAEHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

No	Name of Shareholders	Number of Shares Held	%
12.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Chong Thin Choy (8039518)	2,620,600	1.27
13.	AIBB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Ng Poh Hwa	2,528,100	1.22
14.	CIMB Group Nominess (Tempatan) Sdn. Bhd. Pledged securities account for V.A. Trading Sdn. Bhd. (49876 PDZM)	2,400,000	1.16
15.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Ng Chee Hua (8039520)	2,050,000	0.99
16.	V.A.Trading Sdn. Bhd.	1,862,000	0.90
17.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Tan Boon Seng	1,771,100	0.86
18.	Wei Han Sdn. Bhd.	1,579,000	0.76
19.	Brem Development Sdn. Bhd.	1,507,000	0.73
20.	Public Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Beh Poh Sim (E-KLC)	1,400,000	0.68
21.	AMSEC Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Tan Lee Kau	1,376,200	0.67
22.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Gan Chin Yap (MLK/SS)	1,341,000	0.65
23.	SJ Sec Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Tan Bee Hong (SMT)	1,276,800	0.62
24.	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged securites account for Ng Chee Hua (8038804)	1,200,000	0.58
25.	Ng Sing Hwa	1,175,000	0.57
26.	Dato' Ng Aik Kee	1,095,700	0.53
27.	Miramas Realty Sdn. Bhd.	1,077,478	0.52
28.	Wong Swee Yee	1,050,000	0.51
29.	Dynamic Enterprises Sdn. Bhd.	1,044,788	0.51
30.	Idaman Ikhlas Sdn. Bhd.	980,500	0.47
Total		160,430,949	77.59

ANALYSIS OF SHAREHOLDINGS AS AT 15 APRIL 2008 (cont'd)

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2008

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	19,234,583	9.30	-	-

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), 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.
- (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 AS AT 15 APRIL 2008 (cont'd)

85

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2008

Name	No. of Shares		No. of Shares	
	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)	-	-	-	-
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.

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 Fourteenth 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 Monday, 9 June 2008 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 Financial Statements for the financial year ended 31 December 2007 and the Reports of Directors and Auditors thereon.		
2.	To declare a first and final dividend of 1.5 sen per share less 26% income tax in respect of the financial year ended 31 December 2007 as recommended by the Directors.		
3.	To re-elect Mr. Ng Chee Hwa who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
4.	To re-elect Mr. Low Yew Hwa who retires by rotation as a Director of the Company pursuant to Article 91 of the Company's Articles of Association.		
5.	To re-appoint Ernst & Young as Auditors of the Company for the financial year ending 31 December 2008 and to authorise the Directors to fix the Auditors' remuneration.		
6.	To approve the payment of Directors' Fees of RM180,000.00 for the financial year ended 31 December 2007.		
7.	Authority to Issue Shares.		
8.	Authority Pursuant to Section 132E of the Companies Act, 1965.		
9.	Amendment to the Articles of Association of the Company.		

Signed this _____ day of _____ 2008.

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., Saturday, 7 June 2008.

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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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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
Tel: 603-7958 7288 Fax: 603-7958 5033
E-mail: bertamdev@pd.jaring.my