

# **BERTAM** ALLIANCE BERHAD

305530-A



**ANNUAL REPORT 2016**



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# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twenty-Third Annual General Meeting of the Company will be held at Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah on Friday, 26 May 2017 at 9.00 a.m., to transact the following businesses:

## AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon. *(Please refer Explanatory Note 1)*
2. To re-elect Datuk Mohamed Arsad Bin Sehan who retires by rotation pursuant to Article 91 of the Company's Articles of Association. *(Ordinary Resolution 1)*
3. To re-elect Lim Nyuk Foh who retires by rotation pursuant to Article 91 of the Company's Articles of Association. *(Ordinary Resolution 2)*
4. To approve the payment of Directors' Fees of RM276,000.00 (2015: RM252,000.00) for the financial year ended 31 December 2016. *(Ordinary Resolution 3)*
5. To approve the payment of Directors' benefits up to an amount of RM30,000.00 from 1 January 2017 until the next Annual General Meeting of the Company. *(Ordinary Resolution 4)*
6. To re-appoint Messrs UHY as Auditors of the Company and authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*

## AS SPECIAL BUSINESS:

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

### 7. **AUTHORITY TO ISSUE SHARES PURSUANT TO SECTION 75 OF THE COMPANIES ACT, 2016**

"THAT, subject always to the Companies Act 2016 ("the Act"), Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") and approval of any other governmental and/or regulatory bodies, where such approval is required, the Directors be and are hereby authorised and empowered pursuant to Section 75 of the Act to allot and issue shares in the Company, to such persons, at any time upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("AGM") of the Company after the approval was given or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier." *(Ordinary Resolution 6)*

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)



## 8. **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED MANDATE RENEWAL")**

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa, approval be and is hereby given for the Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate Renewal") for the Company and/or its subsidiary companies ("the Group") to enter into and to give effect to the category of Recurrent Related Party Transactions of a Revenue or Trading nature from time to time with the Related Party as specified in Section 2.3 of the Circular to Shareholders dated 28 April 2017 ("the Related Parties") provided that such transactions are:-

*(Ordinary Resolution 7)*

- (a) recurrent transactions of a revenue or trading nature;
- (b) necessary for the day-to-day operations;
- (c) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (d) are not prejudicial to the minority shareholders of the Company

THAT such approval shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company following this AGM at which the Proposed Mandate Renewal is passed, at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) is revoked or varied by resolution passed by shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Mandate Renewal."

## 9. **PROPOSED AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PERCENT (10%) OF THE ISSUED AND PAID-UP SHARE CAPITAL OF THE COMPANY ("PROPOSED SHARE BUY-BACK")**

"THAT subject to Section 127 of the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, Main Market Listing Requirements of Bursa and any other relevant authority, the Company be and is hereby authorised to allocate an amount not exceeding the total available retained profits of the Company for the purpose of and to purchase such amount of ordinary shares in the Company ("Proposed Purchase") as may be determined by the Directors of the Company from time to time through Bursa as the Directors may deem fit in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa as at the point of purchase;

*(Ordinary Resolution 8)*



# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

AND THAT the Directors be and are hereby empowered to carry out the above immediately upon the passing of this resolution and from the date of the passing of this resolution until:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time the said authority shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders in general meeting,

whichever occurs first,

but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT upon completion of the purchase by the Company of its own ordinary shares, the Directors of the Company be and are hereby authorised to deal with the ordinary shares purchased in their absolute discretion in the following manner:-

- (i) cancel all the ordinary shares so purchased; and/or
- (ii) retain the ordinary shares so purchased in treasury for distribution as dividend to the shareholders and/or resell on the market of Bursa; and/or
- (iii) retain part thereof as treasury shares and cancel the remainder.

AND THAT the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy Back."

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

By Order of the Board  
**ANDREA HUONG JIA MEI (MIA 36347)**

Secretary  
Kuala Lumpur  
28 April 2017

# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)



## Notes:

- i. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 19 May 2017. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, speak or vote on his/her behalf.
- ii. A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- iii. A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- iv. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- v. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- vi. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- vii. The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- viii. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

## Explanatory Notes:

### 1. Audited Financial Statements For The Financial Year Ended 31 December 2016

The audited financial statements are meant for discussion only under Agenda 1, as it does not require shareholders' approval under the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this Agenda item is not put forward for voting by the shareholders of the Company.

### 2. Ordinary Resolutions 1 and 2

Datuk Mohamed Arsad Bin Sehan and Lim Nyuk Foh are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this Twenty-Third Annual General Meeting. The Board has through the Nomination Committee, considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements ("MMLR") in terms of character, experience, integrity, competence and time to effectively discharge their roles as Directors. The Board has also through the Nomination Committee, conducted an assessment on their independence and is satisfied that they have complied with the criteria prescribed by the MMLR and Malaysian Code on Corporate Governance 2012.



# NOTICE OF TWENTY-THIRD ANNUAL GENERAL MEETING (CONT'D)

## **3. Ordinary Resolution 4**

Pursuant to Section 230 (1) of the Companies Act 2016, the fees and benefits payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The total estimated amount of Director's benefit payable is calculated based on the number of scheduled Board's and Board's Committee Meeting and other benefits from 1 January 2017 until the next AGM.

This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

## **4. Ordinary Resolution 6 - Proposed Authority To Issue Shares Pursuant To Section 75 of The Companies Act, 2016**

Resolution No. 6 is to seek a renewal of the general mandate for the issue of new ordinary shares pursuant to Section 75 of the Act which was approved by shareholders at the last year's AGM ("the previous mandate"). As at the date of this Notice, the Company did not allot any shares pursuant to the previous mandate.

The proposed resolution, if passed, will empower the Directors to issue and allot new shares in the Company at any time as the Directors may deem fit provided the aggregate number of shares issued pursuant to the mandate does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being, without convening a general meeting. The authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was give, whichever is earlier.

## **5. Ordinary Resolution 7 - Proposed Renewal of Shareholders Mandate For Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Mandate Renewal")**

Resolution No. 7, if passed, will allow the Group to enter into recurrent related party transactions made on an arm's length basis and on normal commercial terms and which are not prejudicial to the interests of the minority shareholders. For more information, please refer to the Circular to Shareholders dated 28 April 2017 which is circulated together with this Annual Report.

## **6. Ordinary Resolution 8 – Proposed Authority For The Company To Purchase Its Own Shares of Up To Ten Percent (10%) of The Issued And Paid-Up Share Capital of The Company ("Proposed Share Buy Back")**

Resolution No. 8 if passed, will empower the Directors of the Company to exercise the power of the Company to purchase up to ten percent (10%) of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company or the expiration of the period within which the next AGM is required by law to be held, whichever occurs first. For further information, please refer to the Circular to Shareholders dated 28 April 2017 which is circulated together with this Annual Report.

# CORPORATE INFORMATION



## BOARD OF DIRECTORS

**DATUK MOHAMED ARSAD BIN SEHAN**

*Chairman/ Senior Independent Non-Executive Director*

**LIM NYUK FOH**

*Managing Director*

**CHIEW BOON CHIN**

*Executive Director*

**LIM SHAW KEONG @ ALFRED LIM**

*Independent Non-Executive Director*

**KOO JENN MAN**

*Non-Independent Non-Executive Director*

## AUDIT COMMITTEE

**LIM SHAW KEONG @ ALFRED LIM**

*Chairman*

**DATUK MOHAMED ARSAD BIN SEHAN**

*Member*

**KOO JENN MAN**

*Member*

## NOMINATION COMMITTEE

**DATUK MOHAMED ARSAD BIN SEHAN**

*Chairman*

**LIM SHAW KEONG @ ALFRED LIM**

*Member*

## REMUNERATION COMMITTEE

**LIM SHAW KEONG @ ALFRED LIM**

*Chairman*

**DATUK MOHAMED ARSAD BIN SEHAN**

*Member*

## COMPANY SECRETARY

**ANDREA HUONG JIA MEI**

*MIA36347*

## REGISTERED OFFICE

Lot 4.100, Tingkat 4,  
Wisma Central,  
Jalan Ampang,  
50450 Kuala Lumpur.  
Telephone : 603-2161 9733  
Facsimile : 603-2181 2456

## SHARE REGISTRAR

TRICOR INVESTOR & ISSUING HOUSE  
SERVICES SDN BHD  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Telephone : 603-2783 9299  
Facsimile : 603-2783 9222

## AUDITORS

UHY (AF1411)  
Chartered Accountants  
Suite 11.05, Level 11,  
The Gardens South Tower,  
Mid Valley City,  
Lingkaran Syed Putra,  
59200 Kuala Lumpur.

## BUSINESS ADDRESS

Level 23, Unit 23-01 to 23-07, Tower B,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.  
Telephone : 603-2242 3669  
Facsimile : 603-2242 3662  
Website : [www.bertamalliance.com](http://www.bertamalliance.com)

## PRINCIPAL BANKERS

HONG LEONG BANK BERHAD  
OCBC BANK (M) BERHAD  
PUBLIC BANK BERHAD

## SOLICITORS

FERNANDEZ & CO.  
CHEE & CO.  
SF CHAN & CO.  
TH MOI & ASSOCIATES  
CK OON & CO.

## STOCK EXCHANGE LISTING

BURSA MALAYSIA SECURITIES BERHAD  
Main Market  
Stock Code : 9814

# MANAGEMENT DISCUSSION AND ANALYSIS

The principal business activities of Bertam Alliance Group are property development and construction.

In the past two years, the Group had completed several developments located at Peninsular Malaysia i.e. Klang Valley, Langkawi and Tampin. The project details, Gross Development Value (GDV) and the date of completion of these projects are listed below:

- a) Langkawi Project :  
Type : 2.1/2 Storey Bungalow, Taman Bukit Indah, Langkawi  
Unit : 33 units  
GDV : RM34.0 Million  
Completion Date : 27/10/2015
- b) Tampin Project :  
Type : Single Storey Terrace House  
Unit : 74 units  
GDV : RM12.4 Million  
Completion Date : 6/6/2016
- c) Kota Damansara Project (Pangsapuri Suria) :  
Type : Medium Cost Apartment  
Unit : 48 units Apartment with 8 Floors & 72 units Apartment with 9 Floors  
GDV : RM41.9 Million  
Completion Date : 20/3/2015
- d) Subang Project (Pangsapuri Berlian) :  
Type : Medium Cost (MC) & Medium Low Cost (MLC) Apartment with 5 Floors  
Unit : 40 units MC & 40 units MLC Apartment  
GDV : RM12.6 Million  
Completion Date : 10/12/2014



The Group has initiated a cost rationalization exercise and consolidation of its development projects in Peninsular Malaysia, hence, the slower project development activities in year 2016, to prepare for new ventures into Kota Kinabalu, Sabah. The Group believes this shift in footprint to East Malaysia is timely and positive.

For this new venture, management has taken various steps and mobilised its resources to secure relevant approvals from authorities.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



## REVENUE

The Group's overall revenue has declined significantly due to slower business activities during the year, in comparison with the preceding year which several projects inventories were sold. Contributing to the current year revenue was the sale of a piece of land in Kuantan for RM3.5 Million and approximately RM7.8 Million and RM723,000 sale of the remaining inventory of Kota Damansara Suria Apartment and Tampin project respectively.

The contributions from the two key segments are as follows:-

### *Property Development Segment*

The revenue generated from the sale of property has reduced from RM116 Million in 2015 to RM11.26 Million in 2016 resulted by absence in new project launching and in addition, there was a major disposal of land of RM63.5 Million in the preceding year. UH Capital Sdn Bhd, a wholly owned subsidiary of Bertam Alliance Berhad, disposed 8 parcels of freehold vacant land, all located in Mukim of Serom and District of Ledang and State of Johor.

### *Construction Segment*

There is no construction segment revenue in the current financial year due to end of the completion of the construction projects.

## PROFITABILITY

The Group recorded a loss before tax of RM29.18 Million predominantly due to reduction in overall revenue and the one-off Fair Value Loss of RM13 Million, in addition to increase in administrative expenses and finance cost.

The fair value loss of RM13.0 Million consisted of RM12.8 Million on the disposal of leasehold agriculture land in Mukim Gemenchuh, Daerah Tampin, Negeri Sembilan and RM257,000 on the disposal of land in Mukim Jimah Port Dickson respectively.

The total Administrative Expenses of RM12.83 Million reported during the year were attributed to additional Receivables Impairment Provision of RM2.05 Million for Tampin project, a Liquidated and Ascertained Damages provision of RM663,000 for Kota Damansara Pangsapuri Suria project, an Impairment Loss on Investment in Quoted Shares of RM875,000 as well as provision of RM2.04 Million on litigation claims on Langkawi project which the adjudication decision was given in February 2017 in favor of the claimant.

Finance cost increased by RM2.1 Million for the current year under review resulted by a total of RM1.39 Million interest being expensed off for the sale of land in Cheras which in previous year was capitalized as Land Held for Development. The full drawn down of RM20 Million term loan in 2015 and RM7.3 Million since September 2015 have also contributed to the hike in interest charged during the year. In addition to that was the interest incurred for RM15 Million loan facilities beginning August 2016 and full utilization of RM5 Million overdraft facilities since May 2016.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

## ASSETS CHANGES

Land Held for Development of RM63.35 Million was reclassified from Non-Current Asset to Asset Held for Sale in 2016 following the proposed disposal of Cheras Land, Gemenche Land in Tampin and Mukim Jimah Land in Port Dickson.

The increase in Property Development Cost consisted of RM27.77 Million initial project cost for Kepayan Land in Kota Kinabalu and acquisition of a new subsidiary i.e. Wow Land Sdn Bhd for RM1.3 Million in August 2016.

A total of RM3.77 Million interest were capitalized for two pieces of Land each in Luyang and Telipok Tuaran with approximately additional RM605,930 being the architect and design fees and related project development costs.

Total Trade Receivables and Inventories have reduced substantially from RM82.9 Million in 2015 to RM22.9 Million for the year 2016 attributed by lower sale activities. In the same token, the Cash and Bank Balances has reduced to RM8.1 Million as compared to RM11.5 Million of the preceding year. Majority of the Receivables collection were utilized to fund Kepayan Project and interest payment.

Changes in Inventories are shown below:

Inventories:	2016		2015	
	Units	Amount ('000)	Units	Amount ('000)
Pangsapuri Suria	3	975.0	23	7,189.0
Pangsapuri Berlian	-	-	1	102.0
Langkawi-Bungalow	2	909.0	2	909.0
Langkawi-Shoplot	2	552.0	2	552.0
Tampin Kumples	-	-	17	1,327.0
	7	2,436	45	10,079

## LIQUIDITY

The Group borrowings as at 31 December 2016 consist of RM110.2 Million of term loans and finance lease which 60% are long term payables.

The Group's Liquidity position is expected to improve in 2017 following the collection of proceeds from disposal of the Cheras Land and Gemenche Land which will be partially utilized as working capital. The total sale proceed receivables is approximately RM129 Million.

## NEW CAPITAL EXPENDITURE

There was no material capital expenditure incurred during the year.

## CAPITAL STRUCTURE

There was no significant change in the Group's capital structure.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



## REVIEW OF OPERATING ACTIVITIES

During the year, the Group acquired Wow Land Sdn Bhd, with the purpose of development of medium cost condominium in Sabah. The project drawing has been completed and approved by the Authorities, pending final acquisition of the Land to commence work. The project development in Sabah is residential condominium consisting 2 Blocks, 12 storey of total 228 units located at Kepayan, Kota Kinabalu. The gross build up area per unit is about 1,228 square feet and average selling price is about RM 610,000 per unit. The Gross Development Value for the project is approximately RM138 Million.

The total workforce of the Group is 18 employees including 6 new staff who joined the Group in 2016. The Group will continue to search for talents to build up its human capital in preparation for future development projects.

	No. of Employees
As at 1/1/2016	29
+ Recruited	12
<hr/>	
- Resigned	41
	10
<hr/>	
As at 31/12/2016	31
<hr/>	
Turnover Rate :	17%

## ANTICIPATED TREND AND WAY FORWARD

The Group expects to complete its disposal of the Cheras Land by March 2017 which entails an estimated one time net gain of approximately RM80.5 Million. The proceeds from the proposed disposal will be utilized for repayment of borrowings and future project working capital.

2017 is expected to remain challenging for overall domestic property market riding on increase in cost of living and stringent bank borrowing policies. The softening market is particularly apparent on the high-end properties due to over-supply; however, the demand for affordable home is still positive.

Hence, beginning 2017, the Group's strategy is to focus on developing residential properties at the medium price tier in Kota Kinabalu, Sabah with Gross Development Value of approximately RM138 Million by Wow Land Sdn Bhd.

The Group foresees greater opportunity for property development market in Sabah due to its improved international accessibility with a forthcoming new Kota Kinabalu Airport, robust tourism activities and the rapid development of infrastructure in Sabah leveraging the 11th Malaysia Plan and Sabah Development Corridor (SDC) such as light rail transit system in Kota Kinabalu, a new railway line connecting North to East Coast of Sabah as well as upgrading of Lahad Datu Airport. With this on-going development in Sabah, it is anticipated that there will be more foreign investors and supply of jobs which inevitably contribute to demand for residential properties.

The Board and Management are confident that the Group's new development projects in Sabah will improve the financial performance of the Group in the future.

## DIVIDEND POLICY

The Board has not defined its dividend policy for the Company. The Board do not propose payment of dividend for the year ended 2016.



# PROFILE OF THE BOARD OF DIRECTORS

## DATUK MOHAMED ARSAD BIN SEHAN

- *Chairman/Senior Independent Non-Executive Director*
- *Chairman of Nomination Committee*
- *Member of the Audit Committee*
- *Member of the Remuneration Committee (appointed on 8 December 2016)*
- *Aged 63, Malaysian, Male*
- *Appointed to the Board on 4 November 2014*

**DATUK MOHAMED ARSAD** holds a Bachelor of Economics (Statistics) from University of Malaya.

Datuk Mohamed Arsad had a long career of 31 years, from 1978 to 2009, in the banking industry with Bank Bumiputra Malaysia Berhad and Bank Kerjasama Rakyat Malaysia Berhad ("Bank Rakyat"). At Bank Rakyat, he held various senior management positions including that of General Manager of Commercial Banking, Assistant General Manager of Banking Operations, Sector Head of Financing and Division Head of Planning and Development and Corporate Services. He spent 7 years as the Managing Director and CEO of a private limited company dealing in the manufacture and supply of standby power systems on secondment from Bank Rakyat.

Currently Datuk Mohamed Arsad is the Executive Director of PureCircle Sdn Bhd, a Malaysian entity of the PureCircle group, the world leading producer and supplier of high purity, high intensity natural sweeteners and flavours made from stevia plant.

He is also a Director of SYF Resources Berhad, the Chairman of the Board of Bank Rakyat Employees Co-operative Berhad and Chairman of Koperasi Kumpulan Professional Kuala Lumpur Berhad.

He does not hold any shares in the Company.

Datuk Mohamed Arsad attended all 6 Board meetings held in the financial year ended 31 December 2016.

## LIM NYUK FOH

- *Managing Director*
- *Aged 52, Malaysian, Male*
- *Appointed to the Board on 17 October 2014*

**LIM NYUK FOH** holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990, he founded Priceworth Industries Sdn Bhd. to undertake the sawmilling and timber extraction business. He has over 20 years of extensive experience in the timber industry.

He is the founder and the Managing Director of Priceworth International Berhad and a Non-Independent Non-Executive Director of Sarawak Consolidated Industries Berhad. He also sits on Board of several other private limited companies.

He is a major shareholder and has direct shareholdings of 49,023,100 (23.71%) ordinary shares in the Company.

Lim Nyuk Foh attended all 6 Board meetings held in the financial year ended 31 December 2016.

# PROFILE OF THE BOARD OF DIRECTORS

## (CONT'D)

### CHIEW BOON CHIN

- *Executive Director (Re-designated on 8 December 2016)*
- *Member of the Audit Committee (Resigned on 8 December 2016)*
- *Member of the Remuneration Committee (Resigned on 8 December 2016)*
- *Member of the Nomination Committee (Resigned on 8 December 2016)*
- *Aged 49, Malaysian, Male*
- *Appointed to the Board on 14 July 2014.*

**CHIEW BOON CHIN** holds a Bachelor of Science Degree in Mathematics from University of Windsor, Ontario, Canada. He has various experiences in product branding and marketing. He is currently an Administrative and Product Manager of an apparel distributor.

He does not hold directorship in other public listed companies. He does not hold any shares in the Company.

Chiew Boon Chin attended all 6 Board meetings held in the financial year ended 31 December 2016.

### LIM SHAW KEONG @ ALFRED LIM

- *Independent Non-Executive Director*
- *Chairman of Audit Committee*
- *Chairman of Remuneration Committee*
- *Member of the Nomination Committee (appointed on 8 December 2016)*
- *Aged 59, Malaysian, Male*
- *Appointed to the Board on 14 July 2014*

**LIM SHAW KEONG @ALFRED LIM** holds a Bachelor of Commerce from University of Canterbury, New Zealand. He is a Member of the Malaysian Institute of Accountants and Institute of Chartered Accountants of New Zealand. He is also a Fellow of the Chartered Taxation Institute of Malaysia.

Lim Shaw Keong @ Alfred Lim is a Chartered Accountant with over 21 years of experience in one of the Big Four Accounting Firms and has served as a Director in Charge of one of its Sabah Offices. He has also more than 12 years' experience in the commercial sector with companies in variety of sectors.

He does not hold directorship in other public listed companies. He does not hold any shares in the Company.

Lim Shaw Keong @ Alfred Lim attended all 6 Board meetings held in the financial year ended 31 December 2016.



# PROFILE OF THE BOARD OF DIRECTORS

## (CONT'D)

### KOO JENN MAN

- *Non-Independent Non-Executive Director*
- *Member of the Audit Committee (appointed on 8 December 2016)*
- *Aged 43, Malaysian, Male*
- *Appointed to the Board on 8 May 2015*

**KOO JENN MAN** graduated from the University of Otago, New Zealand with a Bachelor of Commerce majoring in Accountancy. He was admitted to the membership of the Malaysian Institute of Accountants and Chartered Institute of Management Accountants in 2000.

He started his career as an audit assistant at PricewaterhouseCooper, Kota Kinabalu in 1997. He was made a Senior Associate in 2000, a position he held for 3 years. In 2003, he joined Priceworth International Berhad ("Priceworth"), a public company listed on the Main Market that is involved in timber processing, log trading, shipyard, oil and gas.

He is currently the Executive Director of Priceworth and is responsible for overseeing the daily operations of the group and leading its Accounts and Finance Department.

He has direct shareholdings of 393,500 (0.19%) ordinary shares in the company.

Koo Jenn Man attended all 6 Board meetings held in the financial year ended 31 December 2016.

### Other Information on Directors

1. None of the Directors has any family relationship with any Director and/or major shareholder of the Company other than those as stated above.
2. None of the Directors has any conflict of interest with the Company.
3. None of the Directors has been convicted for offences within the past ten (10) years other than traffic offences.

# KEY SENIOR MANAGEMENT PROFILE



## LIM NYUK FOH

*Managing Director  
Age 52, Malaysian, Male*

**LIM NYUK FOH** holds a Degree in Finance majoring in Investment from the University of Toledo, United States of America. Coming from a family involved in the timber business, he ventured into the trading of timber for the domestic and foreign market in 1989. In 1990, he founded Priceworth Industries Sdn Bhd. to undertake the sawmilling and timber extraction business. He has over 20 years of extensive experience in the timber industry.

He is the founder and the Managing Director of Priceworth International Berhad and a Non-Independent Non-Executive Director of Sarawak Consolidated Industries Berhad. He also sits on Board of several other private limited companies.

He is a major shareholder and has direct shareholdings of 49,023,100 (23.71%) ordinary shares in the Company.

## CHIEW BOON CHIN

*Executive Director  
Age 49, Malaysia, Male*

**CHIEW BOON CHIN** holds a Bachelor of Science Degree in Mathematics from University of Windsor, Ontario, Canada. He has various experiences in product branding and marketing. He is currently an Administrative and Product Manager of an apparel distributor.

He does not hold directorship in other public listed companies. He does not hold any shares in the Company.

# GROUP FINANCIAL HIGHLIGHTS

Statements of Comprehensive Income (Financial Year Ended 31 December)	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
Revenue	11,255	127,201	40,140	32,104	41,301
Earnings before interest,tax, depreciation and amortisation	(25,048)	18,625	2,330	5,255	15,669
Profit before tax	(29,178)	16,840	2,001	4,785	15,206
Income tax benefit	4,781	(5,102)	(1,649)	(1,156)	(3,515)
Profit net of tax, representing total comprehensive income for the year	(24,397)	11,738	352	3,629	11,691
Profit attributable to:					
Shareholders of the Company	(24,395)	11,813	353	3,680	10,597
Non- controlling interest	(2)	(75)	(1)	(51)	1,094
	(24,397)	11,738	352	3,629	11,691

Statements of Financial Position (As At 31 December)	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
<b>Total assets:</b>					
Non-current assets	12,820	85,299	81,577	74,383	67,639
Current assets	277,646	244,204	186,180	156,490	161,594
	290,466	329,503	267,757	230,873	229,233
<b>Total liabilities:</b>					
Current liabilities	79,811	61,936	36,782	29,813	29,921
Non-current liabilities	66,950	99,464	59,610	27,979	29,860
	146,760	161,400	96,392	57,792	59,781
<b>Net assets</b>	143,706	168,103	171,365	173,081	169,452
<b>Equity attributable to Shareholders of the Company:</b>					
Share capital	206,756	206,756	206,756	206,756	206,756
Reserves	(62,907)	(38,512)	(35,460)	(33,745)	(37,425)
	143,850	168,244	171,296	173,011	169,331
Non-controlling interest	(144)	(141)	69	70	121
<b>Total equity</b>	143,706	168,103	171,365	173,081	169,452
<b>Loans and borrowings:</b>					
Current	43,779	13,366	6,694	6,075	6,539
Non-current	65,558	90,521	51,615	21,345	22,102
	109,337	103,887	58,309	27,420	28,641

# GROUP FINANCIAL INDICATORS



<b>Profitability ratio (Financial Year Ended 31 December)</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Gross Profit/(loss) margin	(%)	-5.70	22.20	18.51	19.83	42.45
Net profit/(loss) margin	(%)	-216.74	9.29	0.88	11.46	25.66
Return on assets	(%)	-8.40	3.59	0.13	1.59	4.62
Return on equity	(%)	-16.96	7.02	0.21	2.13	6.26

<b>Market value ratio (Financial Year Ended 31 December)</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Earnings/(loss) per share	(Sen)	-11.8	5.71	0.17	1.78	5.13
Net asset per share	(RM)	0.70	0.81	0.83	0.84	0.82
Price earning (P/E) ratio	(Times)	-5.17	8.93	388.24	37.08	11.31
Gross dividend per share	(Sen)	NA	NA	NA	1.00	2.00
Gross dividend yield	(%)	NA	NA	NA	1.52	3.45
*Share price as at financial year end	(Sen)	61	51	66	66	58

<b>Solvency ratio (Financial Year Ended 31 December)</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Gearing ratio	(Times)	0.76	0.62	0.34	0.16	0.17
Interest cover	(Times)	-7.48	13.70	17.82	19.24	48.04

\*NA - Not Applicable



# STATEMENT ON CORPORATE GOVERNANCE

The Malaysian Code on Corporate Governance 2012 (“the Code”) provided the principles and recommendations on the structures and processes that companies may adopt in governing the board towards achieving effective governance.

The Board of Directors (“the Board”) of Bertam Alliance Berhad is pleased to present its statement to demonstrate on how the Board has applied and observed the principles and recommendations set out in the Code.

## BOARD ROLES AND RESPONSIBILITIES

The Board assumes full responsibilities of the overall performance of the Group. In discharging their fiduciary responsibilities, the board sets the business direction and overseeing the conduct of the Group based on the periodic performance of the Group reported by management in the quarterly financial results and have full access to all operational information together with the explanation provided by management.

Executive Directors are responsible to the Board for implementing operational and corporate decisions while the Non-Executive Directors are responsible for providing independent views, advice and judgment in consideration of the interests of shareholders at large in order to effectively check and balance the Board’s decision making process.

The Board has formalised its Board Charter (“the Charter”). The Charter sets out, among others, the roles and responsibilities of the Board, delegation of authorities, strategic and financial functions including risk management and internal controls, human resource, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with Management and shareholders of the Company. Furthermore, the Board has formalised a corporate code of ethics. The Charter and Both Corporate Code of Ethics are made available to public at the Company’s website at <http://ir.chartnexus.com/bertamalliance/>.

Schedule of matters reserved for collective decision of the Board is also in place. This schedule of matter enable the Board to retain its authority of approval on significant matters such as the corporate exercises, award of material contract and acquisition and disposal of significant assets.

In enhancing stakeholders’ perception and public trust towards the conduct of the business, the Board recognises the importance of embracing aspects of environment, social and governance in conducting the Group’s business. The Company’s Sustainability Policy has been adopted which can be viewed from the Company’s website.

## BOARD COMPOSITION

The principle of the Board composition is to maintain effective size of the board that reflects its responsibilities, dynamic, the representatives of the interests of shareholders and promotes common purpose and sense of sharing among its members.

The Code continues to emphasize the importance of right board composition in bringing value to the Board deliberation and transparency of policies and procedures in selection and evaluation of board members.

There were resignations and appointments of new board members during the year. The Nomination Committee has assisted the Board in reviewing the candidates and has recommended these candidates for the Board review and approval.

As the Board is supportive of the gender diversity policy. In considering the gender diversity in the Board, due consideration will be made by the Board in balancing its composition based on the need and suitability of the Group business environment and venture. Presently, the Board is made up of one (1) Managing Director, two (2) Executive Directors, one (1) Non-Independent Non-Executive Director and two (2) Independent Non-Executive Directors, making up six (6) Board Members in total. Further information of the profiles of each director is presented on pages 12 to 14. Prior to finalisation of this Annual Report, Mr. Lee Keh Ting an Executive Director has tendered his resignation and he will serve the Board up to 26 April 2017.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)



### ACCESS TO INFORMATION

The Board is provided with appropriate and current information to enable it to discharge its duties effectively. Management is invited to attend the Board and Audit Committee meetings to provide explanations to the Board on the operations of the Group. The Board is also briefed progressively by the Company Secretary, External Auditors and the Internal Auditors on new or changes in corporate regulatory and listing requirements.

The Board has unrestricted access to all information and assistance necessary for the discharge of its responsibilities. Subject to Board's approval, all Board members can seek independent professional advice in discharging their responsibilities, at the expense of the Group.

### COMPANY SECRETARY

All Board Members are authorised to seek for advices and services of the Company Secretary for the purposes of the Board's affairs and the business. Presently, the company secretarial function is outsourced to a company secretarial firm.

The appointment and removal of the Company Secretary of the Board is the prerogative of the Board as a whole. The appointed Company Secretary shall be a qualified and competent professional in order to be able to support the Board in carrying out its role and responsibilities.

The Company Secretary are responsible for ensuring that Board procedures are followed, the applicable rules and regulations for the conduct of the affairs of the Board are complied with and all matters associated with the maintenance of the Board are performed effectively. New regulatory rules and requirements are brought up and disseminated by the Company Secretary to the Board immediately while periodic disclosure on related party transactions, share trading, quarterly announcements on provision of financial assistance, quarterly financial results, various deadlines for filing and reporting as well as semi-annual return by directors are followed up by the Company Secretary to ensure compliance with the deadlines.

In addition, the Company Secretary ensures minutes are duly entered into the books for all resolutions and proceedings of all meetings of the Board and Board Committees. These minutes of meetings record the decisions taken and the views of individual Board Members. Such minutes are confirmed by the respective Board Committees and signed by the respective Chairmen of the meetings.

### BOARD COMMITTEES

The Board has established Audit Committee, Nomination Committee and Remuneration Committee. These Committees ensure greater attention, objectivity and independence are provided in the deliberations of specific board agenda. 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 respective Board Committees would report to the Board during the Board meetings on significant matters and salient matters deliberated in the Committees. The terms of reference of the Board Committees is published on the corporate website (<http://ir.chartnexus.com/bertamalliance>) for shareholders' reference.

The Nomination Committee is entrusted with the responsibility of proposing and making recommendation for any new nominees to the Board. However, the responsibility of the appointment would remain with the full Board.

Two (2) meetings were held during the financial period by the Nomination Committee. Details of the activities undertaken by the Nomination Committee during the financial year are contained on page 30 of this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### BOARD REMUNERATION

The Remuneration Committee considers and applies the principles recommended by the Code in determining the directors' remuneration. Executive Directors are remunerated based on the Group's performance, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience and the level of responsibilities assumed. The remuneration of all the Board members are recommended by the Remuneration Committee for Board's approval during the financial year. Director is abstained from making decision on their own remuneration.

The number of Directors (including director who has resigned during the financial year) whose income falls within the following bands is set out as follows:

Entity	Remuneration Bands	Current Directors	
		Executive (ED)	Non-Executive (NED)
The Company	RM50,000 and below	1	2
	RM50,001 – RM100,000	-	1
	RM100,001 – RM150,000	-	-
	RM150,001 – RM200,000	-	-
	RM200,001 – RM250,000	-	-
	RM250,001 – RM300,000	1	-
	RM300,001 – RM350,000	1	-
	RM350,001 – RM400,000	-	-
	RM400,001 – RM450,000	-	-
RM450,001 and above	1	-	
The Subsidiary Companies	RM50,000 and below	-	-
	RM50,001 – RM100,000	-	-
	RM100,001 – RM150,000	-	-
	RM150,001 – RM200,000	-	-
	RM450,001 and above	-	-

The aggregate remuneration paid or payable to all Directors of the Company during their tenure of office are further categorised into the following components. The remuneration paid to Mr. Chiew Boon Chin an Independent Director, who was re-designated as Executive Director in December 2016 was still disclosed under the remuneration of Non-Executive Directors.

	Received from the Company		Received from Subsidiary Companies in the Group		Total	
	ED	NED	ED	NED	ED	NED
Fees	108,000	168,000	-	-	108,000	168,000
Salaries	1,068,000	-	-	-	1,068,000	-
Bonuses	42,500	-	-	-	42,500	-
EPF	133,260	-	-	-	133,260	-
Benefit-in-Kind & Allowance	-	15,000	-	-	-	15,000
<b>Total</b>	<b>1,351,760</b>	<b>183,000</b>	<b>-</b>	<b>-</b>	<b>1,351,760</b>	<b>183,000</b>

The Board suggests Directors' fee of RM108,000 for Executive Directors and RM168,000 for Non-Executive Directors to be payable for financial year 2016, which shall be subject to shareholders' approval at the forthcoming AGM.

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)



### BOARD INDEPENDENCE

Independence is important for ensuring objectivity and fairness in board's decision making. At present, the Board have six (6) members with one third or two (2) of them being Independent Non-Executive Directors. This composition of independent director complied with the requirements provided in the Bursa Securities Listing Requirements.

The roles and responsibilities of the Chairman and Managing Director continue to be separated and the Chairman of the Board is an independent director. The Board has also appointed Datuk Mohamed Arsad bin Sehan as the Senior Independent Non-Executive Director of the Group whom concerns can be conveyed by the stakeholders and shareholders of the Company.

The Board is satisfied with the level of independence of the independent directors presently. In order to uphold independence of Independent Directors, the Board would apply the following recommendation of the Code in assessing the independence and forming composition of the independent directors at the Board:

- i. To review annual self-assessment and declaration of independence of its independent directors; and
- ii. Subject to Board justification and shareholders' approval, to restrict tenure of independent directors to nine (9) years.

### BOARD COMMITMENT

The fundamental of directors' commitment is devotion of time and continuous improvement of knowledge and skillsets.

The Board meets on a quarterly basis with additional meetings convened as and when necessary, to review the financial performance of the Group, business ventures and developments, governance and compliance matters. Board papers are circulated to the Board members to provide the Directors with relevant and timely information for deliberation on issues and to ensure effective discussions and decision makings during Board meetings.

During the financial year, six (6) Board meetings were held. The details of attendance by the Board members in their respective positions during their tenure of office is as below.

Directors	Designation	Attendance	Percentage of Attendance
Datuk Mohamed Arsad Bin Sehan	Chairman	6/6	100%
Lim Nyuk Foh	Managing Director	6/6	100%
Yap Yee May ( <i>Resigned on 16/1/2017</i> )	Executive Director	5/6	83%
Lee Keh Ting	Executive Director	5/6	83%
Lim Shaw Keong @ Alfred Lim	Independent Non-Executive Director	6/6	100%
Chiew Boon Chin	Independent Non-Executive Director	6/6	100%
Koo Jenn Man	Non-Independent Non-Executive Director	6/6	100%

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### DIRECTOR'S TRAININGS

Directors recognise the needs to attend trainings to enable the directors to discharge their duties effectively. During the year, the Directors have participated in relevant training programmes to enhance their skills and knowledge and to keep abreast with the relevant change in laws, regulations and business environment.

Following are the trainings attended by the present Directors during the financial year:

Director	Training Attended	Date	Duration (No. of Days)
Datuk Mohamed Arsad bin Sehan	Tricor Breakfast Talk - Analysis of Corporate Governance Disclosure in the Annual Reports of the Listed Issuers	4 Feb 2016	0.5
	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5
Lim Nyuk Foh	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5
Yap Yee May ( <i>Resigned on 16/1/2017</i> )	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5
Lee Keh Ting	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5
Lim Shaw Keong @ Alfred Lim	GST Updates and 2016 Budget Major Highlights	8 Apr 2016	1
	2017 Budget and Tax Conference	4 Nov 2016	0.5
	Seminar Percukaian Kebangsaan 2016	10 Nov 2016	1
	Board and Risk Management Workshop on Risk Management	2 Dec 2016	0.5
Chiew Boon Chin	Tricor Breakfast Talk - Analysis of Corporate Governance Disclosure in the Annual Reports of the Listed Issuers	4 Feb 2016	0.5
	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5
Koo Jenn Man	Risk Management Briefing and Training Workshop	2 Dec 2016	0.5

### FINANCIAL REPORTING

The Board has the responsibility to ensure the Group's financial statements is presented with true and fair view and is complying with applicable financial reporting standards. The Board is assisted by the Audit Committee in reviewing the accuracy, completeness and existence of disclosure and assessing the Group's financial position and performance. The Company has opted to defer the adoption of the new Malaysian Financial Reporting Standards (MFRS Framework) and planned to prepare its first MFRS financial statements using the MFRS Framework for the financial year ending 31 December 2018

# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)



The Company has a policy for assessing the suitability and independence of External Auditors. The present External Auditors was engaged since the financial year ended 2015. The Audit Committee reviews the appointment, performance and remuneration of the External Auditors annually before recommending them to the Board to put forward to the shareholders for re-appointment in the AGM. The External Auditors affirmed their independence in accordance with the terms of all relevant professional and regulatory requirements to the Audit Committee during the presentation of their audit planning memorandum and the final audited report.

In the financial year, the Audit Committee had 5 meetings with the External Auditors during the audit planning, presentation of the interim and final audit results. In these meetings, the External Auditors also advised the Audit Committee on the new accounting standards and internal control issues relating to financial reporting. The Audit Committee took these opportunities to hold meetings with the External Auditors without the presence of Executive Directors and management.

There is no non-audit service provided by the External Auditors. The audit fees services provided by the External Auditors to the Group and the Company respectively for the financial year ended 31st December 2016 were as follows:

Fee incurred	Audit Fee RM'000
The Company	70,000
The Group	170,200

## RISK MANAGEMENT

The Board acknowledges that risk management is an integral part of effective management practice. Risk is inherent in all business activities, but it is not the Group's objective to eliminate risk totally. The underlying risk management principle of the Group is to balance the cost and benefit of managing and treating risks. There is an on-going process in place to identify, evaluate, and manage the key risk faced by the Group and the Board reviews the key risk highlighted on a regular basis to ensure the relevant action is taken to mitigate the risk of the Group.

The Board has engaged a professional service provider to assume the Internal Audit Function of the Group. The Internal Auditors conducted regular audit reviews and assess the effectiveness and adequacy of the governance, risk management and internal controls in the Group. These reviews were reported to the Audit Committee directly by the Internal Auditors.

Further details on the Internal Audit Function and Group's systems of risk management and internal control are reported in the Audit Committee Report and Statement on Risk Management and Internal Control on pages 28 and 29 respectively.

## CORPORATE DISCLOSURE

Corporate information is important for investors and shareholders. The Board is advised by management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the Listing Requirements on financial results and various announcements.

Besides ensuring timely releases of quarterly financial results, circulars, annual reports, corporate announcement and press releases on Bursa's website, the Board uses its corporate website to communicate, disseminate and provide further information and details on the governance reporting. Further, pursuant to Para 9.25 of the Listing Requirements, publication of those static and principal governance information such as charter and board committees' terms of reference are transferred from annual report to the Company's website in order to reduce dilution of impact of issues discussed in the annual report.



# STATEMENT ON CORPORATE GOVERNANCE

## (CONT'D)

### SHAREHOLDERS' RIGHT

The Board strongly encourages all shareholders to participate in the general meeting. Shareholders are advised that general meeting enable them to exercise their rights. During general meeting, shareholders may raise questions for each proposed resolution and on matters relating to the Group's businesses and affairs. Members of the Board would present in the general meetings to respond to shareholders' queries.

Effective 1st July 2016, Para 8.29A of the Bursa Securities listing requirements provides that any resolution set out in the notice of any general meeting, or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting, shall be voted by poll. Also, at least one scrutineer will be appointed to validate the votes cast at the general meeting who must not be an officer of the Company or its related corporation, and must be independent of the person undertaking the polling process.

The Board would respond to meetings with institutional shareholders, analysts and members of the press to convey information regarding the Group's performance and strategic direction as and when requested.

### 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 Main Market Listing Requirements 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 system 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 2015, 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.

### ADDITIONAL COMPLIANCE INFORMATION

#### 1. Utilisation of Proceeds

The company did not raise fund through any corporate proposal during the financial year.

#### 2. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries involving Directors or major shareholders' interests during the financial year.

#### 3. Recurrent Related Party Transaction ("RRPT")

On 26 May 2016, the Company obtained approval from the shareholders of the Company to enter into RRPT of a revenue or trading nature with persons who are consideration to be a "Related Party" as defined in Chapter 10 of the Listing Requirements.

There were no transactions entered into between the Bertam Group and the Related Parties during the financial year.

#### 4. Non-audit Fees

There were no non-audit fees paid to External Auditors during the financial year.

# AUDIT COMMITTEE REPORT



## COMPOSITION OF AUDIT COMMITTEE

Name	Designation	Current Directorship
Mr Lim Shaw Keong @ Alfred Lim	Chairman	Independent Non-Executive Director
Datuk Mohamed Arsad Bin Sehan	Member	Sr. Independent Non-Executive Director
Mr Koo Jenn Man <i>[Appointed on 8th December 2016]</i>	Member	Non-Independent Non-Executive Director
Mr Chiew Boon Chin <i>[Re-designated as Executive Director on 8th December 2016]</i>	Member <i>[Ceased to be a member upon his re-designation from Independent Director to Executive Director]</i>	Executive Director

The Audit Committee comprises wholly non-executive with majority independent directors and has complied with the composition requirement of Audit Committee stipulated in the Para 15.09(1) of the Listing Requirements.

## TERMS OF REFERENCE

Some amendments pertaining to Audit Committee's responsibilities has been made by Bursa's Main Market Listing Requirements effective 1st July 2016. Appendix 15 Paragraph 15.12(1)(g)(iii) of the Listing Requirement provides that the Audit Committee should discharge its functions and duties by reviewing and highlighting significant matters to the Board, which include financial reporting issues, significant judgment made by the management, significant and unusual events or transaction as well as how these significant matters are addressed.

Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the terms of reference is published on the corporate website (<http://ir.chartnexus.com/bertamalliance>) for shareholders' reference.

## AUDIT COMMITTEE MEETING ATTENDANCE

The Audit Committee has convened six (6) meetings during the financial year ended 31st December 2016. All the meetings were attended by the members.

Name	Attendance	Percentage of Attendance
Mr Lim Shaw Keong @ Alfred Lim	6/6	100%
Datuk Mohamed Arsad Bin Sehan	6/6	100%
Mr Chiew Boon Chin	6/6	100%

\* Attendance record is not applicable for Mr. Koo Jenn Man. No meeting was held in the month of December after his appointment.



# AUDIT COMMITTEE REPORT

## (CONT'D)

### SUMMARY OF WORK OF THE AUDIT COMMITTEE

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

(a) Financial Reporting

- Review of the unaudited quarterly financial results, cash flows and financial positions prior to submission to the Board for consideration and approval for announcement to Bursa Securities
- Review of annual audited financial statement for financial year ended 31 Dec 2015 and other significant accounting issues arising from statutory financial audit

The key considerations by the Audit Committee in the deliberation of these financial statements were material changes, if any in the financial performance and whether the financial statements prepared by management complied with the financial reporting standards and treatments.

When reviewing the interim financial result in the quarterly meetings, the Executive Directors and Chief Financial Officer were invited to present in the meetings. During the deliberation, both Executive Directors and Chief Financial Officer had responded to the Audit Committee and provided their explanations.

When reviewing the audited accounts, the Audit Committee invited the External Auditors to attend and present their findings to the Audit Committee. A private session was also held separately with the External Auditors when finalising the year end audit.

(b) Internal Audit Function

- Review of internal audit reports and considered the findings and recommendations and management's response thereto

Internal Auditors' findings are important for the Audit Committee to perform an objective and independent assessment on the state of risk management and internal control systems in the Group.

The Audit Committee had reviewed and approved the Internal Audit Plan to ensure that the direction of the audit is appropriate. Quarterly, during the presentation of the Internal Audit Report, the Audit Committee also discussed with the Internal Auditors, the progress and coverage of the audit plan.

When reviewing the Internal Audit reports, the Audit Committee had considered the impact of the audit issues on the effectiveness and adequacy of the present management systems of risk management and internal control. As part of this review process, management was invited to join the Audit Committee meetings and to provide their further comments to the audit findings and issues. This is to ensure that fair and balance views are considered for each audit issue.

(c) External Audit Function

- Review of External Auditor's Audit Planning Memorandum and issues arising from the statutory audit
- Assess the suitability and independence of the External Auditors
- Conduct meeting with the External Auditors without the presence of the Executive Directors and management

Before the commencement of the current financial yearend audit, the Audit Committee had reviewed and deliberated with the External Auditors, their audit planning memorandum and noted their audit risk areas, approaches and emphasis.

When reviewing the audit findings, the Audit Committee invited the External Auditors to present their audit findings. Also, a separate meeting without the presence of the management was held with the External Auditors to enable exchange of objective and independent comments as well as to enable the External Auditors to raise matters of concern which require the Audit Committee's attention.

During the year, the Audit Committee had also deliberated the performance, suitability and independence of the External Auditors.

# AUDIT COMMITTEE REPORT

## (CONT'D)



- (d) Disclosures
- Review of disclosures in Annual Report

Before finalising the various governance disclosures in the Annual Report, the Audit Committee had reviewed the Corporate Governance Statement, Audit Committee report, Statement on Risk Management and Internal Control before these statements are formally presented to the Board for publication in the Annual Report.

The Audit Committee was assisted by management and the Company Secretary when reviewing the disclosure in the Annual Report. In addition to the governance related statements and the financial report, other key sections reviewed by the Audit Committee include Notice of AGM, Corporate Information, Profile of Board of Directors and Additional Compliance Information.

- (e) Related Party
- Quarter review of recurrent related party transactions ("RRPTs")

One of the usual agenda in the Audit Committee meeting is confirming and considering related party transactions, if any. When transactions are made with related party, the Audit Committee will assess if these transactions are made on arm's length basis as well as in consultation with the Company Secretary, to ensure that the Bursa Securities listing requirements are followed and complied with.

During these reviews, the Chief Financial Officer of the Group informed that there were no material RRPTs transacted during the financial year except for the rental income received as disclosed in note 29 on page 109 of this Annual Report.

## INTERNAL AUDIT FUNCTIONS

Bursa Securities Listing Requirements provide that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the Audit Committee.

The Group had outsourced this function to an internal audit services company. The primary responsibility of the internal audit function is to assist the Board and the Audit Committee in reviewing and assessing whether the management systems of internal control and procedures are effective and adequate. Further recommendations for improvement will be considered. Where necessary, in order to strengthen these systems and procedures and to foster a stronger management control environment.

The Internal Auditors have performed its work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, proposed internal audit plan is presented to the Audit Committee for deliberation and approval before internal audit reviews are carried out.

During the financial year, the Internal Auditors have conducted internal control reviews on key operating functions and procedures. The scopes of audit review carried out are as follows:-

- Land and Projects in Kota Kinabalu
- Claims and Expenses in Kota Kinabalu
- Stock and Debtors of Bertam Development Sdn Bhd
- Follow-Up Audit

The internal audit reports containing audit findings, recommendations and management's responses, including target implementation dates, were circulated to all members of the Audit Committee. The internal audit reports were also provided to management to implement the corrective actions. Follow-up reviews were performed to ascertain the status of management's implementation of the recommended actions.

The fee incurred for the internal audit function in respect of the financial year ended 31st December 2016 was RM40,358 (2015: RM44,705).



# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysia Code on Corporate Governance provides that the Board of Directors of public listed companies should establish a sound risk management framework and internal controls system to safeguard shareholders' investment and Group's assets.

Towards this end, the Board of Directors ("the Board") is pleased to present the following Statement on Risk Management and Internal Control ("Statement") for the financial year ended 31 December 2016. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in accordance with the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" ("Guideline") endorsed by the Bursa Securities.

## RISK MANAGEMENT

The risk management processes in identifying, evaluating and managing significant risks facing the organization are embraced in the operating and business processes. These processes are driven by all Executive Directors and management in their course of work.

During the financial year, two risk assessment exercises were conducted. In these exercises, the Board have defined the Group risk appetite, the Group's present risk from strength, weaknesses, opportunities and threat perspectives and deliberated the risks identified as well as the measures taken by management in managing those risks. In addition, the Board have reviewed those risks identified at operational level covering the:

- a) Strategic Risk, including reputation and track record in new market;
- b) Financial Risk, associating with the economy downturn, weakening of local currency and unfavourable bank's policy; and
- c) Information Risk, on accessibility of timely and accurate information across the Group and their impact on operational performance.

## BOARD'S COMMITMENT AND RESPONSIBILITIES

The Board understands the principal risks of the business that the Group is engaged in and is committed towards maintaining a sound system of risk management and internal control towards achieving its business objectives and operational efficiency.

Presently, the Board derives its comfort of the state of risk management and internal control of the Group from the following processes and information:

- Board discussions with management during the board meetings on business and operational issues as well as the measures taken by management to mitigate and manage risks associated with the business and operation issues;
- Delegation and separation of responsibilities between the Board and management. The Executive Directors report to the Board on the performance of the operations while the Board scrutinizes the management performance to ensure its effectiveness and objectivity;
- The Audit Committee reviews and discuss with the management on the unaudited quarterly financial results to monitor the Group's progress towards achieving the Group's objectives;
- Legal advices are sought if needed to ensure that contractual risks are addressed and managed before entering into material contracts or agreements;

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)



- Management assurance that the Group's risk management and internal control systems have been operating adequately and effectively, in all material respects; and
- The internal audit function assists the Audit Committee and the Board in conducting assessment on the internal control systems and the governance practices. The Internal Auditors conduct periodic reviews in accordance with the audit plan and scope approved by the Audit Committee.

Prior to finalisation of this Statement, the Board had reviewed the current Group Risk Policy which outlined the principles of risk management, the Board's and the management's risk management responsibilities and the objectives that the Board expects to achieve by putting in place a structured and documented risk management framework for the Group.

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

Management is responsible to the Board for identifying risks relevant to the business, implementing and maintaining sound systems of risk management and internal control and monitoring and reporting to the Board of significant control deficiencies and risks that could significantly affect the Group's performance.

In producing this Statement, the Board has received assurance from Managing Director that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

## BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing level of systems of risk management and internal control are effective to enable the Group to achieve its business objectives and there were no material losses resulted from significant control weaknesses that would require separate disclosure in the Annual Report. The Board recognises that the systems of risk management and internal control should be continuously improved in line with the evolving business development. Nonetheless, it should be noted that all risk management systems and systems of internal control could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

## REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report for the financial year ended 31 December 2016. Their review was performed in accordance with Recommended Practice Guide 5 (RPG 5) issued by the Malaysian Institute of Accountants.

Though RPG 5 does not require the External Auditors to consider whether this statement covers all risks and controls or to form an opinion on the effectiveness of the Group's risk management and internal control systems, it was reported that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the systems of risk management and internal control of the Group.

# STATEMENT BY NOMINATION COMMITTEE

This statement is made by the Nomination Committee of the Board in pursuance to Paragraph 15.08A of the Listing Requirements.

The Nomination Committee is responsible to review annually the effectiveness, contribution and performance of the Board, Board Committees and individual Board members as well as the independence of Independent Directors. In addition, the Nomination Committee also assess the size and composition of the Board in consideration of the needs and expectations of the shareholders and the Listing Requirements.

The present members of the Nomination Committee are as follows. These committee members comprise exclusively independent non-executive directors.

Name	Designation	Directorship
Datuk Mohamed Arsad bin Sehan	Chairman	Independent Non-Executive Director
Chiew Boon Chin <i>[Resigned on 8th December 2016]</i>	Member	Independent Non-Executive Director
Lim Shaw Keong @ Alfred Lim <i>[Appointed on 8th December 2016]</i>	Member	Independent Non-Executive Director

The performance evaluation of the Board is conducted by way of self-assessment. Each director is given a set of questionnaire covering assessments for the Board, Board Committee, individual director and independence assessments for Independent Directors. Directors are required to complete these questionnaires and provide their feedback, views, commentary and suggestions for improvement. The results of these self-assessments questionnaires is compiled by the Company Secretary and tabled to the Nomination Committee for review and deliberation.

The assessment criteria applied in the assessments include integrity, availability, meeting preparation and attendance, board participation, business planning contribution, public relation and teamwork.

All directors are required to retire but are eligible to submit themselves for re-election at least once in every three years. Before recommending the retiring directors to the Board for re-election, the Nomination Committee will review and report the performance assessment of the retiring directors to the Board and retiring directors shall abstain from deliberation of their performance.

During the financial year, the Nomination Committee has conducted two (2) meetings and these meetings were attended by all members. The agenda of the meetings include:

- i. Reviewed the mix of skills and experience of the Board and its Committees;
- ii. Assessed the composition and the size of the Board and its Committees;
- iii. Assessed the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual directors based on the criteria of character, experience, integrity, competency and time of discharging respective roles by all directors.
- iv. Reviewed the annual declaration of independence by Independent Directors for continual adherence to the independence criteria of the listing requirements;
- v. Reviewed of Nomination Committee Statement for the disclosure in 2015 annual report; and
- vi. Reviewed and recommended to the Board for re-election of retiring directors in AGM.



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

### Principal Activities

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements.

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

### Financial Results

	<b>Group RM</b>	<b>Company RM</b>
Net loss for the financial year	<u>(24,396,677)</u>	<u>(2,521,251)</u>
Attributable to:		
Owners of the parent	(24,394,495)	(2,521,251)
Non-controlling interests	<u>(2,182)</u>	<u>-</u>
	<u>(24,396,677)</u>	<u>(2,521,251)</u>

### Reserves and Provisions

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

### Dividends

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year. The Board of Directors does not recommend any dividend in respect of the current financial year.

### Issue of Shares and Debentures

There were no issuances of shares or debentures during the financial year.

## Options Granted Over Unissued Shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

## Directors

The Directors in office since the date of the last report are:

Chiew Boon Chin  
Datuk Mohamed Arsad Bin Sehan  
Koo Jenn Man  
Lee Keh Ting  
Lim Nyuk Foh  
Lim Shaw Keong @ Alfred Lim  
Yap Yee May (resigned on 16.01.2017)

## Directors' Interests

The interests and deemed interests in the shares and options over shares of the Company and of its related corporations (other than wholly-owned subsidiary companies) of those who were Directors at financial year end according to the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1.00 each			At 31.12.2016
	At 01.01.2016	Bought	Sold	
<b>Interests in the Company</b>				
<b>Direct Interests</b>				
Lim Nyuk Foh	51,605,800	3,000,000	(5,582,700)	49,023,100
Koo Jenn Man	393,500	-	-	393,500

By virtue of his interest in the shares of the Company, Lim Nyuk Foh is also deemed interested in the shares of all the subsidiary companies during the financial year to the extent the Company has an interest under Section 6A of the Companies Act, 1965.

None of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 27 to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## Other Statutory Information

- (a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had 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:
- (i) which would render it amounts written off for bad debts or the amounts of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
  - (iv) 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.

## **Other Statutory Information (Cont'd)**

- (c) At the date of this report, there does not exist:
  - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
  - (ii) any contingent liability of the Group of the Company which has arisen since the end of the financial year.
  
- (d) In the opinion of the Directors:
  - (i) no contingent liability 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 and of the Company to meet their obligations as and when they fall due;
  - (ii) 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; and
  - (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## **Subsequent Events**

The subsequent events are disclosed in Note 34 to the financial statements.

**Auditors**

The Auditors, Messrs UHY, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2017.

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LIM NYUK FOH

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CHIEW BOON CHIN

KUALA LUMPUR

**STATEMENT BY DIRECTORS**  
**Pursuant to Section 169(15) of the Companies Act, 1965**

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 47 to 126 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 37 to the financial statements on page 127 have been compiled in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 April 2017.

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LIM NYUK FOH

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CHIEW BOON CHIN

KUALA LUMPUR

**STATUTORY DECLARATION**  
**Pursuant to Section 169(16) of the Companies Act, 1965**

I, LIM NYUK FOH, being the Director primarily responsible for the financial management of Bertam Alliance Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 47 to 127 are 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 at Kuala Lumpur in the )  
Federal Territory on 26 April 2017 )

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LIM NYUK FOH

Before me,

No. W 710  
MOHAN A.S. MANIAM

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COMMISSIONER FOR OATHS

# **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD**

(Company No.: 305530-A)  
(Incorporated in Malaysia)

## **Report on the Financial Statements**

### **Opinion**

We have audited the financial statements of Bertam Alliance Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 126.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### **Basis for Opinion**

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence and Other Ethical Requirements**

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and IESBA Code.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)  
(Incorporated in Malaysia)

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

**Key Audit Matters**

**How we addressed the key audit matters**

---

**Asset held for sale**

The Group's asset held for sale amounts to RM63.3 million as at 31 December 2016.

Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount or fair value less costs to sell, and depreciation on such assets to cease.

We have identified the assets held for sale and assessed their conditions meeting the criteria in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

We have reviewed the Group's asset held for sale to determine whether there is any indication for impairment.

All land classified as asset held for sale was sold subsequent to the financial year and we have reviewed the respective sales and purchased agreements to assess the appropriateness of the carrying amount of these lands.

We assessed the adequacy of accounting treatment of land held for property development and the disclosure in the financial statements of the Group is in accordance with FRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (CONT'D)

(Company No.: 305530-A)

(Incorporated in Malaysia)

### Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
<b>Property development cost</b>	
<p>The Group's property development cost amounts to RM104.0 million as at 31 December 2016.</p>	<p>We performed a range of audit procedures which included review development project documentation and enquired key personnel regarding status of new projects.</p>
<p>Property development cost comprise all cost that are directly attributable to the respective development activities or that can be allocated on a reasonable basis to such activities.</p>	<p>We checked the property development cost incurred to date to sale and purchase agreements for land acquired, land title deeds, invoices and billings for professional fees, stamp duties, commissions, conversion fees and other relevant levies to ensure all project costs are appropriately charged to respective projects.</p>
<p>Property development cost which are recognised as an asset is measured at the lower of cost or net realisable value.</p>	<p>We reviewed the allocation of common cost and recognition of borrowing cost in accordance with FRS 201 <i>Property Development Activities</i> and FRS 123 <i>Borrowing Costs</i>.</p>
	<p>We assessed management's judgment in recovery of cost for new projects to supporting evidences including but not limited to development proposals, development plans correspondence with regulators in seeking approval for property development projects.</p>
	<p>We have considered the adequacy of the disclosure in the financial statements in accordance with FRS 201 <i>Property Development Activities</i>.</p>

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)  
(Incorporated in Malaysia)

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)

(Incorporated in Malaysia)

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)

(Incorporated in Malaysia)

### **Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also: (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current finance year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)

(Incorporated in Malaysia)

### **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary companies of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the financial statements and the auditors' reports of all the subsidiary companies of which we have not acted as auditors, which are indicated in Note 6 to the financial statements, being financial statements that have been included in the consolidated financial statements.
- (c) We are satisfied that the financial statements of the subsidiary companies that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the financial statements of the subsidiary companies did not contain any qualification or any adverse comment made under Section 174 (3) of the Act.

### **Other Reporting Responsibilities**

The supplementary information set out in Note 37 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
BERTAM ALLIANCE BERHAD (CONT'D)**

(Company No.: 305530-A)  
(Incorporated in Malaysia)

**Other Matters**

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY  
Firm Number: AF 1411  
Chartered Accountants

TAN TIAN WOUI  
Approved Number: 2969/05/18 (J)  
Chartered Accountant

KUALA LUMPUR

26 April 2017

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	10,339,672	10,693,650	9,206,797	9,072,672
Land held for property development	5	76,170,270	71,492,947	-	-
Investment in subsidiary companies	6	-	-	100,767,668	100,788,009
Goodwill on consolidation	7	89,534	-	-	-
Other investments	8	2,391,263	3,112,500	-	-
		<u>88,990,739</u>	<u>85,299,097</u>	<u>109,974,465</u>	<u>109,860,681</u>
<b>Current assets</b>					
Property development cost	9	104,021,909	145,490,093	-	-
Inventories	10	2,435,261	10,078,191	-	-
Trade and other receivables	11	20,484,327	72,981,148	38,532	110,818
Amount due from subsidiary companies	12	-	-	47,523,194	59,541,231
Tax recoverable		3,049,547	1,601,637	197,127	17,204
Deposits, cash and bank balances	13	8,135,907	11,547,022	377,323	96,830
		<u>138,126,951</u>	<u>241,698,091</u>	<u>48,136,176</u>	<u>59,766,083</u>
Assets held for sale	14	63,348,530	2,506,000	-	-
		<u>201,475,481</u>	<u>244,204,091</u>	<u>48,136,176</u>	<u>59,766,083</u>
<b>Total assets</b>		<u>290,466,220</u>	<u>329,503,188</u>	<u>158,110,641</u>	<u>169,626,764</u>

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016 (CONT'D)**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>EQUITY</b>					
Share capital	15	206,756,497	206,756,497	206,756,497	206,756,497
Reserves	16	(62,906,905)	(38,512,410)	(67,096,569)	(64,575,318)
Equity attributable to owners of the parent		143,849,592	168,244,087	139,659,928	142,181,179
Non-controlling interests		(143,549)	(141,367)	-	-
<b>Total equity</b>		<b>143,706,043</b>	<b>168,102,720</b>	<b>139,659,928</b>	<b>142,181,179</b>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Trade and other payables	17	-	2,851,179	-	-
Loans and borrowings	18	65,558,065	90,520,772	5,918,608	16,400,772
Finance lease payable	19	670,335	833,558	-	-
Deferred tax liabilities	20	721,216	5,258,613	-	-
		<b>66,949,616</b>	<b>99,464,122</b>	<b>5,918,608</b>	<b>16,400,772</b>
<b>Current liabilities</b>					
Trade and other payables	17	35,340,263	46,041,400	343,934	558,813
Amount due to contract customers	21	-	-	-	-
Amount due to subsidiary companies	12	-	-	1,702,171	-
Tax payables		527,835	2,374,233	-	-
Loans and borrowings	18	43,779,240	13,366,000	10,486,000	10,486,000
Finance lease payable	19	163,223	154,713	-	-
		<b>79,810,561</b>	<b>61,936,346</b>	<b>12,532,105</b>	<b>11,044,813</b>
<b>Total liabilities</b>		<b>146,760,177</b>	<b>161,400,468</b>	<b>18,450,713</b>	<b>27,445,585</b>
<b>Total equity and liabilities</b>		<b>290,466,220</b>	<b>329,503,188</b>	<b>158,110,641</b>	<b>169,626,764</b>

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

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
Revenue	22	11,255,072	127,201,258	3,198,657	3,632,190
Cost of sales		(11,896,868)	(98,963,012)	-	-
Gross (loss)/profit		<u>(641,796)</u>	<u>28,238,246</u>	<u>3,198,657</u>	<u>3,632,190</u>
Other income		540,765	278,410	38,467	3,312,053
Administrative expenses		<u>(25,637,054)</u>	<u>(10,350,805)</u>	<u>(4,347,615)</u>	<u>(13,131,899)</u>
<b>(Loss)/Profit from operation</b>		<b>(25,738,085)</b>	<b>18,165,851</b>	<b>(1,110,491)</b>	<b>(6,187,656)</b>
Finance costs	23	(3,439,841)	(1,326,076)	(1,560,760)	(1,221,715)
<b>(Loss)/Profit before taxation</b>	24	<u>(29,177,926)</u>	<u>16,839,775</u>	<u>(2,671,251)</u>	<u>(7,409,371)</u>
Taxation	25	<u>4,781,249</u>	<u>(5,101,955)</u>	<u>150,000</u>	<u>-</u>
<b>Net (loss)/profit for the financial year, representing total comprehensive income for the financial year</b>		<b><u>(24,396,677)</u></b>	<b><u>11,737,820</u></b>	<b><u>(2,521,251)</u></b>	<b><u>(7,409,371)</u></b>
<b>(Loss)/Profit for the financial year attributable to:</b>					
Owners of the parent		(24,394,495)	11,812,944	(2,521,251)	(7,409,371)
Non-controlling interests		<u>(2,182)</u>	<u>(75,124)</u>	<u>-</u>	<u>-</u>
		<b><u>(24,396,677)</u></b>	<b><u>11,737,820</u></b>	<b><u>(2,521,251)</u></b>	<b><u>(7,409,371)</u></b>
<b>Earnings per share</b>	26				
Basic and diluted (sen)		<u>(11.80)</u>	<u>5.71</u>		

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Attributable to the Owners of the Parent					Total Equity RM
	Non-distributable	Other Reserve RM	Distributable Accumulated Losses RM	Total RM	Non- controlling Interests RM	
<b>Group</b>						
At 1 January 2016	206,756,497	(14,865,154)	(23,647,256)	168,244,087	(141,367)	168,102,720
Net loss for the financial year, representing total comprehensive income for the financial year	-	-	(24,394,495)	(24,394,495)	(2,182)	(24,396,677)
At 31 December 2016	<u>206,756,497</u>	<u>(14,865,154)</u>	<u>(48,041,751)</u>	<u>143,849,592</u>	<u>(143,549)</u>	<u>143,706,043</u>

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)**

<b>Group</b>	Attributable to the Owners of the Parent						<b>Total Equity RM</b>
	Non-distributable		Distributable		<b>Non- controlling Interests RM</b>	<b>Total RM</b>	
	<b>Share Capital RM</b>	<b>Other Reserve RM</b>	<b>Accumulated Losses RM</b>	<b>Total RM</b>			
At 1 January 2015	206,756,497	-	(35,460,200)	171,296,297	68,603	171,364,900	
Net profit/(loss) for the financial year, representing total comprehensive income for the financial year	-	-	11,812,944	11,812,944	(75,124)	11,737,820	
<b>Transaction with owners:</b>							
Acquisition of non-controlling interest	-	(14,865,154)	-	(14,865,154)	(134,846)	(15,000,000)	
At 31 December 2015	206,756,497	(14,865,154)	(23,647,256)	168,244,087	(141,367)	168,102,720	

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)**

	<b>Share Capital RM</b>	<b>Accumulated Losses RM</b>	<b>Total Equity RM</b>
<b>Company</b>			
At 1 January 2015	206,756,497	(57,165,947)	149,590,550
Net loss for the financial year, representing total comprehensive income for the financial year	-	(7,409,371)	(7,409,371)
At 31 December 2015	<u>206,756,497</u>	<u>(64,575,318)</u>	<u>142,181,179</u>
At 1 January 2016	206,756,497	(64,575,318)	142,181,179
Net loss for the financial year, representing total comprehensive income for the financial year	-	(2,521,251)	(2,521,251)
At 31 December 2016	<u>206,756,497</u>	<u>(67,096,569)</u>	<u>139,659,928</u>

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

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Cash Flows From Operating Activities</b>				
(Loss)/Profit before taxation	(29,177,926)	16,839,775	(2,671,251)	(7,409,371)
Adjustments for:				
Bad debts written off	135,662	266,765	-	-
Deposits written off	1,800	2,718	-	-
Depreciation of property, plant and equipment	689,817	458,933	270,379	58,969
(Gain)/loss on disposal of property, plant and equipment	(9,206)	(31,329)	-	2,716
Gain on disposal of assets held sale	(994,000)	-	-	-
Impairment loss on:				
- investment in subsidiary companies	-	-	20,341	8,565,911
- land held for property development	13,060,616	-	-	-
- investment in quoted shares	875,133	-	-	-
- trade and other receivables	2,070,720	-	-	-
Interest expense	7,212,776	3,971,700	1,560,760	1,221,715
Interest income	(260,559)	(157,799)	(2,101)	-
Interest income on amount due from a subsidiary company	-	-	-	(3,312,053)
Property, plant and equipment written off	123,615	10,597	98,044	7,942
Reversal of impairment losses on other receivables	-	(12,321)	-	-
Operating (loss)/profit before working capital changes	(6,271,552)	21,349,039	(723,828)	(864,171)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Changes in working capital:				
Inventories	7,642,930	(2,718,718)	-	-
Property development costs	(38,475,021)	(45,051,183)	-	-
Receivables	50,288,639	(15,561,484)	72,286	1,317,036
Payables	(13,641,850)	17,501,866	(214,879)	270,078
Other current assets	-	5,442,308	-	-
Other current liabilities	-	(719,228)	-	-
Subsidiary companies	-	-	13,720,208	(26,755,738)
	<u>5,814,698</u>	<u>(41,106,439)</u>	<u>13,577,615</u>	<u>(25,168,624)</u>
Cash (used in)/generated from operating activities	(456,854)	(19,757,400)	12,853,787	(26,032,795)
Interest received	260,559	157,799	2,101	3,312,053
Interest paid	(3,439,841)	(1,326,076)	(1,560,760)	(1,221,715)
Tax refund	6,215	2,880,778	-	90,144
Tax paid	(3,056,671)	(4,032,453)	(29,923)	(35,204)
	<u>(6,229,738)</u>	<u>(2,319,952)</u>	<u>(1,588,582)</u>	<u>2,145,278</u>
Net cash (used in)/from operating activities	<u>(6,686,592)</u>	<u>(22,077,352)</u>	<u>11,265,205</u>	<u>(23,887,517)</u>
<b>Cash Flows From Investing Activities</b>				
Acquisition of land held for property development	(4,916,199)	(2,856,511)	-	-
Acquisition of property, plant and equipment	4(d) (502,548)	(3,428,054)	(502,548)	(2,952,126)
Acquisition of other investments	(153,896)	-	-	-
Acquisition additional share in a subsidiary company	6 -	(15,000,000)	-	-
Proceeds from disposal of assets held for sales	14(i) 3,500,000	-	-	-
Proceeds from disposal of property, plant and equipment	52,300	98,724	-	2,500
Net cash used in investing activities	<u>(2,020,343)</u>	<u>(21,185,841)</u>	<u>(502,548)</u>	<u>(2,949,626)</u>

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016 (CONT'D)**

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Cash Flows From Financing Activities</b>				
Drawdown of term loans	-	74,300,000	-	27,300,000
Increased of fixed deposit pledged	(5,037,134)	(453,668)	-	-
Repayment of term loans	(13,362,164)	(26,117,338)	(10,482,164)	(413,228)
Repayment of finance lease payables	(154,713)	(211,156)	-	-
Net cash (used in)/from financing activities	<u>(18,554,011)</u>	<u>47,517,838</u>	<u>(10,482,164)</u>	<u>26,886,772</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(27,260,946)	4,254,645	280,493	49,629
<b>Cash and cash equivalents at the beginning of the financial year</b>	<u>10,360,738</u>	<u>6,106,093</u>	<u>96,830</u>	<u>47,201</u>
<b>Cash and cash equivalents at the end of the financial year</b>	<u>(16,900,208)</u>	<u>10,360,738</u>	<u>377,323</u>	<u>96,830</u>
<b>Cash and cash equivalents at the end of the financial year comprises:</b>				
Fixed deposits with licensed banks	6,245,486	4,186,284	-	-
Cash and bank balances	1,890,421	7,360,738	377,323	96,830
Bank overdrafts	(18,812,697)	-	-	-
	<u>(10,676,790)</u>	<u>11,547,022</u>	<u>377,323</u>	<u>96,830</u>
Less: Fixed deposit pledged with licensed banks	(6,223,418)	(1,186,284)	-	-
	<u>(16,900,208)</u>	<u>10,360,738</u>	<u>377,323</u>	<u>96,830</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**31 DECEMBER 2016**

**1. Corporate Information**

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

The principal place of business of the Company is located at Unit 23-01, Level 23, Tower B, Vertical Business Suite, Avenue 3, Bangsar South City, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

The registered office of the Company is located at Lot 4.100, Level 4, Wisma Central Jalan Ampang, 50450 Kuala Lumpur.

The principal activities of the Company consist of investment holding and provision of management services to the subsidiaries. The principal activities of its subsidiary companies are disclosed in Note 6 to the financial statements. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

**2. Basis of Preparation**

**(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards (“FRSs”) and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

**Adoption of new and amended standards**

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Adoption of new and amended standards (Cont'd)

During the financial year, the Group and the Company have adopted the following amendments to FRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are mandatory for current financial year: (Cont'd)

Amendments to FRS 101	Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Annual Improvements to MFRSs 2012–2014 Cycle	

Adoption of above amendments to FRSs did not have any significant impact on the financial statements of the Group and of the Company.

#### Standards issued but not yet effective

The Group and the Company have not applied the following new FRSs, interpretation and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company:

		<u>Effective dates for financial periods beginning on or after</u>
Amendment to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to FRSs 2014 – 2016 Cycle:		
• Amendments to FRS 12		1 January 2017
• Amendments to FRS 1		1 January 2018
• Amendments to FRS 128		1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 2	Classification and measurement of Share-based payment Transactions	1 January 2018
Amendments to FRS 140	Transfers of Investment Property	1 January 2018

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective (Cont'd)

The Group and the Company have not applied the following new FRSs, interpretation and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and for the Company: (Cont'd)

		<u>Effective dates for financial periods beginning on or after</u>
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1 January 2018*
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

\* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

#### FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 *Financial Instruments: Recognition and Measurement*.

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### Standards issued but not yet effective (Cont'd)

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below: (Cont'd)

#### FRS 9 *Financial Instruments* (IFRS 9 issued by IASB in July 2014) (Cont'd)

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

#### **New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective**

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 *Agriculture* and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

## 2. Basis of Preparation (Cont'd)

### (a) Statement of compliance (Cont'd)

#### **New Malaysian Financial Reporting Standards (“MFRS Framework”) issued but not yet effective (Cont'd)**

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

### (b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”) which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

### (c) Significant accounting judgments, estimates and assumptions

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### **Judgements**

There are no significant areas of critical judgement in applying accounting policies that have significant effect on the amounts recognised in the financial statements.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgments, estimates and assumptions (Cont'd)

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

#### Useful lives of property, plant and equipment

The Group regularly review the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the value of property, plant and equipment. The carrying amount at the reporting date for property, plant and equipment is disclosed in Note 4.

#### Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 6.

#### Property development

The Group recognises property development revenue and expenses in the statement of comprehensive income by using the stage of completion method. 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.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists. The carrying amount of the Group's property development costs at the reporting date is disclosed in Note 9.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgments, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 10.

##### Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a receivable is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts at the reporting date for loans and receivables are disclosed in Notes 11 and 12 respectively.

##### Construction Contracts

The Group recognises construction contracts revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 21.

## 2. Basis of Preparation (Cont'd)

### (c) Significant accounting judgments, estimates and assumptions (Cont'd)

#### Key sources of estimation uncertainty (Cont'd)

##### Income taxes

Judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2016, the Group has tax recoverable and payable of RM3,049,547 (2015: RM1,601,637) and RM527,835 (2015: RM2,374,233) respectively. The Company has tax recoverable of RM197,127 (2015: RM17,204).

##### Fair value of financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

## 3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

##### (i) Subsidiary companies (Cont'd)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed off in profit or loss as incurred.

If the business combination is achieved in stages, previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of FRS 139 *Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, the accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(l) to the financial statements on impairment of non-financial assets.

### 3. Significant Accounting Policies (Cont'd)

#### (a) Basis of consolidation (Cont'd)

- (ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

- (iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

- (iv) Goodwill on consolidation

The excess of the aggregate consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying value may be impaired. See accounting policy Note 3(l) to the financial statements on the impairment of non-financial assets.

#### (b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(l).

### 3. Significant Accounting Policies (Cont'd)

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

##### (i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

##### (ii) Subsequent costs

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

##### (iii) Depreciation

Depreciation is recognised in the profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Leased assets are depreciated over the shorter of the lease term and their useful lives. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

Leasehold building	Over the remaining lease
Furniture, fittings and office equipment	8% - 12%
Motor vehicles	20%
Renovation	10%

### 3. Significant Accounting Policies (Cont'd)

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

##### (iii) Depreciation (Cont'd)

The residual values, useful lives and depreciation method are reviewed at each reporting period 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 property, plant and equipments.

#### (c) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or asset and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

##### As lessee

##### (i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as finance costs in the profit or loss. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as a property, plant and equipment.

##### (ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position.

### 3. Significant Accounting Policies (Cont'd)

#### (c) Leases (Cont'd)

##### As lessee (Cont'd)

##### (ii) Operating lease (Cont'd)

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid land lease payments.

##### As lessor

Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

#### (d) Financial assets

Financial assets are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in profit or loss.

The Group and the Company classify their financial assets depends on the purpose for which the financial assets were acquired at initial recognition, into the following categories:

##### (i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those maturing later than 12 months after the end of the reporting period which are classified as non-current assets.

### 3. Significant Accounting Policies (Cont'd)

#### (d) Financial assets (Cont'd)

##### (i) Loans and receivables (Cont'd)

After initial recognition, financial assets categorised as loans and receivables are measured at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### (ii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the assets within 12 months after the end of the reporting period.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends from an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less impairment loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised and derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised when the contractual rights to receive cash flows from the financial asset has expired or has been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received and any cumulative gains or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### 3. Significant Accounting Policies (Cont'd)

#### (e) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of financial liabilities.

Financial liabilities are recognised on the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group and the Company classify their financial liabilities at initial recognition, into the following categories:

##### (i) Other financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities comprise trade and other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Gains and losses on financial liabilities measured at amortised cost are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

##### (ii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specific payment to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount recognised less cumulative amortisation.

### 3. Significant Accounting Policies (Cont'd)

#### (e) Financial liabilities (Cont'd)

A financial liability is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### (f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

#### (g) Inventories

Completed properties are stated at the lower of cost and net realisable value.

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (h) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised over the period of contract as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. The stage of completion method is determined by the proportion that contract costs incurred for work performed to date bear to the estimated total contract cost.

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

### **3. Significant Accounting Policies (Cont'd)**

#### **(h) Construction contracts (Cont'd)**

Irrespective whether the outcome of a construction contract can be estimated reliably, when it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probably that they will result in revenue and they are capable of being reliably measured.

The aggregate of the costs incurred and the profit or loss recognised on each contract is compared against the progress billings up to the reporting period end. Where costs incurred and recognised profits (less recognised losses) exceed progress billings, the balance is presented as amounts due from contract customers. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented as amounts due to contract customers.

#### **(i) Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle. Land held for property development is classified as non-current asset and carried at cost less accumulated impairment losses, if any.

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

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

#### **(j) Property development activities**

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 profit or loss by using the stage of completion method. 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.

### 3. Significant Accounting Policies (Cont'd)

#### (j) Property development activities (Cont'd)

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.

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 profit or loss over billings to purchasers is classified as accrued billings within trade receivables and the excess of billings to purchasers over revenue recognised in profit or loss is classified as progress billings within trade payables.

#### (k) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### (l) Impairment of assets

##### (i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets and non-current assets classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

### 3. Significant Accounting Policies (Cont'd)

#### (l) Impairment of assets (Cont'd)

##### (i) Non-financial assets (Cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. 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 or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

##### (ii) Financial assets

All financial assets, other than those categorised as fair value through profit or loss, investments in subsidiary companies, are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

### 3. Significant Accounting Policies (Cont'd)

#### (I) Impairment of assets (Cont'd)

##### (ii) Financial assets (Cont'd)

###### Financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the receivable and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with defaults on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of impairment loss is recognised in profit or loss. Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised in profit or loss, the impairment loss is reversed, to the extent that the carrying amount of the asset does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of reversal is recognised in profit or loss.

###### Available-for-sale financial assets

Significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired. A significant or prolonged decline in the fair value of investments in equity instruments below its cost is also an objective evidence of impairment.

### 3. Significant Accounting Policies (Cont'd)

#### (l) Impairment of assets (Cont'd)

##### (iii) Financial assets (Cont'd)

###### Available-for-sale financial assets (Cont'd)

If an available-for-sale financial asset is impaired, the amount of impairment loss is recognised in profit or loss and is measured as the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously. When a decline in the fair value of an available-for-sale financial asset has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value of equity instrument, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

#### (m) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the nominal value of shares issued. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

#### (n) Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 3. Significant Accounting Policies (Cont'd)

#### (n) Provisions (Cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The relating expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

#### (o) Employee benefits

##### (i) Short term employee benefits

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

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

##### (ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employee Provident Fund (“EPF”). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

#### (p) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received or receivable.

##### (i) Construction contracts

Revenue from construction contracts is accounted in accordance to the accounting policies as described in Note 3(h) to the financial statements.

### 3. Significant Accounting Policies (Cont'd)

#### (p) Revenue (Cont'd)

##### (ii) Sale of properties

Revenue from sale of properties is accounted for by the stage of completion method as described in Note 3(j) to the financial statements.

Revenue from sale of completed property units is recognised upon the transfer of risk and rewards.

##### (iii) Project management, administrative services and support service

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

##### (iv) Dividend income

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

##### (v) Interest income

Interest income is recognised on accruals basis using the effective interest method.

##### (vi) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

#### (q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

### 3. Significant Accounting Policies (Cont'd)

#### (q) Borrowing costs (Cont'd)

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

#### (r) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3. Significant Accounting Policies (Cont'd)

#### (s) Segments reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### (t) Non-current assets held for sale

Non-current assets (or disposal group) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such non-current assets (or disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group). Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

#### (u) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

#### 4. Property, Plant and Equipment

Group 2016	Leasehold building RM	Furniture, fittings and office equipment RM	Motor vehicles RM	Renovation RM	Total RM
At 1 January 2016	8,646,720	507,124	2,114,290	589,832	11,857,966
Additions	-	163,393	-	339,155	502,548
Disposal	-	-	(132,455)	-	(132,455)
Written off	-	(77,475)	-	(118,905)	(196,380)
At 31 December 2016	8,646,720	593,042	1,981,835	810,082	12,031,679
At 1 January 2016	43,233	170,345	916,979	33,759	1,164,316
Charge for the financial year	172,935	89,255	347,128	80,499	689,817
Disposal	-	-	(89,361)	-	(89,361)
Written off	-	(56,269)	-	(16,496)	(72,765)
At 31 December 2016	216,168	203,331	1,174,746	97,762	1,692,007
At 31 December 2016	8,430,552	389,711	807,089	712,320	10,339,672

#### 4. Property, Plant and Equipment (Cont'd)

<b>Group 2015</b>	<b>Leasehold building RM</b>	<b>Furniture, fittings and office equipment RM</b>	<b>Motor vehicles RM</b>	<b>Renovation RM</b>	<b>Building under construction RM</b>	<b>Total RM</b>
<b>Cost</b>						
At 1 January 2015	-	333,117	1,548,451	252,741	6,052,704	8,187,013
Additions	2,594,016	217,116	759,831	337,091	-	3,908,054
Disposal	-	(6,754)	(193,992)	-	-	(200,746)
Written off	-	(36,355)	-	-	-	(36,355)
Transfer	6,052,704	-	-	-	(6,052,704)	-
At 31 December 2015	8,646,720	507,124	2,114,290	589,832	-	11,857,966
<b>Accumulated depreciation</b>						
At 1 January 2015	-	146,617	717,705	170	-	864,492
Charge for the financial year	43,233	51,024	331,087	33,589	-	458,933
Disposal	-	(1,538)	(131,813)	-	-	(133,351)
Written off	-	(25,758)	-	-	-	(25,758)
At 31 December 2015	43,233	170,345	916,979	33,759	-	1,164,316
<b>Carrying amount</b>						
At 31 December 2015	8,603,487	336,779	1,197,311	556,073	-	10,693,650

#### 4. Property, Plant and Equipment (Cont'd)

	Leasehold building RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
<b>Company</b>				
<b>2016</b>				
<b>Cost</b>				
At 1 January 2016	8,646,720	135,767	368,647	9,151,134
Additions	-	163,393	339,155	502,548
Written off	-	(16,178)	(112,998)	(129,176)
At 31 December 2016	8,646,720	282,982	594,804	9,524,506
<b>Accumulated depreciation</b>				
At 1 January 2016	43,233	23,929	11,300	78,462
Charge for the financial year	172,935	39,035	58,409	270,379
Written off	-	(16,014)	(15,118)	(31,132)
At 31 December 2016	216,168	46,950	54,591	317,709
<b>Carrying amount</b>				
At 31 December 2016	8,430,552	236,032	540,213	9,206,797

4. Property, Plant and Equipment (Cont'd)

Company 2015 Cost	Leasehold building RM	Building under construction RM	Furniture, fittings and office equipment RM	Renovation RM	Total RM
At 1 January 2015	-	6,052,704	53,835	112,998	6,219,537
Additions	2,594,016	-	102,461	255,649	2,952,126
Disposal	-	-	(6,754)	-	(6,754)
Written off	-	-	(13,775)	-	(13,775)
Transfer	6,052,704	(6,052,704)	-	-	-
At 31 December 2015	8,646,720	-	135,767	368,647	9,151,134
<b>Accumulated depreciation</b>					
At 1 January 2015	-	-	26,864	-	26,864
Charge for the financial year	43,233	-	4,436	11,300	58,969
Disposal	-	-	(1,538)	-	(1,538)
Written off	-	-	(5,833)	-	(5,833)
At 31 December 2015	43,233	-	23,929	11,300	78,462
<b>Carrying amount</b>					
At 31 December 2015	8,603,487	-	111,838	357,347	9,072,672

#### 4. Property, Plant and Equipment (Cont'd)

(a) Assets pledged as securities to financial institutions

The carrying amount of property, plant and equipment of the Group and the Company pledged as securities for bank borrowings as disclosed in Note 18 to the financial statements are:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Leasehold building	<u>8,646,720</u>	<u>8,646,720</u>	<u>8,646,720</u>	<u>8,646,720</u>

(b) The remaining leasehold period of the buildings is 90 years (2015: 91 years).

(c) Assets held under finance leases

The carrying amount of motor vehicles of the Group acquired under hire purchase agreements are RM770,273 (2015: RM988,271). Leased assets are pledged as security for the related finance lease liabilities.

(d) The aggregate additional cost for the property, plant and equipment of the Group and of the Company during the financial year acquired under finance lease financing and cash payments are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Aggregate cost	502,548	3,908,054	502,548	2,952,126
Less: Finance lease financing	<u>-</u>	<u>(480,000)</u>	<u>-</u>	<u>-</u>
Cash payments	<u>502,548</u>	<u>3,428,054</u>	<u>502,548</u>	<u>2,952,126</u>

## 5. Land Held for Property Development

	Freehold land RM	Leasehold land RM	Development cost RM	Total RM
<b>Group</b>				
<b>At cost</b>				
At 1 January 2016	42,955,899	28,537,048	-	71,492,947
Additions	30,165,571	323,568	2,200,315	32,689,454
Impairment losses recognised	-	(13,060,616)	-	(13,060,616)
Reclassification from property development cost (Note 9)	47,739,124	-	657,891	48,397,015
Transfer to asset held for sale (Note 14)	(47,548,530)	(15,800,000)	-	(63,348,530)
At 31 December 2016	<u>73,312,064</u>	<u>-</u>	<u>2,858,206</u>	<u>76,170,270</u>
At 1 January 2015	42,947,493	28,194,943	-	71,142,436
Additions	2,514,406	342,105	-	2,856,511
Transfer to asset held for sale (Note 14)	(2,506,000)	-	-	(2,506,000)
At 31 December 2015	<u>42,955,899</u>	<u>28,537,048</u>	<u>-</u>	<u>71,492,947</u>

During the financial year, all lands held for property development has been transferred to assets held for sale, since the Group no longer has the intention to develop these lands and would be sold to third parties as disclosed in Note 14 to the financial statements.

## 6. Investment in Subsidiary Companies

	Company	
	2016 RM	2015 RM
<b>In Malaysia</b>		
<b>At cost</b>		
Unquoted shares	<u>111,506,990</u>	<u>111,506,990</u>
<b>Accumulated impairment losses</b>		
Balance at beginning of financial year	(27,131,718)	(18,565,807)
Impairment loss during the financial year	(20,341)	(8,565,911)
Balance at end of financial year	<u>(27,152,059)</u>	<u>(27,131,718)</u>
	84,354,931	84,375,272
Discount on loans to subsidiaries	<u>16,412,737</u>	<u>16,412,737</u>
	<u>100,767,668</u>	<u>100,788,009</u>

## 6. Investment in Subsidiary Companies (Cont'd)

During the financial year, as a result of favourable performance of UH Capital Sdn. Bhd. in property development segment, the Group carried out a review of the recoverable amount of UH Capital Sdn. Bhd..

The recoverable amount of the Company's investment in UH Capital Sdn. Bhd. estimated based on value-in-use method. In determining value-in-use for UH Capital Sdn. Bhd., the cash flows were discounted at a rate of 5% on a pre-tax basis.

Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation	Equity interest		Principal activities
		2016 %	2015 %	
<i>Held by the Company:</i>				
UH Industries & Development Sdn. Bhd.	Malaysia	100	100	Property development and provision of project management and administrative services
UH Capital Sdn. Bhd.	Malaysia	100	100	Property development
Bertam Development Sdn. Bhd.	Malaysia	100	100	Property development, investment holding and general contractors
Budaya Identiti Sdn. Bhd.	Malaysia	100	100	Property and plantation development
Syarikat Sungei Buan Sdn. Bhd.	Malaysia	100	100	Property development
Dove Industries Sdn. Bhd.	Malaysia	100	100	Property development
UH Trading (Johore) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
UH Trading (Melaka) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
UH Trading (K.L.) Sdn. Bhd.	Malaysia	100	100	Temporarily ceased operations
Bertam Minetech Sdn. Bhd.	Malaysia	100	100	Property development

## 6. Investment in Subsidiary Companies (Cont'd)

Details of the subsidiary companies are as follows:

Name of companies	Country of incorporation	Equity interest		Principal activities
		2016 %	2015 %	
<b><i>Subsidiary companies of Bertam Development Sdn. Bhd.</i></b>				
Sunrise Avenue Sdn. Bhd.	Malaysia	100	100	Property development
Sepakat Heights Sdn. Bhd.	Malaysia	100	100	Property development
Dataran Serimaju Sdn. Bhd.	Malaysia	100	100	Property development
Trans Prestasi Sdn. Bhd.	Malaysia	100	100	Property development
Gunung Jaya Sdn. Bhd.	Malaysia	100	100	Property development
Antara Megah Sdn. Bhd.	Malaysia	100	100	Property development
Legacy Mega Development Sdn. Bhd.	Malaysia	100	100	Property development
Budi Halus Sdn. Bhd.	Malaysia	100	100	Property development and general contractors
Sunrise Teamtrade Sdn. Bhd.	Malaysia	51	51	Property development
Wow Land Sdn Bhd*	Malaysia	100	-	Property development
<b><i>Subsidiary companies of Antara Megah Sdn. Bhd.</i></b>				
Tabur Bakti Sdn. Bhd.	Malaysia	100	100	Property development
Suria Pertiwi Sdn. Bhd.	Malaysia	100	100	Property development
<b><i>Subsidiary companies of Syarikat Sungei Buan Sdn. Bhd.</i></b>				
MV Properties Sdn. Bhd.	Malaysia	100	100	Property development

\*Subsidiary companies not audited by UHY.

The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

### Acquisition of subsidiary company

On 8 August 2016, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company has acquired 100 ordinary shares of RM1.00 each representing 100% equity interest in Wow Land Sdn. Bhd. ("WLSB") for a total cash consideration of RM200,000 from Jumat Bin Laiyo and Pang En Chee. Subsequently, WLSB becomes a wholly-owned subsidiary company of BDSB.

## 6. Investment in Subsidiary Companies (Cont'd)

### Fair value of identifiable assets acquired and liabilities assumed

	<b>Group 2016 RM</b>
Property development cost	1,284,742
Other receivables	50,596
Cash and bank balances	779
Other payables	(1,225,651)
Total identifiable assets and liabilities	<u>110,466</u>

The gross carrying amount of trade and other receivables approximate their fair values. None of the receivables were impaired and the full contractual amounts were expected to be collected.

### Net cash outflow arising from acquisition of subsidiary company

	<b>Group 2016 RM</b>
Purchase consideration settled in cash	(200,000)
Cash and bank balances acquired	779
	<u>(199,221)</u>

### Goodwill arising from business combination

Goodwill was recognised as a result of the acquisition as follows:

	<b>Group 2016 RM</b>
Fair value of consideration transferred	200,000
Fair value of identifiable assets acquired and liabilities assumed	(110,466)
Goodwill on consolidation	<u>89,534</u>

### Impact of the acquisition on the Statements of Profit or Loss and Other Comprehensive Income

From the date of acquisition, acquired subsidiary company has contributed RM8,784 to the Group's loss for the year. If the combination had taken place at the beginning of the financial year, the Group's loss for the financial year from its continuing operations would have been RM17,474.

## 6. Investment in Subsidiary Companies (Cont'd)

### Acquisition of non-controlling interests

On 27 April 2015, Syarikat Sungei Buan Sdn. Bhd., a wholly-owned subsidiary of the Company acquired the remaining 30% equity interests in MV Properties Sdn. Bhd. in cash, increasing its ownership from 70% to 100% with a total consideration of RM15,000,000.

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Carrying amount of non-controlling interest acquired	-	134,847
Consideration paid to non-controlling interest	-	(15,000,000)
Decrease in parent's equity	-	(14,865,153)

## 7. Goodwill on Consolidation

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
At 1 January	3,280	3,280
Acquisition of a subsidiary company (Note 6)	89,534	-
At 31 December	92,814	3,280
<b>Accumulated impairment</b>		
At 1 January / 31 December	3,280	3,280
<b>Carrying amount</b>	89,534	-

### Impairment test for goodwill on consolidation

Goodwill on consolidation has been allocated to Group's cash-generating units ("CGUs") identified according to business segments as property development.

## 8. Other Investments

	<b>Quoted shares in Malaysia RM</b>	<b>Club membership RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2016</b>			
<b>Non-current</b>			
<u>Available-for-sale financial assets</u>			
- Equity instruments	2,305,263	-	2,305,263
Other investment	-	86,000	86,000
At 31 December	<u>2,305,263</u>	<u>86,000</u>	<u>2,391,263</u>
Market value of quoted investments	<u>2,305,263</u>	<u>86,000</u>	<u>2,391,263</u>
<b>2015</b>			
<b>Non-current</b>			
<u>Available-for-sale financial assets</u>			
- Equity instruments	3,026,500	-	3,026,500
Other investment	-	86,000	86,000
At 31 December	<u>3,026,500</u>	<u>86,000</u>	<u>3,112,500</u>
Market value of quoted investments	<u>3,026,500</u>	<u>86,000</u>	<u>3,112,500</u>

During the financial year, the Group recognised an impairment loss of RM875,133 for quoted equity instruments classified as available-for-sale financial asset as there was a decline in the fair value of the investment.

## 9. Property Development Cost

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Development cost RM</b>	<b>Total RM</b>
<b>Group</b>				
<b>2016</b>				
<b>Property development cost</b>				
At 1 January 2016	54,007,307	83,168,337	10,366,106	147,541,750
Additions	-	-	5,644,089	5,644,089
Acquisition through business combination	-	-	1,284,742	1,284,742
Reclassification to land held for property development (Note 5)	(47,739,124)	-	(657,891)	(48,397,015)
At 31 December 2016	<u>6,268,183</u>	<u>83,168,337</u>	<u>16,637,046</u>	<u>106,073,566</u>
<b>Costs recognised in profit or loss</b>				
At 1 January 2016 / 31 December 2016				<u>(2,051,657)</u>
<b>Property development cost at 31 December 2016</b>				
				<u>104,021,909</u>
<b>2015</b>				
<b>Property development cost</b>				
At 1 January 2015	52,203,708	41,500,000	29,766,371	123,470,079
Additions	47,739,124	41,668,337	16,980,050	106,387,511
Disposal	(43,100,000)	-	(7,411,275)	(50,511,275)
Reversal of completed projects	(2,835,525)	-	(28,969,040)	(31,804,565)
At 31 December 2015	<u>54,007,307</u>	<u>83,168,337</u>	<u>10,366,106</u>	<u>147,541,750</u>
<b>Costs recognised in profit or loss</b>				
At 1 January 2015				(23,031,170)
Recognised during the financial year				(10,825,052)
Reversal of completed projects				31,804,565
At 31 December 2015				<u>(2,051,657)</u>
<b>Property development cost at 31 December 2015</b>				
				<u>145,490,093</u>

## 9. Property Development Cost (Cont'd)

The land under development with carrying value of RM99,422,601 (2015: RM94,208,214) has been pledged as security for banking facilities granted to the Group as disclosed in Note 18.

The remaining leasehold period of the leasehold land ranged from 40 to 907 years (2015: 41 to 908 years).

Certain subsidiary companies entered into joint venture agreements with third parties (the landowners) to develop the lands, solely at the cost of the subsidiary companies and based on the agreements, the landowners are entitled to certain percentage of the respective development profits.

## 10. Inventories

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Cost</b>		
Completed properties	2,435,261	8,751,191
<b>Net realisable value</b>		
Completed properties	-	1,327,000
	<u>2,435,261</u>	<u>10,078,191</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	<u>975,000</u>	<u>9,169,570</u>

## 11. Trade and Other Receivables

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Trade receivables</b>				
Third parties	29,262,229	86,532,763	-	-
Less: Accumulated impairment losses	(20,688,484)	(18,674,581)	-	-
Trade receivables, net	<u>8,573,745</u>	<u>67,858,182</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Sundry receivables	4,767,032	1,705,578	11,979	6,500
Prepayment	3,907,670	5,243	3,875	3,850
Refundable deposits	3,310,931	3,463,827	22,678	100,468
	<u>11,985,633</u>	<u>5,174,648</u>	<u>38,532</u>	<u>110,818</u>

## 11. Trade and Other Receivables (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Other receivables (Cont'd)</b>				
Less: Accumulated impairment losses				
Sundry receivables	(75,051)	(51,682)	-	-
	<u>(75,051)</u>	<u>(51,682)</u>	<u>-</u>	<u>-</u>
Other receivables, net	<u>11,910,582</u>	<u>5,122,966</u>	<u>38,532</u>	<u>110,818</u>
Total trade and other receivables	<u>20,484,327</u>	<u>72,981,148</u>	<u>38,532</u>	<u>110,818</u>

During the financial year, the prepayment amount mainly consists of the prepaid of real property gain tax amounting to RM3,840,000 for the disposal of Cheras land by the subsidiary company.

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2015: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Movements in the allowance for impairment losses of trade receivables are as follows:

	Group	
	2016 RM	2015 RM
At 1 January	18,674,581	18,674,581
Impairment losses recognised	2,047,351	-
Amount written off	(33,448)	-
At 31 December	<u>20,688,484</u>	<u>18,674,581</u>

## 11. Trade and Other Receivables (Cont'd)

Analysis of the trade receivables ageing as at the end of the financial year is as follow:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Neither past due nor impaired	29,175	27,029,149
Past due not impaired:		
Less than 30 days	8,940	6,144
31 to 60 days	398,735	8,954
61 to 90 days	43	35,213,171
more than 90 days	8,136,852	5,600,764
	8,544,570	40,829,033
	8,573,745	67,858,182
Impaired	20,688,484	18,674,581
	29,262,229	86,532,763

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2016, trade receivables of RM8,544,570 (2015: RM40,829,033) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM20,688,484 (2015: RM18,674,581) respectively, related to customers that are in financial difficulties, have defaulted on payments and / or have disputed on the billings. These balances are expected to be recovered through the debts recovery process.

Movements in the allowance for impairment losses of other receivables are as follows:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
At 1 January	51,682	64,003
Impairment losses recognised	23,369	-
Reversal	-	(12,321)
At 31 December	75,051	51,682

## 12. Amount Due from/(to) Subsidiary Companies

	Company	
	2016 RM	2015 RM
<b>Amount due from subsidiary companies</b>		
<u>Non-trade related</u>		
Interest bearing	-	44,275,411
Non-interest bearing	99,005,440	66,748,066
Less: Accumulated impairment losses	(51,482,246)	(51,482,246)
	47,523,194	59,541,231
 <b>Amount due to subsidiary companies</b>		
<u>Non-trade related</u>		
Non-interest bearing	1,702,171	-

Amount due from subsidiary companies are unsecured, bear interest at Nil (2015: 7.7% p.a.), and repayable on demand.

Amount due from/(to) subsidiary companies with non-interest bearing are unsecured and repayable on demand.

## 13. Deposits, Cash and Bank Balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash and bank balances	1,890,421	7,360,738	377,323	96,830
Fixed deposits with licensed banks	6,245,486	4,186,284	-	-
	8,135,907	11,547,022	377,323	96,830

Included in the cash at bank of the Group is an amount of RM5,587 (2015: RM2,182,374) held under Housing Development Accounts pursuant to Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

Included in fixed deposits with licensed banks amounting to RM6,220,418 (2015: RM1,186,284) which are pledged as security for bank guarantees granted in favour of authorities in connection with property development and construction contracts activities.

Deposits of the Group have maturity periods ranging from overnight to 12 months (2015: overnight to 12 months).

## 14. Assets Held for Sale

	<b>Freehold land RM</b>	<b>Leasehold land RM</b>	<b>Total RM</b>
<b>Group</b>			
<b>2016</b>			
At 1 January 2016	2,506,000	-	2,506,000
Transfer from land held for property development (Note 5)	52,584,949	10,763,581	63,348,530
Disposal	(2,506,000)		(2,506,000)
At 31 December 2016	<u>52,584,949</u>	<u>10,763,581</u>	<u>63,348,530</u>
<b>2015</b>			
At 1 January 2015	-	-	-
Transfer from land held for property development (Note 5)	2,506,000	-	2,506,000
At 31 December 2015	<u>2,506,000</u>	<u>-</u>	<u>2,506,000</u>

- (i) During the financial year, the subsidiary company of the Company has entered into a sale and purchase agreement to dispose a piece of vacant agricultural land held under freehold individual title with a total sales consideration of RM3,500,000. The subsidiary company subsequently recognised a gain of RM994,000.
- (ii) Subsequent to the financial year, the Group via its subsidiary companies has signed sale and purchase agreements to dispose all eighteen (18) pieces of vacant land as disclosed in Note 34(ii) to the financial statements.
- (iii) The assets held for sale with carrying value of RM63,348,530 has been pledged as security for banking facilities granted to the Group as disclosed in Note 18 to the financial statements.
- (iv) The remaining leasehold period of the lands ranged from 81 to 90 years (2015: 82 to 91 years).

## 15. Share Capital

	Group and Company		Group and Company	
	2016	2015	2016	2015
	Units	Units	RM	RM
<b>Ordinary shares of RM1.00 each</b>				
<b>Authorised</b>				
At 1 January /				
31 December	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
<b>Issued and fully paid shares</b>				
At 1 January /				
31 December	<u>206,756,497</u>	<u>206,756,497</u>	<u>206,756,497</u>	<u>206,756,497</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

## 16. Reserves

	Note	Group		Company	
		2016	2015	2016	2015
		RM	RM	RM	RM
<b>Non-distributable</b>					
Other reserve	(a)	(14,865,154)	(14,865,154)	-	-
<b>Distributable</b>					
Accumulated					
losses		<u>(48,041,751)</u>	<u>(23,647,256)</u>	<u>(67,096,569)</u>	<u>(64,575,318)</u>
		<u>(62,906,905)</u>	<u>(38,512,410)</u>	<u>(67,096,569)</u>	<u>(64,575,318)</u>

The nature of reserves of the Group and the Company is as follows:

- (a) Other reserve

Other reserve arising from the acquisition of non-controlling interest.

## 17. Trade and Other Payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current</b>				
<b>Trade payables</b>				
Third parties	3,737,191	33,615,892	-	-
Retention sums	1,847	1,847	-	-
	<u>3,739,038</u>	<u>33,617,739</u>	<u>-</u>	<u>-</u>
<b>Other payables</b>				
Other payables	1,873,865	9,735,217	209,784	17,264
Accruals	3,963,722	1,873,994	134,150	541,549
Deposit received	14,217,752	452,750	-	-
Prepayment	366,175	361,700	-	-
Provisions	11,179,711	-	-	-
	<u>31,601,225</u>	<u>12,423,661</u>	<u>343,934</u>	<u>558,813</u>
Total current trade and other payables	<u>35,340,263</u>	<u>46,041,400</u>	<u>343,934</u>	<u>558,813</u>
<b>Non-current</b>				
<b>Trade payables</b>				
Retention sums	-	2,851,179	-	-

During the financial year, the subsidiary companies has disposed two pieces of land which is Cheras land and Gemenche land with a deposit received of RM12,800,000 and RM1,086,522 respectively.

Provisions for the financial year mainly consist of:

- (i) Amount payable to Lembaga Perumahan dan Hartanah Selangor (“LPHS”) of RM4,369,594, for the waiver of Bumiputera quota on certain units within project Casabella;
- (ii) Provision for material litigation amounting to RM4,111,267 as disclosed in Note 33 to the financial statements;
- (ii) Liquidated Ascertained Damages charges of RM487,764; and
- (iii) Defect liability period for the project of Pangsapuri Suria located at Kota Damandara amounting to RM735,838.

## 18. Loans and Borrowings

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Secured</b>				
Term loans	90,524,608	103,886,772	16,404,608	26,886,772
Bank overdrafts	18,812,697	-	-	-
	<u>109,337,305</u>	<u>103,886,772</u>	<u>16,404,608</u>	<u>26,886,772</u>
<b>Non-current</b>				
Term loans	65,558,065	90,520,772	5,918,608	16,400,772
<b>Current</b>				
Term loans	24,966,543	13,366,000	10,486,000	10,486,000
Bank overdrafts	18,812,697	-	-	-
	<u>43,779,240</u>	<u>13,366,000</u>	<u>10,486,000</u>	<u>10,486,000</u>
	<u>109,337,305</u>	<u>103,886,772</u>	<u>16,404,608</u>	<u>26,886,772</u>

The term loans are secured by the following:

- (i) Fixed legal charge over the lands under property development costs and asset held for sale as disclosed in Notes 9 and 14 and to the financial statements;
- (ii) Corporate guarantee by the Company and certain subsidiary companies of the Group; and
- (iii) Specific debenture incorporating first fixed and floating charges over all assets in relation to the project.

The maturity of bank borrowings is as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
On demand or within one year	43,779,240	13,366,000	10,486,000	10,486,000
More than 1 year and less than 2 years	19,710,594	16,881,000	486,000	10,486,000
More than 2 year and less than 5 years	38,452,863	59,358,000	1,458,000	1,458,000
More than 5 years	7,394,608	14,281,772	3,974,608	4,456,772
	<u>109,337,305</u>	<u>103,886,772</u>	<u>16,404,608</u>	<u>26,886,772</u>

## 18. Loans and Borrowings (Cont'd)

The range of interest rates per annum is as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Term loans	5.38 - 9.84	6.00 - 6.50	5.38 - 9.84	6.00 - 6.50
Bank overdrafts	7.15 - 8.45	7.25 - 7.00	-	-

## 19. Finance Lease Payable

	Group	
	2016 RM	2015 RM
<b>Minimum lease payments:</b>		
Within one year	198,960	198,960
Later than one year and not later than two years	198,960	198,960
Later than two years and not later than five years	453,731	652,691
Later than five years	84,108	84,108
	<u>935,759</u>	<u>1,134,719</u>
Less: Future finance charges	(102,201)	(146,448)
Present value of minimum lease payments	<u>833,558</u>	<u>988,271</u>
<b>Present value of minimum lease payments:</b>		
Within one year	163,223	154,713
Later than one year and not later than two years	171,734	163,404
Later than two year and not later than five years	416,010	587,563
Later than five years	82,591	82,591
	<u>833,558</u>	<u>988,271</u>

The finance lease liabilities interest of the Group is ranged from 2.29% to 4.00% (2015: 2.29% to 4.00%).

The Group leases motor vehicles under finance lease (Note 4). At the end of the lease term, the Group has the option to acquire the assets at a nominal price deemed to be a bargain purchase option. There are no restrictive covenants imposed by the lease agreement and no arrangements have been entered into for contingent rental payments.

## 20. Deferred Tax Liabilities

	Property, plant and equipment RM	Revaluation surplus of land held for property development RM	Total RM
<b>Deferred tax liabilities</b>			
At 1 January 2016	77,300	5,181,313	5,258,613
Recognised in profit or loss	(75,300)	(4,460,097)	(4,535,397)
Over provision in prior year	(2,000)	-	(2,000)
At 31 December 2016	<u>-</u>	<u>721,216</u>	<u>721,216</u>
At 1 January 2015	100,000	5,339,075	5,439,075
Recognised in profit or loss	4,400	(157,762)	(153,362)
Over provision in prior year	(27,100)	-	(27,100)
At 31 December 2015	<u>77,300</u>	<u>5,181,313</u>	<u>5,258,613</u>

Deferred tax assets have not been recognised in respect of the following items:

Group	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised capital allowances	35,686	19,811	27,055	12,532
Unutilised tax losses	10,666,988	7,891,762	1,111,616	612,828
	<u>10,702,674</u>	<u>7,911,573</u>	<u>1,138,671</u>	<u>625,360</u>

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

## 21. Amount Due to Contract Customers

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Amount due to customers for contract work in progress	-	-
Construction contract costs incurred to date	-	21,183,588
Attributable profits	-	17,598,956
	-	38,782,544
Less: Progress billings	-	(38,782,544)
	-	-

## 22. Revenue

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Construction revenue	-	10,964,652	-	-
Sale of properties	7,755,072	116,236,606	-	-
Sale of land	3,500,000	-	-	-
Administrative fees	-	-	2,754,879	3,223,490
Support service fees	-	-	443,778	408,700
	<u>11,255,072</u>	<u>127,201,258</u>	<u>3,198,657</u>	<u>3,632,190</u>

## 23. Finance Costs

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Interest expenses on:				
Term loans	6,729,580	3,867,339	1,560,760	1,221,715
Bank overdrafts	438,949	60,249	-	-
Finance lease	44,247	44,112	-	-
	<u>7,212,776</u>	<u>3,971,700</u>	<u>1,560,760</u>	<u>1,221,715</u>
Less:				
Interest capitalised in property development costs	(3,772,935)	(2,645,624)	-	-
	<u>3,439,841</u>	<u>1,326,076</u>	<u>1,560,760</u>	<u>1,221,715</u>

## 24. (Loss)/Profit before Taxation

(Loss)/Profit before taxation is determined after charging/(crediting) amongst others, the following items:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Auditors' remuneration				
- Current year provision	170,200	153,200	70,000	64,000
- Under provision in prior years	-	6,850	-	-
- Non-statutory	5,000	5,000	-	-
Other auditors				
- Current year provision	80,560	48,900	80,560	39,100
- Under provision in prior years	-	600	-	-
Bad debts written off	135,662	266,765	-	-
Depreciation of property, plant and equipment	689,817	458,933	270,379	58,969
Deposits written off	1,800	2,718	-	-
Non-executive Directors' remuneration:				
- Fees	168,000	156,000	168,000	156,000
- Salary and other emoluments	15,000	40,900	15,000	40,900
Interest income	(260,559)	(157,799)	(2,101)	-
Interest income on amount due from a subsidiary company	-	-	-	(3,312,053)
Impairment loss on financial assets:				
- Investment in quoted shares	875,133	-	-	-
- Investment in subsidiary company	-	-	20,341	8,565,911
- Trade receivables	2,047,351	-	-	-
- Other receivables	23,369	-	-	-
- Land held for property development	13,060,616	-	-	-
(Gain)/loss on disposal of property, plant and equipment	(9,206)	(31,329)	-	2,716
Property, plant and equipment written off	123,615	10,597	98,044	7,942
Rental of premises	347,631	291,170	42,973	154,352
Rental of equipment	3,720	3,795	-	-
Rental income	(57,948)	-	(36,366)	-
Reversal of impairment losses on other receivables	-	(12,321)	-	-

## 25. Taxation

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Tax expenses recognised in profit or loss</b>				
Malaysian income tax				
- Current tax provision	-	5,294,433	-	-
- Over provision in prior years	(243,852)	(12,016)	(150,000)	-
	<u>(243,852)</u>	<u>5,282,417</u>	<u>(150,000)</u>	<u>-</u>
Deferred tax				
- Origination and reversal of temporary differences	(4,535,397)	(153,362)	-	-
- Over provision in prior years	(2,000)	(27,100)	-	-
	<u>(4,537,397)</u>	<u>(180,462)</u>	<u>-</u>	<u>-</u>
	<u>(4,781,249)</u>	<u>5,101,955</u>	<u>(150,000)</u>	<u>-</u>

Malaysian income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

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

## 25. Taxation (Cont'd)

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
(Loss)/Profit before taxation	<u>(29,177,926)</u>	<u>16,839,775</u>	<u>(2,671,251)</u>	<u>(7,409,371)</u>
At Malaysian statutory tax rate of 24% (2015: 25%)	(7,002,702)	4,209,944	(641,100)	(1,852,343)
Effects of different tax rates in other jurisdictions	<u>-</u>	<u>39,435</u>	<u>-</u>	<u>-</u>
	(7,002,702)	4,249,379	(641,100)	(1,852,343)
Expenses not deductible for tax purposes	4,197,395	802,860	159,104	2,329,956
Income not subject to tax	(3,206)	(157,762)	(504)	(828,013)
Deferred tax assets not recognised	(1,726,884)	246,594	482,500	350,400
Over provision of income tax in prior years	(243,852)	(12,016)	(150,000)	-
Over provision of deferred tax in prior years	<u>(2,000)</u>	<u>(27,100)</u>	<u>-</u>	<u>-</u>
	<u>(4,781,249)</u>	<u>5,101,955</u>	<u>(150,000)</u>	<u>-</u>

The Group and the Company has the following estimated unutilised capital allowances and unused tax losses available to set-off against future taxable profits. The said amounts are subjected to approval by the Inland Revenue Board.

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Unutilised capital allowances	148,695	82,549	112,730	52,217
Unused tax losses	<u>44,445,782</u>	<u>32,882,341</u>	<u>4,631,733</u>	<u>2,553,449</u>
	<u>44,594,477</u>	<u>32,964,890</u>	<u>4,744,463</u>	<u>2,605,666</u>

## 26. (Loss)/Earnings per Share

### (a) Basic (loss)/earnings per share

The basic (loss)/earnings per share are calculated based on the consolidated (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group	
	2016	2015
	RM	RM
(Loss)/Profit attributable to owners of the parent	<u>(24,394,495)</u>	<u>11,812,944</u>
Weighted average number of ordinary shares in issue	<u>206,756,497</u>	<u>206,756,497</u>
Basic earnings per ordinary shares (in sen)	<u>(11.80)</u>	<u>5.71</u>

### (b) Diluted earnings per ordinary share

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

## 27. Staff Costs

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries, wages and other emoluments	2,997,597	3,640,130	2,303,209	2,848,477
Defined contribution plan	<u>339,975</u>	<u>384,497</u>	<u>265,861</u>	<u>305,770</u>
	<u>3,337,572</u>	<u>4,024,627</u>	<u>2,569,070</u>	<u>3,154,247</u>

## 27. Staff Costs (Cont'd)

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company and of the subsidiary companies during the financial year as below:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Executive Directors</b>				
Salaries and other emoluments	1,218,500	1,396,000	1,218,500	1,396,000
Defined contribution plan	133,260	151,980	133,260	151,980
Estimated money value of benefits-in-kind	-	4,500	-	4,500
	<u>1,351,760</u>	<u>1,552,480</u>	<u>1,351,760</u>	<u>1,552,480</u>

## 28. Contingencies

	Company	
	2016 RM	2015 RM
<b>Unsecured</b>		
<u>Corporate guarantee</u>		
Corporate guarantee given to financial institutions for banking facilities granted to subsidiary companies	<u>107,000,000</u>	<u>107,000,000</u>

## 29. Related Party Disclosures

### (a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

## 29. Related Party Disclosures (Cont'd)

### (b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>(i) Transactions with subsidiary companies</b>				
- Administration fees	-	-	2,754,879	3,233,490
- Support service fees	-	-	443,778	408,700
<b>(ii) Transactions with companies in which the Directors of the Company have substantial financial interest</b>				
- Rental income on premises	36,366	-	36,366	-
- Rental expenses on premises	42,052	70,000	42,052	70,000

### (c) Compensation of key management personnel

Remuneration of Directors and other members of key management are as follows:

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
- Salaries, wages and other emoluments	1,401,500	1,753,400	1,401,500	1,753,400
- Defined contribution plans	133,260	192,880	133,260	192,880
	<u>1,534,760</u>	<u>1,946,280</u>	<u>1,534,760</u>	<u>1,946,280</u>

### 30. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development	Develop property for sale and/or holds properties for its own investment purpose
Construction	Construction of residential, addition and alterations, refurbishment and restoration of buildings.
Corporate and others	This includes holding of investments and provision of management services to the companies within the Group, none of which are of a sufficient size to be reported separately.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

30. Segment Information (Cont'd)

Group 2016	Property Development RM	Construction RM	Corporate and others RM	Total Segments RM	Elimination RM	Total Operations RM
<b>Revenue</b>						
External customers	4,371,842	6,883,230	-	11,255,072	-	11,255,072
Inter-segment	-	-	3,198,657	3,198,657	(3,198,657)	-
Total revenue	<u>4,371,842</u>	<u>6,883,230</u>	<u>3,198,657</u>	<u>14,453,729</u>	<u>(3,198,657)</u>	<u>11,255,072</u>
<b>Results</b>						
Segment profit/(loss)	(23,472,610)	(2,039,782)	(721,727)	(26,234,119)	7,443,095	(18,791,024)
Other non-cash expenses	(6,138,859)	-	(118,385)	(6,257,244)	-	(6,257,244)
Depreciation	(419,438)	-	(270,379)	(689,817)	-	(689,817)
Finance costs	(1,879,081)	-	(1,560,760)	(3,439,841)	-	(3,439,841)
Profit/(loss) before tax	<u>(31,909,988)</u>	<u>(2,039,782)</u>	<u>(2,671,251)</u>	<u>(36,621,021)</u>	<u>7,443,095</u>	<u>(29,177,926)</u>
Income tax (expense)/benefit	181,567	(10,415)	150,000	321,152	4,460,097	4,781,249
Profit net of tax	<u>(31,728,421)</u>	<u>(2,050,197)</u>	<u>(2,521,251)</u>	<u>(36,299,869)</u>	<u>11,903,192</u>	<u>(24,396,677)</u>
<b>Assets</b>						
Additions to non-current assets	-	-	502,548	502,548	-	502,548
Segment assets	431,887,840	18,507,586	157,608,093	608,003,519	(318,039,847)	289,963,672
Total assets	<u>431,887,840</u>	<u>18,507,586</u>	<u>158,110,641</u>	<u>608,506,067</u>	<u>(318,039,847)</u>	<u>290,466,220</u>
<b>Liabilities</b>						
Segment liabilities	402,471,944	10,003,236	18,450,713	430,925,893	(284,165,716)	146,760,177

30. Segment Information (Cont'd)

Group 2015	Property Development RM	Construction RM	Corporate and others RM	Total Segment RM	Elimination RM	Total Operations RM
<b>Revenue</b>						
External sales	116,236,606	10,964,652	-	127,201,258	-	127,201,258
Inter-segment dividends	-	-	3,632,190	3,632,190	(3,632,190)	-
	<u>116,236,606</u>	<u>10,964,652</u>	<u>3,632,190</u>	<u>130,833,448</u>	<u>(3,632,190)</u>	<u>127,201,258</u>
<b>Results</b>						
Segment profit/(loss)	11,678,419	8,563,971	(6,120,745)	14,121,645	4,683,218	18,804,863
Other non-cash expenses	(172,137)	-	(7,942)	(180,079)	-	(180,079)
Depreciation	(399,964)	-	(58,969)	(458,933)	-	(458,933)
Finance costs	(104,361)	-	(1,221,715)	(1,326,076)	-	(1,326,076)
Profit/(loss) before tax	<u>11,001,957</u>	<u>8,563,971</u>	<u>(7,409,371)</u>	<u>12,156,557</u>	<u>4,683,218</u>	<u>16,839,775</u>
Income tax (expense)/benefit	<u>(3,112,088)</u>	<u>(2,147,629)</u>	<u>157,762</u>	<u>(5,101,955)</u>	<u>-</u>	<u>(5,101,955)</u>
Profit net of tax	<u>7,889,869</u>	<u>6,416,342</u>	<u>(7,251,609)</u>	<u>7,054,602</u>	<u>4,683,218</u>	<u>11,737,820</u>
<b>Assets</b>						
Additions to non-current assets	3,812,439	-	2,952,126	6,764,565	-	6,764,565
Segment assets	<u>482,779,650</u>	<u>35,485,483</u>	<u>166,674,638</u>	<u>684,939,771</u>	<u>(362,201,148)</u>	<u>322,738,623</u>
Total assets	<u>486,592,089</u>	<u>35,485,483</u>	<u>169,626,764</u>	<u>691,704,336</u>	<u>(362,201,148)</u>	<u>329,503,188</u>
<b>Liabilities</b>						
Segment liabilities	<u>426,468,837</u>	<u>25,478,234</u>	<u>27,445,585</u>	<u>479,392,656</u>	<u>(317,992,188)</u>	<u>161,400,468</u>

### 30. Segment Information (Cont'd)

#### Eliminations

Fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis.

Additional to non-current assets consists of additions of property, plant and equipment.

Inter-segment revenues are eliminated on consolidation.

#### Geographic information

No disclosure on geographical segment information as the Group operates predominantly in Malaysia.

### 31. Financial Instruments

#### (a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	<b>Loans and receivables RM</b>	<b>Available- for-sale RM</b>	<b>Financial liabilities measured at amortised cost RM</b>	<b>Total RM</b>
<b>Group Financial Assets 2016</b>				
Other investments	-	2,305,263	-	2,305,263
Trade and other receivables	16,576,657	-	-	16,576,657
Deposits, cash and bank balances	8,135,907	-	-	8,135,907
	<u>24,712,564</u>	<u>2,305,263</u>	<u>-</u>	<u>27,017,827</u>

### 31. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Available- for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Group</b>				
<b>2015</b>				
Other investments	-	3,026,500	-	3,026,500
Trade and other receivables	72,975,905	-	-	72,975,905
Deposits, cash and bank balances	11,547,022	-	-	11,547,022
	<u>84,522,927</u>	<u>3,026,500</u>	<u>-</u>	<u>87,549,427</u>
<b>Financial liabilities</b>				
<b>2016</b>				
Trade and other payables	-	-	35,340,263	35,340,263
Loans and borrowings	-	-	109,337,305	109,337,305
Finance lease payables	-	-	833,558	833,558
	<u>-</u>	<u>-</u>	<u>145,511,126</u>	<u>145,511,126</u>
<b>2015</b>				
Trade and other payables	-	-	48,892,579	48,892,579
Loans and borrowings	-	-	103,886,772	103,886,772
Finance lease payables	-	-	988,271	988,271
	<u>-</u>	<u>-</u>	<u>153,767,622</u>	<u>153,767,622</u>
<b>Company</b>				
<b>Financial Assets</b>				
<b>2016</b>				
Trade and other receivables	34,657	-	-	34,657
Amount due from subsidiary companies	47,523,194	-	-	47,523,194
Deposits, cash and bank balances	377,323	-	-	377,323
	<u>47,935,174</u>	<u>-</u>	<u>-</u>	<u>47,935,174</u>

### 31. Financial Instruments (Cont'd)

#### (a) Classification of financial instruments (Cont'd)

	Loans and receivables RM	Available- for-sale RM	Financial liabilities measured at amortised cost RM	Total RM
<b>Company</b>				
<b>Financial Assets</b>				
<b>2015</b>				
Trade and other receivables	106,968	-	-	106,968
Amount due from subsidiary companies	59,541,231	-	-	59,541,231
Deposits, cash and bank balances	96,830	-	-	96,830
	<u>59,745,029</u>	<u>-</u>	<u>-</u>	<u>59,745,029</u>
<b>Financial liabilities</b>				
<b>2016</b>				
Trade and other payables	-	-	343,934	343,934
Loans and borrowings	-	-	16,404,608	16,404,608
	<u>-</u>	<u>-</u>	<u>16,748,542</u>	<u>16,748,542</u>
<b>2015</b>				
Trade and other payables	-	-	558,813	558,813
Loans and borrowings	-	-	26,886,772	26,886,772
	<u>-</u>	<u>-</u>	<u>27,445,585</u>	<u>27,445,585</u>

#### (b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its financial risks, including credit, liquidity, interest rate and market price risks. The Group operates within clearly defined guidelines that are approved by the Board and the Company's policy is not to engage in speculative transactions.

### 31. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

##### (i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiary company.

The Group has adopted a policy of only dealing with creditworthy counterparties. Receivables are monitored on an ongoing basis via the Group's management reporting procedures and action will be taken for long outstanding debts.

The Company provides unsecured loans and advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiary companies. The Company's maximum exposure in this respect is RM90,524,608 (2015: RM103,886,772), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period. The financial guarantees have not been recognised since the fair value initial recognition was not material.

The Group has no significant concentration of credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for loans to its subsidiary companies where risks of default have been assessed to be low.

### 31. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

### 31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand		1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
	or within 1 year RM						
<b>Group</b>							
<b>2016</b>							
<b><u>Non-derivative financial liabilities</u></b>							
Trade and other payables	35,340,263	-	-	-	-	35,340,263	35,340,263
Loans and borrowings	43,779,240	19,710,594	38,452,863	7,394,608	109,337,305	109,337,305	109,337,305
Finance lease payables	198,960	198,960	453,731	84,108	935,759	833,558	833,558
	79,318,463	19,909,554	38,906,594	7,478,716	145,613,327	145,511,126	145,511,126
<b>2015</b>							
<b><u>Non-derivative financial liabilities</u></b>							
Trade and other payables	46,041,400	2,851,179	-	-	-	48,892,579	48,892,579
Loans and borrowings	16,255,293	30,330,584	46,350,086	27,038,918	119,974,881	103,886,772	103,886,772
Finance lease payables	198,960	198,960	652,691	84,108	1,134,719	988,271	988,271
	62,495,653	33,380,723	47,002,777	27,123,026	170,002,179	153,767,622	153,767,622

### 31. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 to 2 years RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
<b>Company</b>						
<b>2016</b>						
<b><u>Non-derivative financial liabilities</u></b>						
Trade and other payables	343,934	-	-	-	343,934	343,934
Loans and borrowings	10,486,000	486,000	1,458,000	3,974,608	16,404,608	16,404,608
	10,829,934	486,000	1,458,000	3,974,608	16,748,542	16,748,542
<b>2015</b>						
<b><u>Non-derivative financial liabilities</u></b>						
Trade and other payables	558,813	-	-	-	558,813	558,813
Loans and borrowings	11,978,866	10,957,203	7,874,237	5,575,323	36,385,629	26,886,772
	12,537,679	10,957,203	7,874,237	5,575,323	36,944,442	27,445,585

### 31. Financial Instruments (Cont'd)

#### (b) Financial risk management objectives and policies (Cont'd)

##### (iii) Market risks

##### (a) Interest rate risks

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	2016 RM	2015 RM
<b>Group</b>		
<b>Fixed rate instruments</b>		
<b>Financial asset</b>		
Fixed deposit with licensed banks	6,245,486	4,186,284
<b>Financial liability</b>		
Finance lease payables	833,558	988,271
<b>Floating rate instruments</b>		
<b>Financial liability</b>		
Loans and borrowings	109,337,305	103,886,772
<b>Company</b>		
<b>Floating rate instruments</b>		
<b>Financial liability</b>		
Loans and borrowings	16,404,608	26,886,772

## 31. Financial Instruments (Cont'd)

- (b) Financial risk management objectives and policies (Cont'd)
  - (iii) Market risks (Cont'd)
  - (a) Interest rate risks (Cont'd)

### **Interest rate risk sensitivity analysis**

#### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

#### Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased / (decreased) the Group's and the Company's profit before tax by RM1,093,373 and RM164,046 (2015: RM1,038,868 and RM268,868) respectively, arising mainly as a result of higher / lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

- (b) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest of exchange rates).

The Group is exposed to equity price risk arising from its investment in quoted instruments. These investments are listed on Bursa Malaysia and are classified as fair value through profit or loss or available-for-sale financial assets.

Management of the Group monitors investments in quoted instruments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by Risk Management Committee of the Group.

#### Market price risk sensitivity analysis

At the reporting date, if the various stock indices had been 1% higher / lower, with all other variables held constant, the Group's profit before tax would have been RM21,514 (2015: RM30,265) higher / lower, arising as a result of higher / lower fair value gains on held for trading investments in equity instruments.

### 31. Financial Instruments (Cont'd)

(c) Fair value of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2016</b>								
<b>Financial asset</b>								
Other investments	2,305,263	-	-	-	-	-	2,305,263	2,305,263
<b>Financial liability</b>								
Finance lease payables	-	-	-	-	628,426	-	628,426	670,335
<b>2015</b>								
<b>Financial asset</b>								
Other investments	3,026,500	-	-	-	-	-	3,026,500	3,026,500
<b>Financial liability</b>								
Finance lease payables	-	-	-	-	765,079	-	765,079	833,558

## 31. Financial Instruments (Cont'd)

### (c) Fair value of financial instruments (Cont'd)

#### (i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during current and previous financial year/period.

#### (ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets and liabilities.

#### (iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the asset and liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### Non-derivative financial instrument

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

#### (iv) Level 3 fair value

Level 3 fair value for the financial assets and liabilities are estimated using unobservable inputs.

## 32. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

### 32. Capital Management (Cont'd)

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows:

	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Total loans and borrowings and finance lease payables	110,170,863	104,875,043
Less: Deposits, bank and cash balances	<u>(8,135,907)</u>	<u>(11,547,022)</u>
Net debts	<u>102,034,956</u>	<u>93,328,021</u>
Total equity	<u>143,849,592</u>	<u>168,244,087</u>
Gearing ratio	<u>0.71</u>	<u>0.55</u>

There were no changes in the Group's approach to capital management during the financial year.

### 33. Material Litigation

On 4 October 2016, the Company's wholly-owned subsidiary company, Bertam Development Sdn. Bhd. ("BDSB") received a Notice of Adjudication dated 30 September 2016 in relation to the construction of 47 units of 2 ½ storey houses on a piece of land known as Lot 811-837, 848-850 & 853-862, Seksyen 6, Bandar Kuah, Daerah Langkawi, Kedah Darul Aman:

- (a) The Contractor alleged payment claims amounted to RM5,818,553 which includes the total certified sum and the balance sum of works remained not certified but duly completed.
- (b) BDSB had instructed its solicitors to contest the matter.

### 33. Material Litigation (Cont'd)

In respect of the Adjudication Proceedings on 21 February 2017, the Adjudicator has derived the following determination which is lower than the claim made against BDSB:

- (a) BDSB shall pay the total sum of RM4,111,268 being the Adjudication Sum together with interest at the rate of 7.65% per annum from 27 May 2016 until the date of full payment of the Adjudication Sum;
- (b) That the Adjudication Sum shall be paid on or before 23 March 2017; and
- (c) BDSB shall pay the adjudication proceedings cost which includes adjudication fees, Kuala Lumpur Regional Centre For Arbitration (“KLRCA”) fees and party costs. The Board of Directors is currently seeking legal advice from its solicitors with regards to the next course of action to be taken.

### 34. Subsequent Events

- (i) On 5 July 2016, MV Properties Sdn. Bhd., a wholly-owned subsidiary company of the Company has entered into a sale and purchase agreement in relation to the proposed for disposal of two (2) parcels of freehold land held under Geran Mukim 563, Lot 809 (“Land 1”) and Geran Mukim 415, Lot 810 (“Land 2”), located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor (“collectively referred to as the Cheras Land”) (“Proposed Disposal”) for a total cash consideration of RM128 million.
- (ii) On 24 October 2016, Budaya Identiti Sdn. Bhd. (“BISB”), wholly-owned subsidiary company of the Company has entered into a Sale and Purchase Agreement with PYL Agriculture Sdn. Bhd. (“PYL” or “The Purchaser”) for the sale of all that piece of agriculture land for a total consideration of RM15,552,172.
- (iii) On 8 February 2017, Bertam Alliance Berhad’s (“Bertam” or “The Company”) wholly-owned subsidiary, Sunrise Avenue Sdn. Bhd. (“SASB”) has entered into a sale and purchase agreement with Jimmy Fashion House Sdn. Bhd. (“JFHSB”) in relation to the disposal of fifteen (15) piece of residential and industrial land under leasehold individual titles for a total cash consideration of RM300,000.

### 35. Comparative Figures

The following reclassifications were made to the comparative information of prior year to be consistent with current year presentation.

	<b>As previously stated RM</b>	<b>Reclassification RM</b>	<b>As restated RM</b>
<b>Group</b>			
<b><i>Statements of Financial Position</i></b>			
<b>Current assets</b>			
Cash and bank balances	1,456,250	5,904,488	7,360,738
Fixed deposits with licensed banks	10,090,772	(5,904,488)	4,186,284

### 36. Date of Authorisation for Issue

The financial statements of the Group and of the Company for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution of the Board of Directors on 26 April 2017.

**37. Supplementary Information on the Disclosure of Realised and Unrealised Profits or Losses**

The following analysis of realised and unrealised accumulated losses of the Group and of the Company as at the reporting date is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
Total accumulated losses of the Company and its subsidiary companies				
- Realised	(47,051,529)	(24,041,955)	(67,096,569)	(64,575,318)
- Unrealised	<u>(1,596,349)</u>	<u>77,300</u>	<u>-</u>	<u>-</u>
	(48,647,878)	(23,964,655)	(67,096,569)	(64,575,318)
Less: Consolidation adjustments	<u>606,127</u>	<u>317,399</u>	<u>-</u>	<u>-</u>
Total accumulated losses	<u>(48,041,751)</u>	<u>(23,647,256)</u>	<u>(67,096,569)</u>	<u>(64,575,318)</u>

The disclosure of realised and unrealised profits or losses above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

# LIST OF PROPERTIES

No.	Properties & Locations	Description	Area/ Built-Up	Tenure	Age Of Building	Net Book Value As At 31 December 2016 (RM'000)	Date of Acquisition or Last Revaluation
1.	CL 015151005 Jalan Sena Taman Luyang Phase 1 Off Jalan Kolam District Of Kota Kinabalu Sabah	Vacant development land	2.75 acres	Leasehold	N/A	49,590	13/08/2014
2	Unit No. 23-01 to 23-07 Level 23, Tower B Vertical Business Suites Bangsar South City all under PN46338, Lot 58190 Mukim and District of Kuala Lumpur Wilayah Persekutuan Kuala Lumpur	Office lots	9,007 square feet	Leasehold	N/A	8,647	24/11/2014
3	CL 045021449 and 2 others District of Tuaran Sabah	Vacant development land	32.02 acres	Leasehold	N/A	48,997	13/10/2014

# STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2017



## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2017

Issued and fully paid-up capital	: RM206,756,497.00
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per Ordinary Share
No. of Shareholders	: 1,317

Size of Holdings	No. of Shareholders	No. of Shares held	% of issued capital
Less than 100	16	735	0.00
100 – 1,000	318	290,424	0.14
1,001 – 10,000	561	2,938,851	1.42
10,001 – 100,000	332	12,399,998	6.00
100,001 to < 5% of issued shares	87	86,126,489	41.66
5% and above of issued shares	3	105,000,000	50.78
<b>Total</b>	<b>1,317</b>	<b>206,756,497</b>	<b>100.00</b>

## LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2017

Name	No. of shares held of RM1.00 each		No. of shares held of RM1.00 each	
	Direct	(%)	Indirect	(%)
1. Wisma Jutamas Sdn Bhd	37,000,000	17.89	-	-
2. Lim Nyuk Foh	49,023,100	23.71	-	-

## LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS AT 31 MARCH 2017

Name	No. of Shares		No. of Shares	
	Direct	%	Indirect	%
1. Datuk Mohamed Arsad Bin Sehan	-	-	-	-
2. Lim Nyuk Foh	49,023,100	23.71	-	-
3. Lim Shaw Keong@ Alfred Lim	-	-	-	-
4. Chiew Boon Chin	-	-	-	-
5. Lee Keh Ting	-	-	-	-
6. Koo Jenn Man	393,500	0.19	-	-

# STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2017 (CONT'D)

## THIRTY LARGEST SHAREHOLDERS – PER RECORD OF DEPOSITORS AS AT 31 MARCH 2017

Names of Shareholders	No. of Shares held	% of issued capital
1. Sabah Development Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Nyuk Foh</i>	47,900,000	23.17
2. Sabah Development Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wisma Jutamas Sdn Bhd</i>	37,000,000	17.90
3. RHB Nominees (Asing) Sdn Bhd <i>Exempt An (BP) For RHB Securities Hong Kong Limited A/C Clients (Retail)</i>	20,100,000	9.721
4. Sabah Development Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tung Fong Hotel (SDK) Sdn Bhd</i>	7,100,000	3.43
5. Teh Kim Teck	6,542,000	3.16
6. HLB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong King Seng</i>	6,382,100	3.09
7. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Chua Peng Boon @ Choy Ah Mun (8118880)</i>	5,688,000	2.75
8. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yau Kim Hian (M01)</i>	5,145,200	2.49
9. Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Seong Kheong</i>	4,837,700	2.34
10. Tradema Holdings Sdn Bhd	4,181,000	2.02
11. Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Classical Glory Sdn Bhd (M03)</i>	3,689,000	1.78
12. RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Er Ka Wei</i>	3,000,000	1.45
13. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Cheng Chai</i>	1,870,000	0.90
14. Wei Han Sdn Bhd	1,579,000	0.76
15. Brem Development Sdn Bhd	1,507,000	0.73
16. Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Peng Boon @ Choy Ah Mun</i>	1,333,300	0.64

# STATISTICS ON SHAREHOLDINGS

AS AT 31 MARCH 2017 (CONT'D)



## THIRTY LARGEST SHAREHOLDERS – PER RECORD OF DEPOSITORS AS AT 31 MARCH 2016 (CONT'D)

Names of Shareholders	No. of Shares held	% of issued capital
17. Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Lee Kau (M93015)</i>	1,329,900	0.64
18. RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Suh Siang</i>	1,283,000	0.62
19. Classical Glory Sdn Bhd	1,189,900	0.57
20. Er Ka Wei	1,184,800	0.57
21. Yew Vui Heung	1,181,800	0.57
22. Ong Lee Veng @ Ong Chuan Heng	1,138,000	0.55
23. Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Nyuk Foh (8121417)</i>	1,123,100	0.54
24. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An For Bank of Singapore Limited</i>	1,028,100	0.50
25. HLIB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Yap Kok Weng</i>	1,000,000	0.48
26. Voo Kwee Hiong	945,800	0.46
27. V A Trading Sdn Bhd	896,300	0.43
28. Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chin Fun Ming</i>	891,000	0.43
29. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Beh Hang Kong</i>	813,700	0.39
30. Affin Hwang Nominees (Asing) Sdn Bhd <i>Exempt An For DBS Vickers Securities (Singapore) Pte Ltd (Clients)</i>	781,500	0.38

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# FORM OF PROXY

# BERTAM ALLIANCE BERHAD (305530-A) (Incorporated in Malaysia)

I/We \_\_\_\_\_ NRIC/Passport/Company No. \_\_\_\_\_  
(Full Name in capital letters)

of \_\_\_\_\_  
(Full address)

being member(s) of **BERTAM ALLIANCE BERHAD**, hereby appoint \_\_\_\_\_  
(Full Name in capital letters)

\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_ of

\_\_\_\_\_

or failing him/her, \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(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 Twenty-Third Annual General Meeting of the Company to be held at **Function Room 7, Level 3, The Pacific Sutera Hotel, Sutera Harbour, 88100 Kota Kinabalu, Sabah** on **Friday, 26 May 2017** at **9.00 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.

AGENDA			
To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon.			
ORDINARY BUSINESS	Resolution	FOR	AGAINST
Re-election of Datuk Mohamed Arsad Bin Sehan as Director.	Ordinary Resolution 1		
Re-election of Lim Nyuk Foh as Director.	Ordinary Resolution 2		
Payment of Directors' Fees for the financial year ended 31 December 2016.	Ordinary Resolution 3		
Payment of Directors' benefits from 1 January 2017 until the next Annual General Meeting of the Company.	Ordinary Resolution 4		
Re-appointment of Messrs UHY as Auditors and authority to the Directors to fix their remuneration.	Ordinary Resolution 5		
SPECIAL BUSINESS			
Authority to issue shares pursuant to Section 75 of the Companies Act 2016	Ordinary Resolution 6		
Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 7		
Proposed Share Buy-Back	Ordinary Resolution 8		

Signed this ..... day of ..... 2017.

<b>Number of shares held:-</b>	
<b>CDS account no.:-</b>	
<b>Telephone no. (during office hours):-</b>	

\_\_\_\_\_  
Signature of Shareholder/Common Seal

#### Notes:-

- For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, a Record of Depositors as at 19 May 2017. Only a Member whose name appears on this Record of Depositors shall be entitled to attend this meeting or appoint a proxy to attend, speak or vote on his/her behalf.
- A member entitled to attend and vote at this meeting is entitled to appoint proxy/proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company.
- A member may appoint not more than two (2) proxies to attend the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holding(s) to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any under which it is signed or a notarially certified copy of that power of authority, shall be deposited at the Company's Share Registrar at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to vote by poll.

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The Share Registrar  
**BERTAM ALLIANCE BERHAD**  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur.

Affix  
Stamp

*Then fold here*

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**BERTAM ALLIANCE BERHAD** 305530-A

Level 23, Unit 23-01 to 23-07, Tower B,  
Vertical Business Suite, Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.  
Tel: 603-2242 3669 Fax: 603-2242 3662  
Website: [www.bertamalliance.com](http://www.bertamalliance.com)