

BERTAM ALLIANCE BERHAD

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2018
ANNUAL
REPORT

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25th ANNUAL GENERAL MEETING

Address

Advena Room 1, Level 3,
Grandis Hotels and Resorts,
Suria Shopping Mall,
1A Jalan Tun Faud Stephens,
88000 Kota Kinabalu, Sabah

Date

Tuesday, 28 May 2019

Time

9:00 a.m.

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fifth Annual General Meeting ("25th AGM") of Bertam Alliance Berhad ("Bertam" or the "Company") will be held Advena Room 1, Level 3, Grandis Hotels and Resorts, Suria Shopping Mall, 1A Jalan Tun Faud Stephens, 88000 Kota Kinabalu, Sabah on Tuesday, 28 May 2019 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 2018 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who are due to retire in accordance with Clause 105(1) of the Company's Constitution and being eligible, have offered themselves for re-election:
 - (a) Mr Lim Nyuk Foh
 - (b) Mr Chiew Boon Chin
3. To approve the payment of Directors' fees and other benefits payable of up to RM396,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 29 May 2019 until the conclusion of the next AGM of the Company.
4. To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

AS SPECIAL BUSINESS:

To consider and, if thought fit, with or without modification, to pass the following resolutions:

5. AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 ("the Act"), the Constitution of the Company and approvals from the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to issue and allot shares in the capital of the Company from time to time and 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 from the Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing and quotation for the additional shares so issued AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

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

"THAT, subject to the provisions of the Main Market Listing Requirements of Bursa Securities, 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 Renewal of Shareholders' Mandate") 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 Parties as specified in Section 2.3 of the Circular to Shareholders dated 30 April 2019 provided that such transactions are:-

- (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.

25th ANNUAL GENERAL MEETING

(Please refer
Explanatory Note 1)

(Ordinary Resolution 1)
(Ordinary Resolution 2)

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

**NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING**

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 Renewal of Shareholders' Mandate 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 Renewal of Shareholders' Mandate."

7. 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 RENEWAL OF SHARE BUY-BACK AUTHORITY")

(Ordinary Resolution 7)

"THAT, subject to Section 127 of the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Securities and any other relevant authority or approval for the time being in force or as may be amended from time to time, the Directors of the Company be and are 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 Securities as at the point of purchase;

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
- (ii) 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 Securities and/or any other relevant governmental and/or regulatory authorities (if any).

NOTICE OF TWENTY-FIFTH ANNUAL GENERAL MEETING

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 Securities;
- (iii) retain part thereof as treasury shares and cancel the remainder; and/or
- (iv) distribute all or part of the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them.

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."

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

By Order of the Board

TAN TONG LANG (MAICSA 7045482)
THIEN LEE MEE (LS 0009760)
Company Secretaries

Kuala Lumpur
30 April 2019

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 21 May 2019. 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 office, Boardroom.com Sdn. Bhd. at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 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.

**NOTICE OF TWENTY-FIFTH
ANNUAL GENERAL MEETING****Explanatory Notes:****1. Audited Financial Statements for the financial year ended 31 December 2018**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward to voting.

2. Ordinary Resolution 3 – Payment of Directors' Fees and other benefits payable to the Directors

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 29 May 2019 until the conclusion of the next AGM of the Company. 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.

3. Ordinary Resolution 5 - Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5 is for the purpose of granting a renewal mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the general mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 24th AGM held on 28 June 2018 which will lapse at the conclusion of the 25th AGM to be held on 28 May 2019.

4. Ordinary Resolution 6 - Proposed Renewal of Shareholders' Mandate

The proposed Ordinary Resolution No. 6, 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 30 April 2019 which is circulated together with this Annual Report.

5. Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution No. 7, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of 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 is the earlier.

The detailed information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular/Statement to Shareholders dated 30 April 2019 which is dispatched together with this Annual Report 2018.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profiles of the Directors who are standing for re-election (as per Ordinary Resolution 1 to 2 as stated above) at the 25th AGM of the Company are set out in the profile of Directors' section of this Annual Report 2018.

CORPORATE INFORMATION



BOARD OF DIRECTORS

DATUK MOHAMED ARSAD BIN SEHAN

Senior Independent Non-Executive Director Chairman

LIM NYUK FOH

Managing Director

CHIEW BOON CHIN

Executive Director

KOO JENN MAN

Non-Independent Non-Executive Director

OOI JIT HUAT

Independent Non-Executive Director

LIM SHAW KEONG @ ALFRED LIM

Independent Non-Executive Director

Fax No. : 03 – 2298 0268

SHARE REGISTRAR

Boardroom.com Sdn. Bhd. (820910-X)
Suite 10.02, Level 10
The Garden South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03 – 2298 0263
Fax No. : 03 – 2298 0268

AUDITORS

MESSRS PKF (AF 0911)
Chartered Accountants
Lot 23-1 & 25-1, 1st Floor
Lintas Plaza
88300 Kota Kinabalu
Sabah
Tel No. : 088-266 723
Fax No. : 088-267 721

AUDIT AND RISK MANAGEMENT COMMITTEE

LIM SHAW KEONG @ ALFRED LIM

Chairman

DATUK MOHAMED ARSAD BIN SEHAN

Member

KOO JENN MAN

Member

REMUNERATION COMMITTEE

LIM SHAW KEONG @ ALFRED LIM

Chairman

DATUK MOHAMED ARSAD BIN SEHAN

Member

NOMINATION COMMITTEE

DATUK MOHAMED ARSAD BIN SEHAN

Chairman

LIM SHAW KEONG @ ALFRED LIM

Member

COMPANY SECRETARIES

TAN TONG LANG (MAICSA 7045482)
THIEN LEE MEE (LS 0009760)

REGISTERED OFFICE

Suite 10.02, Level 10
The Garden South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel No. : 03 – 2298 0263

BUSINESS ADDRESS

Level 23, Unit 23-6 to 23-07, Tower B
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. No. : 03-2242 3669
Fax. No. : 03-2242 3662
Website : www.bertamalliance.com

PRINCIPAL BANKERS

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

SOLICITORS

FERNANDEZ & CO.
CHEE & CO.
THOMAS ONG LEONG & ASSOCIATES
TH MOI & ASSOICIATES
CK OON & CO.
BODIPOLAR PONNUDURAI DE SILVA

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Sector : Properties
Stock Code : 9814

MANAGEMENT DISCUSSION AND ANALYSIS

Bertam Alliance Berhad (“Bertam Alliance”) or (“the Group”) is an investment holding company with a diverse portfolio of business ventures mainly in property development, real estate and construction.

Bertam Alliance will continue to review and implement measures, amongst others, its business plan with a focus on driving revenue and contribution growth, best practices and standard operating policies to enhance risk and internal controls management and areas of the operations that could be shared for productivity and cost savings gains.



FUTURE PROJECTS

1) Telipok Project

Proposed 2,600 Units of Low Medium Cost Apartment (905 ft²) and 18 Units of Shoplots (1,460 ft²) consisting of 10 Blocks of 21-storey apartment, 3 blocks of 5-storey elevated carpark and Shoplots on 3 pieces of land with an area of 33.05 acres at Telipok which is approximately 28km from Kota Kinabalu City Centre.

The proposed development is expected to span over a period of 8 years and divided into 4 phases with an estimated gross development value of RM869 million.

The Development Plan (DP) of this project has been submitted on 3 November 2016. Land use has been converted from General Industrial (ING) to Medium Density Residential (R(b)) via an approval from Majlis Daerah Tuaran (MDT) on 30th January 2018. On the other hand, the DP has been forwarded to State Central Board for comments and approval on 12th March 2018.

2) Luyang Project

The Proposed 18-storey Residential Apartments Project situated at Luyang, Kota Kinabalu Sabah consists of 2 blocks of tower with 199 units of Apartments on 2.75 acres of land.

The zoning for this parcel of land has been converted from High Density Residential, R(H) to Commercial Mixed Uses, M(U). With the approval granted on the rezoning, the previously approved DP for Proposed 18-Storey Residential Apartments has been resubmitted to Dewan Bandaraya Kota Kinabalu (DBKK) on 9th November 2017 with a new title namely Proposed 18-Storey Serviced Suites (Commercial). The approval was granted by DBKK via a letter dated 18th February 2019. The next action is the submission of building plans and engineering plans to DBKK.

The proposed development of serviced suites come with full recreational facilities with a total built up area of 588,887 ft² (excluding carpark). It is expected to span over 3 years with an estimated GDV of approximately RM343 million.

3) Kepayan Project

The Proposed Development located at Kepayan, Kota Kinabalu, also known as Idaman Residence, involves a residential development consisting of 228 condominium units, ground floor car park, open space and facilities deck with a total built-up area of about 274,582 ft²(excluding carpark).

It is expected to span over a period of 3 years with an estimated GDV of approximately RM150 million.

Approvals from the relevant authorities have been obtained.



FINANCIAL AND NON-FINANCIAL

The Group registered a revenue of RM0.8 million for the financial year ended 31 December 2018. Year-on-Year, the Group's revenue has declined by RM144.4 million from last financial year of RM145.2 million mainly due to no revenue from sale of properties or land.

The Group recorded a loss before tax of RM5.4 million for the financial year ended 31 December 2018 as compared to a profit before tax of RM68.6 million in the previous year's corresponding period. This was mainly due to no property development activities.

The Group borrowings as at 31 December 2018 consist of RM34.7 Million of term loans and RM0.3 Million of finance lease which 56% are long term payables.

HUMAN RESOURCES DEVELOPMENT

It is recognised that a sustainable organization requires not only skilled but driven, motivated and loyal employees. Bertam Alliance gives equal emphasis to the professional and personal development of our employees so as to ensure that they would be equipped to continuously contribute towards the growth and development of the organisation operating in a fast-changing world of how businesses are done.

At Bertam Alliance, we believe in the simple truth that an efficient, effective, knowledgeable and happy workforce forms the core of a successful organisation.

REGULARISATION AND RESTRUCTURING PLANS

On 4 April 2018, Bertam Alliance announced that it is a practice Note 17 ("PN17") company pursuant to Paragraph 8.04 and Paragraph 2.1(c) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Security Berhad as a winding-up order had been made against Bertam Development Sdn. Bhd. ("BDSB"), a wholly owned subsidiary of the Company, which accounts for at least 50% of the total assets employed of Bertam on a consolidated basis ("Winding Up Order") and notwithstanding that BDSB had appealed against the Winding-Up Order, there is no certainty on the ability of Bertam and/or BDSB to set aside the Winding-Up Order, in the near future, particularly in light of the pending legal proceedings vis-à-vis the adjudication decision and further appeals which may ensue.

The Group is currently focusing on developing its regularisation plan and it expect that 2019 will still be a challenging year for the Group as the property industry is still facing challenging environment.



CORPORATE SUSTAINABILITY STATEMENT

1. Objective

This policy aims to outline the framework in promoting sustainability. In order to enhance stakeholders' perception and public trust towards the Group, the Board believes that attention shall be given to environmental, social and governance ("ESG") aspects of business which underpin sustainability and relate these aspects to the interests of the various stakeholders.

2. Principles of Sustainability

At Bertam Alliance Berhad, we believe "Sustainability" is about respecting the limit of the planet by preserving and protecting the environment and natural resources and balancing the Environment, People and Profit. Therefore, we would take into consideration of the impacts of our business and management processes on these three elements and evaluate its magnitude before deciding on our course of action. In this respect, we are committed to:

- i. Continuously improving safety and health at our work place;
- ii. Ensuring compliance with regulatory requirements;
- iii. Reducing environment damages to the minimum;
- iv. Creating a happy and loving work place for our employees;
- v. Giving back to and serving the underprivileged and needy in the community that we operate;
- vi. Improving efficiency of materials, water, power and papers usages and reducing and recycling wastages; and
- vii. Practicing ethical and fair business principles and approaches.

3. Board's Responsibility

The governance responsibilities of the Board in respect of sustainability issues should include:

- i. Identify and priorities sustainability
- ii. Goals and targets;
- iii. Define sustainability, social and environment oversight responsibilities;
- iv. Include sustainability as part of Board agenda in risk management process;
- v. Define and agree on criteria to access feasibility of sustainability projects and initiatives;
- vi. Approve budget for sustainability initiatives;
- vii. Set management KPIs on sustainability;
- viii. Formalize sustainability reporting and communicate sustainability targets and metrics to stakeholders and;
- ix. Review result of assurance with management and identify areas for improvements.

4. Management's Responsibility

The main responsibilities of the management in sustainability management are:

- i. Ensure alignment of Group's sustainability initiatives with the company's overall strategy;
- ii. Identify resources that are essential to achieve sustainability goals. These include financial assets, property, employees, raw material, customers and intellectual property;
- iii. Clearly define persons-in-charge and their roles and responsibilities; update job descriptions and key performance index;
- iv. Assess feasibility of sustainability projects;
- v. Communicate sustainability targets and metrics in the annual report;
- vi. Co-operate with external verification and assurance providers;
- vii. Review key sustainability initiatives and recommend improvements; and
- viii. Report and recommend to the Board on the course of action needed promote sustainability in business.

5. Corporate Disclosure Requirement

The Board shall ensure that the Group discloses its sustainability policy and their implementation in the corporate website and the annual report respectively.



PROFILE 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
- Aged 66, 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.

After retiring from Bank Rakyat, Datuk Mohamed Arsad spent 8 years as Managing Director and Executive Director of PureCircle Sdn Bhd, a wholly owned subsidiary of PureCircle Limited.

He is also a Director of SYF Resources Berhad, KIP REIT Management Sdn Bhd, Chairman 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.

LIM NYUK FOH

- Managing Director
- Aged 55, 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. 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 currently also the Managing Director of Priceworth International Berhad. He also sits on Board of several other private limited companies.

He is a major shareholder and has direct shareholdings of 37,700,000 (18.23%) ordinary shares in the Company.

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 61, 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.

CHIEW BOON CHIN

- Executive Director
- Aged 52, Malaysian, Male
- Appointed to the Board on 14 July 2014.

Chiew Boon Chin was appointed to the Board on 14 July 2014 as an Independent Director and subsequently as an Executive Director of the Company on 8 December 2016.

He graduated with a Bachelor of Science Degree in Mathematics from University of Windsor, Ontario, Canada in 1991. He began his career with an underwear manufacturer in 1992, then he joined a garment trading company in 2003 as one of the management team and implemented EDP system for its consignment operation, his experience is not restricted to the marketing and merchandising areas but envelops the whole business organization and corporate development.

He sits on the Board of Priceworth International Berhad as Independent Non-Executive Director. He holds nil shares in the Company.

PROFILE OF DIRECTORS

OOI JIT HUAT

- Independent Non-Executive Director
- 68 years of age, Malaysian, Male
- Appointed to the Board on 17 April 2019

Ooi Jit Huat is a Chartered Accountant of Malaysian Institute of Accountants and also a member of the Malaysian Institute of Taxation.

He started his career at Peat Marwick Mitchell & Co in London and Kuala Lumpur from 1980 to 1982. He then founded his own public accounting firm, Russ Ooi & Associates in 1985. He has more than 32 years of experience in the financial industry specializing in corporate finance consultancy, auditing and investigations, corporate exercises involving public listed companies.

He sits on the Board of Kwantas Corporation Berhad and Priceworth International Berhad as Independent Non-Executive Director.

He holds nil shares in Bertam Alliance Berhad.

KOO JENN MAN

- Non-Independent Non-Executive Director
- Member of the Audit Committee
- Aged 46, 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.

ADDITIONAL INFORMATION:

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 have:
 - (i) Any conflict of interest with the Company;
 - (ii) Been convicted of any offence (other than traffic offence (other than traffic offences, if any) within the past 5 years; and
 - (iii) Been imposed with any public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2018.
3. Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Statement on page 19.



KEY SENIOR MANAGEMENT PROFILE

LIM NYUK FOH

Managing Director
Age 55, Malaysian, Male

The management team is headed by our Managing Director, Mr Lim Nyuk Foh. He is the Key Senior Management and his profile as set out in the Board of Directors' Profiles on page 10 of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Malaysia Code on Corporate Governance 2017 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 2018. 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.

The Board is assisted by the Audit Committee to oversee the implementation of a system of risk management and internal controls. The Audit and Risk Management Committee ("ARMC"), led by the Managing Director and supported by the Head of Departments from all functions is established to assist the Audit Committee in overseeing the risk management issues of the Group and to report to the Audit Committee directly on the Group's overall co-ordination of risk management activity and ensuring that the necessary processes are in place.

RISK MANAGEMENT

The Board have a formalised risk management organization structure, policies and procedures and 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 the Executive Directors and management in their course of work. The Group's risk identification will be categorised based on four (4) main factors such as strategic risk, operational risk, financial risk and compliance risk.

During the financial year, one risk assessment exercise was conducted and there were five (5) main risks identified at the Group level as follows:

1. Sustainability of the business;
2. Lack of succession plan for Managing Director;
3. Difficulty in securing project financing; and
4. Slowdown in the property market.

These risks were presented to the Audit Committee for deliberation.

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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 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;
- 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. The Internal Auditors conduct 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's Risk Profile and the management's risk management responsibilities 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 the Managing Director and Executive 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. The Managing Director, Executive Director and senior management team have conducted meeting every week and the weekly meetings serve as a monitoring tool and provide communication channel of reporting and feedback to all level of management. Changes in business environment and operations are reviewed while operation performance is assessed with detailed corrective actions being identified and discussed.

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 of Bursa Securities, the External Auditors had reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Group for the financial year ended 31 December 2018. 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Bertam Alliance Berhad ("BERTAM" or "the Company") is committed to ensure high standards of Corporate Governance are practised throughout the Company and its subsidiaries ("the Group") to safeguard shareholders' investments and protect the interests of all stakeholders.

The Board is fully dedicated to continuously evaluate the Group's Corporate Governance practices and procedures with a view to ensure the principles and recommendation in Corporate Governance as stipulated by the Malaysian Code on Corporate Governance 2017 ("MCCG") are applied and adhered to.

This statement is prepared in compliance with Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and it is to be read together with the CG Report 2018 ("CG Report") which is available at the corporate website at www.bertamalliance.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES

1.1 Strategic aims, values and standards

The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is the one that made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long-term shareholders' value. It monitors and delegates the implementation of the strategic direction to the management.

The Directors collectively, with their different background and specialisation, bring with them a diverse wealth of experience and expertise in areas such as business, finance, legal, regulatory and operations which is relevant to the Group. A brief profile of each individual Directors is set out in this Annual Report.

The Board reviews the strategic plan of the Company tabled by Management at its meeting. The review would cover the performance targets and long-term plans of the Company to be met by Management. On an annual basis, the Executive Director and Management review with the Board the outlook of the relevant industries for the following financial year.

The Board is satisfied with the strategic plan of the Company as presented by the Management. The Board would continue to review the plan to ensure its implementation. The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. To oversee the conduct of the Group's business and financial performance, the Board would meet every quarter together with the Management, namely Executive Director, Chief Financial Officer and the external Company Secretaries to discuss and deliberate on the several agendas put forth at the Board meetings. During such meetings, the Board participated actively in the discussion on the performance of the Company and assessed the performance of the Management.

The roles and responsibilities of the Independent Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.1 Strategic aims, values and standards (Cont'd)

The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following:

- i) relevant operational reports from the management;
- ii) reports on the financial performance;
- iii) specific proposals for capital expenditure and acquisitions, if any;
- iv) major issues and opportunities for the Company, if any; and
- v) quarterly financial statements for announcement to authorities.

A part of its effort to ensure the effective discharge of its duties, the Board has delegated certain functions and responsibilities to the following respective Board Committees:

- Nomination Committee;
- Remuneration Committee; and
- Audit and Risk Management Committee.

The Chairman of each Board Committee will report to the Board on the outcome of the Committee's meetings which also include the key issues deliberated at the Committee's meetings. The Board Committees discharge their duties in accordance to the Terms of Reference approved by the Board.

1.2 The Chairman of the Board

The current Chairman of the Company, Datuk Mohamed Arsad Bin Sehan is an Independent Non-Executive Chairman. The Chairman has been acting as facilitator at meetings of directors and ensure smooth functioning of the Board in the interest of good corporate governance practice. The Chairman is responsible to provide leadership for the Board so that the Board can perform its responsibilities effectively.

The responsibilities of the Chairman are clearly defined in the Board Charter.

1.3 Separation of the positions of the Chairman and Managing Director (“MD”)

The MD, who is a paid employee of the Company, is tasked to develop, in conjunction with the Board, the Group's strategic plans and is responsible for its implementation. The Chairman, Datuk Mohamed Arsad Bin Sehan, and the MD, Mr Lim Nyuk Foh, both holds separate position. There is a clear division of responsibilities between the Chairman and the MD to ensure the balance of power and authority. The Chairman is responsible for the leadership and effectiveness of the Board, conduct and governance of the Board, while the MD is responsible to carry out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis. The MD is responsible to ensure due execution of strategic goals, effective operation within the Company, and to explain, clarify and inform the Board on matters pertaining to the Company.

1.4 Qualified and Competent Company Secretaries

In compliance with Practice 1.4 of the MCCG, the Board is supported by two (2) External Company Secretaries. The Company Secretaries of the Company are qualified to act as Company Secretary under Section 235 of the Companies Act, 2016 (“the Act”). The Company Secretaries provides the required support to the Board in carrying out its fiduciary duties and stewardship role, providing the necessary advisory role with regard to the Company's constitution, Bocompliance with all regulatory requirements, MCCG, guidance and legislation to the Board.

The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with the management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

1.4 Qualified and Competent Company Secretaries (cont'd)

The Company Secretaries keep the Board abreast with the latest regulatory updates and ensure that deliberations at Board and Board Committee meetings are well documented.

The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.

The Company Secretaries are accountable to the Board on all matters connected with the proper functioning of the Board and responsibility includes:

- assisting the Chairman and the Chairmen of the Board Committees in developing the agendas for the meetings;
- administering, attending and preparing the minutes of meetings of the Board, Board Committees and shareholders;
- acting as liaison to ensure good information flow within the Board, between the Board and its Committees as well as between management and the Directors;
- advising on statutory and regulatory requirements and the resultant implication of any changes that have bearing on the Company and the Directors;
- advising on matters of corporate governance and ensuring Board policies and procedures are adhered to;
- monitoring compliance with the Act, the MMLR and the Constitution of the Company;
- facilitating orientation of new director;
- disseminating suitable training courses and arranging for Directors to attend such courses when requested.

1.5 Access of Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting. This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advisers or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

The Board has access to all information within the Company as a full Board to enable them to discharge their duties and responsibilities and is supplied in a timely basis with information and reports on financial, regulatory and audit matters by way of Board papers for informed decision making and meaningful discharge of its duties.

In addition, all Directors have direct access to the advice and services of the Company Secretaries who is responsible for ensuring the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with. External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units will also be invited to participate in the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team.

When necessary, Directors may whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company's expense to enable the directors to discharge their duties with adequate knowledge on the matters being deliberated, subject to approval by the Chairman of the Board, and depending on the quantum of the fees involved.

Senior management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)****1.5 Access of Information and Advice (cont'd)**

Each Board member is expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year with appropriate leave of absence be notified to the Chairman and/or Company Secretaries, where applicable.

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities.

During the year under review, seven (7) Board meetings were held during the financial year ended 31 December 2018. Set out below is the record of attendance of the Board Member:-

Name of Directors	No. of Meetings Attended	%
Datuk Mohamed Arsad Bin Sehan	7/7	100%
Mr Lim Nyuk Foh	4/7	57%
Mr Chiew Boon Chin	7/7	100%
Mr Lim Shaw Keong @ Alfred Lim	6/7	86%
Mr Koo Jenn Man	7/7	100%
Mr Ooi Jit Huat (appointed on 17 April 2019)	Not applicable	-

Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The Board meets on a quarterly basis, with amongst others, review the operations, financial performance, reports from the various Board Committees and other significant matters of the Group. Where any direction or decisions are required expeditiously or urgently from the Board between the regular meetings, special Board meetings maybe convened by the Company Secretaries, after consultation with the Chairman. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

The tentative dates for Board and Board Committee meetings for the year will be circulated by the Company Secretaries well in advance towards the end of the previous year to ensure that each of the Directors is able to attend the planned Board and/or Board Committee meetings including that of the Annual General Meeting. At the end of each Board and Audit Committee meetings, the date of the next meetings is to be re-confirmed.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

2.1 Board Charter

The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for directors in relation to the Board's role, powers, duties and functions.

The Board reviews the Board Charter regularly to ensure it complies with legislations and best practices; and remains relevant and effective at the prevailing time and business environment.

The Board Charter clearly set outs the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter.

The Board Charter was last reviewed by the Board on 17 April 2019 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG and MMLR, where possible or relevant.

The Board Charter is available on the Company's website at www.bertamalliance.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 1 – BOARD RESPONSIBILITIES (CONT'D)

3.1 Code of Ethics and Conduct

The Board has adopted a Code of Ethics which outlines their standards of ethical behavior in discharging their duties and responsibilities. This Code aims to enhance the standard of corporate governance and behavior as well as upholding the spirit of responsibility including social responsibility in line with prevailing legislation, regulations and guidelines.

The Board will review the Code of Ethics when necessary to ensure it remains relevant and appropriate. The Code of Ethics is available on the Corporate's website at www.bertamalliance.com.

3.2 Whistle Blowing Policy and Procedures

The Board always encourages employees and stakeholders to report any grievances and raise concerns about misconduct, wrongdoings, malpractices involving the Company. The Board is responsible for overseeing the implementation of the Whistle Blowing Policy for Directors, and all whistle-blowing reports are addressed to the Chairman of the Board. The Board will review the Whistle Blowing Policy when necessary to ensure it remains relevant and appropriate. The Whistle Blowing Policy is available on the Corporate's website at www.bertamalliance.com

PRINCIPLE A: PART 2 - BOARD COMPOSITION

4.1 Board Composition

During financial year under review, the Board currently led by Datuk Mohamed Arsad Bin Sehan, a Senior Independent Non-Executive Chairman, is made up of five (5) members (including Chairman) comprising:

- (a) one (1) Managing Director;
- (b) one (1) Executive Director;
- (c) two (2) Independent Non-Executive Directors;
- (d) one (1) Non-Independent Non-Executive Director.

As stated in the Board Charter, the Board shall consist of qualified individuals with diverse experience, background and perspective. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. At any one time, at least one-third (1/3) of the Board members shall be Independent Directors.

The Board views that it has the right balance of skills and experience appropriate for the requirements of the business, that no individual dominated the decision-making process and that the Board has operated effectively throughout the year and is confident that it will continue to do so.

The Board, through the Nomination Committee, having reviewed the size and complexity of the Group's operations, is of the view the number of numbers in the Board is appropriate. Nevertheless, the Board is receptive to revamp the composition of members to ensure that the Board can function more effectively.

The Board is led by the Chairman who is an Independent Non-Executive Director whose role is clearly separated from the role of the Managing Director to ensure a balance of power and authority. The role of the Chairman is providing leadership to the Board, monitor and manage the workings of the Board, especially the conduct of Board meetings. Chairman ensure that all relevant issues for the effective running the Group's business are on the agenda and the quality information to facilitate decision-making is delivered to Board members on timely basis. Other than that, Chairman encourages active participation amongst the Board members and allowing dissenting views of Board members to be freely expressed. Furthermore, the role of Chairman is setting the Board agenda in consultation with the Managing Director and Company Secretary for the Board meetings in a timely manner.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.1 Board Composition (Cont'd)

The Managing Director is tasked to develop strategic direction of the Company and the Group. Other than that, the Managing Director is responsible to carry out all the directions of the Board and ensuring that they are implemented and that adequate actions have been taken to follow up on significant outstanding matters on a timely basis. Managing Director provides directions in the implementation of short and long-term business plans. In connection therewith, the Managing Director keeps Board informed of the overall operations and ensure sufficient information are distributed to Board. Nevertheless, the Managing Director should ensure the day-to-day business affairs of the Group are effectively managed.

The Independent Directors play a significant role as check and balance in the functioning of the Board. They have declared themselves to be independent from management and free of any business or other relationship which could interfere with the exercise of their judgment and objective participation and decision-making process of the Board and this mitigates risks arising from conflict of interest or undue influence from interested parties.

4.2 Tenure of Independent Director

Under the Malaysian Code on Corporate Governance, the tenure of Independent Directors should not exceed a cumulative term of nine (9) years. Upon completion of the nine years, an independent director may continue to serve on the board subject to the director's re-designation as a Non-Independent Director. The MCCG further recommends that if the Board desires to retain such director as an Independent Director, it may justify and seek the shareholders' approval. In the event where any Independent Director has served the Board for a cumulative term of nine years, the Nomination Committee will access and decide whether he/she can remain as an Independent Director. In such a situation, the Board will make a recommendation and provide strong justification to the shareholders in a general meeting to provide the shareholders with sufficient insight to enable them to assess the merits of the Board's decision to retain the services of the Independent Director beyond the twelve-year tenure. Under these circumstances, the Board will seek shareholders' approval under a two-tier voting process.

The Company does not impose a limit on the length of service for both Executive and Independent Non-Executive Directors.

The Board is of the view that the length of tenure should not be a criterion affecting a director's independence. As long serving directors, they have proved that their working experiences, networking and familiarization with the business operations and are able to contribute actively in the Board or Committee Meetings without compromising their independent judgement. The Board, through the Executive Directors, undertakes annual assessment of the independence of the affected Independent Directors as it believes the Executive Directors who have intimate working relationship amongst the Directors are well placed to ascertain their independence.

During the financial year under review, none of the Independent Non-Executive Directors have served on the Board for more than nine years.

4.3 Diversity of the Board and Senior Management

The Board Charter specifies that, as a matter of policy, the Board shall consist of qualified individuals with diverse experience, background and perspective and the Board has taken into consideration the varied mix of board diversity, skill-set and qualification of candidates chosen to be members of the Board.

The Board has established a Diversity Policy to set out the approach for achieving diversity for the Company. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, and knowledge.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.3 Diversity of the Board and Senior Management (Cont'd)

Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to whether the tough times. In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

4.4 Boardroom and Gender Diversity

The Board recognises the importance of diversity in its composition in ensuring its effectiveness and good corporate governance. The Board will consider females onto the Board in due course to bring about a more diverse perspective.

4.5 Appointments to the Board

The Nomination Committee is responsible for reviewing the Board's composition and recommending to the Board the appointment of new directors by evaluating and assessing the suitability of candidates, taking into account the character, integrity, competence, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval.

The Nomination Committee is also empowered to bring to the Board, recommendation as to the appointment of any new Director or to fill board vacancies as and when they arise. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.

In fulfilling its primary objectives, the Nomination Committee shall undertake, amongst others, the following duties and responsibilities:

- i) to regularly review the structure, size and composition of the Board and make recommendations to the Board with regard to any adjustments that are deemed necessary;
- ii) to evaluate the effectiveness of the Board as a whole, the various Committees and each individual Director's contribution to the effectiveness on the decision-making process of the Board;
- iii) give full consideration to succession planning for Directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the company, and the skills and expertise needed on the Board in the future;
- iv) prepare a description of the role and capabilities required for a particular appointment;
- v) identifying and nominating for the approval of the Board, candidates to fill board vacancies as and when they arise;
- vi) in determining the process for the identification of suitable new candidates, the Nomination Committee will ensure that an appropriate review or search is undertaken by an independent third party to ensure the requirement and qualification of the candidate nominated;
- vii) to make recommendations to the Board on candidates it considers appropriate for appointment; and
- viii) to recommend to the Board concerning the re-election by shareholders of any director under the "retirement by rotation" provisions in the Company's Article of Association.

There is no new Director appointed during the financial year ended 31 December 2018. However, Mr Ooi Jit Huat was appointed as Independent Non-Executive Director on 17 April 2019.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)****4.6 Criteria for Recruitment**

The appointment of new Directors is the responsibility of the full Board after considering the recommendations of the Nomination Committee. As a whole, the Company maintains a very lean number of Board members. The Board appoints its members through a formal and transparent selection process which is consistent with Articles of Association of the Company. This process has been reviewed, approved and adopted by the Board. New appointees will be considered and evaluated by the Nomination Committee. The Nomination Committee will then recommend the candidates to be approved and appointed by the Board. The Company Secretary will ensure that all appointments are properly made, and that legal and regulatory obligations are met.

Generally, the Board adopts a flexible approach when selecting and appointing new directors depending upon the circumstances and timing of the appointment. The Nomination Committee will help assess and recommend to the Board, the candidature of directors, appointment of directors to board committees, review of Board's succession plans and training programmes for the Board.

In assessing suitability of candidates, consideration will be given to the core competencies, commitment, contribution and performance of the candidates to ensure that there is a range of skills, experience and diversity (including gender diversity) represented in addition to an understanding of the Business, the Markets and the Industry in which the Group operates and the accounting, finance and legal matters.

In general, the process for the appointment of director to the Board are as follows:

- (i) The Nomination Committee reviews the Board's composition through Board assessment/evaluation;
- (ii) The Nomination Committee determines skills matrix;
- (iii) The Nomination Committee evaluates and matches the criteria of the candidates, and will consider diversity, including gender, where appropriate;
- (iv) The Nomination Committee recommends to the Board for appointment; and
- (v) The Board approves the appointment of the candidates.

Factors considered by the Nomination Committee when recommending a person for appointment as a director include:

- (i) the merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
- (ii) the outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
- (iii) the extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

4.7 Nomination Committee

As recommended by the MCCG, the Company has established the Nomination Committee comprising exclusively of Non-Executive Directors, with the responsibilities of assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis.

As of the date of this Statement, the present Nomination Committee members are as follows:

Chairman : Datuk Mohamed Arsad Bin Sehan (Senior Independent Non-Executive Director)
Member : Mr. Lim Shaw Keong @ Alfred Lim (Independent Non-Executive Director)

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.7 Nomination Committee (Cont'd)

The Nomination Committee shall meet at least once a year unless otherwise determine by the Nomination Committee. The Quorum for meeting and/or for the sanction and endorsement of approvals in writing shall be at least two (2) members, of which at least one (1) shall be an independent director.

The terms of reference of the Nomination Committee was reviewed on 17 April 2019 which can be viewed at the Company's website at www.bertamalliance.com.

The Nomination Committee had undertaken the following activities for the financial year ended 31 December 2018:

- i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
- ii) Reviewed the Independence of Independent Directors;
- iii) Reviewed and recommended to the Board, the re-election of the Directors who will be retiring at the forthcoming Annual General Meeting ("AGM") of the Company; and
- iv) Reviewed the revised Terms of Reference of the Nomination Committee to align with the MMLR and MCCG.

4.8 Directors' Training

Due to the ever-increasing complexities in doing business, Directors are expected to upgrade their skill sets and keep themselves abreast with the developments in the business environment as well as with any new relevant regulatory and statutory requirements to maximise their effectiveness as members of the Board and enable them to fulfill their responsibilities and to discharge their duties effectively.

All Directors have attended the Mandatory Accreditation Programme ("MAP") prescribed by Listing Requirements. The Directors shall be committed to continuous education to equip themselves with the knowledge and understanding of various provisions, rules, regulations and the latest development in the industries to effectively discharge their duties and obligations.

The Directors are briefed by the Company Secretary on the letters and circulars issued by Bursa Securities at every Board meeting. The Directors also will continue to undergo training and education programmes in order to keep themselves abreast on the various issues facing the changing business environment within which the Company operates in order to discharge their duties and responsibilities more effectively.

Updates on the MCCG, the Act and the MMLR were given by the Company Secretary to all Directors to facilitate knowledge enhancement in the areas of the Corporate Governance and relevant compliance areas.

All Directors have full opportunity to attend seminars, trainings, workshops and conference to update their knowledge and skills to contribute and to carry out their roles and duties in line with the directors' responsibility.

All Directors have complied with the Continuous Training Programme prescribed by Bursa Securities. The Directors have participated in conferences, seminars and training programmes and during the financial year ended 31 December 2018, the following training programmes and seminars were attended by the Directors: -

Director	Date of Training	Title of Training
Datuk Mohamed Arsad Bin Sehan	03/07/2018	Risk Management Training
Mr Lim Nyuk Foh	27/11/2018	2019 Budget and Tax Conference

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 2 - BOARD COMPOSITION (CONT'D)

4.8 Directors' Training (Cont'd)

Director	Date of Training	Title of Training
Mr Chiew Boon Chin	16/03/2018	(1) Corporate Governance Briefing sessions: MCCG Reporting & CG Guide
	21/11/2018	(2) Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing
Mr Lim Shaw Keong @ Alfred Lim	30/05/2018	(1) MPERS Practical Financial Reporting Issues
	12/09/2018	(2) Sales & Service Tax Implementation of SST and Transition From GST
Mr Koo Jenn Man	27/11/2018	(1) 2019 Budget and Tax Conference
	04/12/2018	(2) Seminar Percukaian Kebangsaan 2018
	11/12/2018	(3) Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing

5.1 Criteria for Board Assessment

The Nomination Committee would conduct an assessment of the performance of the Board, as a whole, Board Committees and individual Directors, based on a self-assessment approach on an annually basis. From the results of the assessment, including the mix of skills and experience possessed by Directors, the Board will consider and approve the recommendations on the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting, with a view to meeting current and future requirements of the Group.

Under the MMLR of Bursa Securities, the directorships in other public listed companies in Malaysia held by any Board member at any one time shall not exceed any number as may be prescribed by the relevant authorities. In addition, at the time of appointment, the Board shall obtain the Director's commitment to devote sufficient time to carry out his responsibilities. Directors are required to notify the Chairman before accepting any new directorship(s). The notification would include an indication of time that will be spent on the new appointment(s). Any Director is, while holding office, at liberty to accept other Board appointment in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his/her duty as a Director of the Company. To ensure the Directors have the time to focus and fulfill their roles and responsibilities effectively, one (1) criterion as agreed by the Board is that they must not hold directorships at more than five (5) public listed companies as prescribed in Paragraph 15.06 of the MMLR of Bursa Securities.

The criteria used by the Nomination Committee in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. Each of the Directors will perform a self-assessment on an annually basis. The Board did not engage any external party to undertake an independent assessment of the Directors.

During the financial year ended 31 December 2018, the Nomination Committee conducted an annual assessment of its Directors and the effectiveness of the Board of Directors as a whole in terms of board mix and composition, boardroom activities and board's relationship with management. It also conducted an assessment of the Directors who are subject to retirement by rotation at the forthcoming 25th AGM in accordance with the provisions of the Articles of Association of the Company and relevant provisions of the Act and the MCCG. Upon recommendation by the Nomination Committee of the proposed re-election of the relevant directors, the Board had recommended the re-election of the relevant Directors to be tabled at the forthcoming 25th AGM for shareholders' approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: PART 3 - REMUNERATION

6.1 Directors' remuneration procedures and policies

The Board believes that BAB should have a fair remuneration policy to attract, retain and motivate directors. It has established a Remuneration Committee ("RC") to review and ensure that the remuneration of its members fairly reflect the Board's and members' responsibilities, the expertise required by BAB and the complexity of its operations. The said remuneration should also be in line with the business strategy and long-term objectives of BAB.

6.2 Remuneration Committee

In line with the best practices of the MCCG, the Board has set up a Remuneration Committee which would comprise majority of Independent Non-Executive Directors to assist the Board for determining the Director's remuneration.

As of the date of this Statement, the present members of the Remuneration Committee are as follow:-

Chairman : Mr. Lim Shaw Keong @ Alfred Lim (Independent Non-Executive Director)

Member : Datuk Mohamed Arsad Bin Sehan (Senior Independent Non-Executive Director)

The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the directors and senior management, including the terms and remuneration of the executive director(s), to the Board in order to align with the business strategy and long-term objectives of the Company.

The remuneration of directors and senior management is determined at levels which enable the Company to attract and retain Directors and senior management with the relevant experience and expertise to govern the Group effectively.

The terms of reference of the Remuneration Committee was reviewed on 17 April 2019 which can be viewed at the Company's website at www.bertamalliance.com.

7.1 Details of the remuneration of Directors

The Board collectively determines the remuneration for the Non-Executive Directors to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.

The breakdown of the detailed Directors' fees and other benefits paid during the financial is disclosed in the Corporate Governance Report which is accessible to the public for reference at the Company's website.

7.2 Remuneration of Top Five Senior Management

In determining the remuneration packages of the Senior Management personnel, factors that were taken in consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.

The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the Senior Management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.

The remuneration of the Senior Management personnel which is a combination of annual salary, bonus and benefits-in kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****PRINCIPLE B: PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE**

On 17 April 2019, the Board announced its decision to combine the Audit Committee and Risk Management Committee of the Company together and renamed it as Audit and Risk Management Committee ("ARMC") in order to better reflect the ARMC's role in supporting the Board to discharge its responsibilities. The ARMC assists the Board in overseeing the financial reporting of the Group and ensuring the financial statement are drawn up in accordance with the applicable accounting standards in Malaysia and provisions of the Companies Act, 2016. A detailed report of the ARMC can be found on pages xx to xx of this Annual Report 2018.

8.1 The Chairman of the Audit and Risk Management Committee is not the Chairman of the Board

The Company complied with the Practice 8.1 of the MCCG which stipulates that the Chairman of the Audit and Risk Management is not the Chairman of the Board.

As of the date of this Statement, Mr Lim Shaw Keong @ Alfred Lim sits as the Chairman of ARMC, he is not the Chairman of the Board and is an Independent Non-Executive Director. The Chairman of the ARMC also a member of Malaysian Institute of Accountants.

8.2 Former audit key partner

Practice 8.2 of the MCCG requires the Audit Committee to have a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as member of the Audit Committee.

The ARMC had amended its Terms of Reference to reflect the latest requirements in Practice 8.2 of the MCCG.

8.3 Suitability, objectivity and independent of the external auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements. From time to time, the External Auditors highlight to the ARMC and Board of Directors on matters that require the Board's attention.

The ARMC is responsible for reviewing the audit, recurring audit-related and non-audit services provided by the External Auditors. The ARMC has been explicitly accorded the power to communicate directly with both the External Auditors and Internal Auditors. The terms of engagement for services provided by the External Auditors are reviewed by the ARMC prior to submission to the Board for approval. The effectiveness and performance of the External Auditors are reviewed annually by the ARMC.

In assess or determine the suitability and independence of the External Auditors, the Audit Committee has taken into consideration of the following:

- i) the adequacy of the experience and resources of the External Auditors;
- ii) the External Auditor's ability to meet deadlines in providing services and responding to issues in a timely manner as contemplated in the external audit plan;
- iii) the nature of the non-audit services provided by the External Auditors and fees paid for such services relative to the audit fee; and
- iv) whether there are safeguards in place to ensure that there is no threat to the objectivity and independence of the audit arising from the provision of non-audit services or tenure of the External Auditors.

Annual appointment or re-appointment of the External Auditors is via shareholders' resolution at the Annual General Meeting on the recommendation of the Board. The External Auditors are being invited to attend the Annual General Meeting of the Company to response and reply to the shareholders' enquiries on the conduct of the statutory audit and the preparation and contents of the audited financial statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: PART 1 – AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

8.3 Suitability, objectivity and independent of the external auditors (Cont'd)

Where necessary, the ARMC will meet with the External Auditors without the presence of Executive Director and members of management to ensure that the independence and objectivity of the External Auditors are not compromised and matters of concerns expressed by the ARMC are duly recorded by the Company Secretaries.

In presenting the Audit Planning Memorandum to the ARMC, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the ARMC and the Board for the financial year ended 31 December 2018.

The ARMC is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to the outcome of the annual assessment of the External Auditors, the Board approved the ARMC's recommendation for the shareholders' approval to be sought at the Annual General Meeting on the re-appointment of Messrs PKF as the External Auditors of the Company for the financial year ending 31 December 2019.

8.4 Qualification of the ARMC

All ARMC members are financially literate, and its composition and performance are reviewed by the Nomination Committee annually and recommended to the Board for its approval.

One (1) of the ARMC members is the member of the Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Paragraph 15.09(1)(c)(i) of the MMLR which requires at least one (1) of the ARMC members to be a member of the MIA.

ARMC members acknowledge the need for continuous education trainings, however, for the year under review, some members of the ARMC attended training on the developments in accounting and auditing standards, practices and rules. All Audit Committee members will attend at least one training in financial year 2019 which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.

8.5 Composition of the ARMC

The ARMC comprises three (3) Non-Executive Directors and two (2) of the ARMC members are Independent Directors.

As of the date of this Statement, the present members of the ARMC are Mr Lim Shaw Keong @ Alfred Lim (Chairman), Datuk Mohamed Arsad Bin Sehan and Koo Jenn Man. This composition complied with the MMLR.

The Terms of Reference and the summary activities of the ARMC are set out in the ARMC Report.

PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1 Establishment of risk management and internal control framework

The Board is entrusted with the overall responsibility of continually maintaining a sound system of internal control, which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investments and the Company's assets. The internal control system is designed to access current and emerging risks, respond appropriate to risks of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**PRINCIPLE B: PART 2 – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)****9.1 Establishment of risk management and internal control framework (Cont'd)**

As an effort to enhance the system of internal control, the Board together with the assistance of external professional Internal Audit firm adopted on-going monitoring and review to the existing risk management process in place within the various business operations, with the aim of formalising the risk management functions across the Group. This function also acts as a source to assist the Audit Committee and the Board to strengthen and improve current management and operating style in pursuit of best practices.

As an ongoing process, significant business risks faced by the Group are identified and evaluated and consideration is given on the potential impact of achieving the business objectives. This includes examining principal business risks in critical areas, assessing the likelihood of material exposures and identifying the measures taken to mitigate, avoid or eliminate these risks.

9.2 Features of its risk management and internal control framework

The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control on pages 14 - 15 of this Annual Report.

10.1 Internal Audit Function

The Group has out-sourced the Internal Audit Function to an independent consulting firm to provide an independent assessment of the adequacy, efficiency, effectiveness of the Group's internal control system. The Internal Auditors reports directly to the Audit Committee on its activities based on approved annual Internal Audit plan.

The principal responsibility of the Internal Audit Function is to undertake regular and systematic review of the systems of internal control, risk management process and compliance with the Group's established policies and procedures so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group. Functionally, the Internal Auditors reviews and assesses the Group's systems of internal control and report to the Audit Committee directly. Before the commencement of audit reviews for the financial year, an audit plan is produced and presented to the Committee for review and approval. This ensures that the audit direction is in line with the Committee's expectations.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER****11.1 Effective, transparent and regular communication with its stakeholders**

The Board recognises the importance of keeping the shareholders informed and updated of development concerning the Group. In this regard, the Group strictly adheres to the disclosure requirements of Bursa Securities and the internal developed Corporate Disclosure Policy. The Group practices open communication with its investors.

In order to maintain its commitment of effective communication with shareholders, the Group embrace the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as the general investing public.

The practice of disclosure of information is to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders, it is not only established just to comply with the MMLR of Bursa Securities.

The Group also endeavour to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PRINCIPLE C: PART 1 – COMMUNICATION WITH STAKEHOLDER (CONT'D)

11.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.bertamalliance.com incorporates an Investor Relations section which provides all relevant information on the Company accessible to the public. This section enhances the Investor Relations function by including all announcements made by the Company and its annual reports.

The quarterly financial results are announced via Bursa LINK after the Board's approval. This is important in ensuring equal and fair access to information by the investing public.

PRINCIPLE C: PART 2 – CONDUCT OF GENERAL MEETINGS

12.1 Notice for an Annual General Meeting

The Annual General Meeting ("AGM") provides an opportunity for the shareholders to seek and clarify any issues pertaining to the Group and to have a better understanding of the Group's activities and performance. Both individuals and institutional shareholders are encouraged to meet and communicate with the Board at the AGM and to vote on all resolutions. The Board is always available to meet members of the press after the AGM.

The Notice of AGM and Annual Report are sent out to shareholders at least 21 days before the date of meeting in compliance with the Companies Act, 2016 and MMLR of Bursa Securities. For the upcoming 25th AGM, at least 27 days notice will be provided to the shareholders before the meeting to ensure that shareholders are given sufficient time to consider the resolutions that will be discussed and decided at the 25th AGM.

12.2 Attendance of Directors at General Meetings

The Company's AGM is the principal forum for dialogue and interaction with its shareholders at which the shareholders will be informed and updated on current developments of the Group.

The Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders.

All the members of the Board and the respective chairmen of the Board Committees will be present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors will also attend the AGM and would be available to answer questions from the shareholders pertaining to audit matters and the auditor's report.

12.3 Poll Voting

In line with Paragraph 8.29A of the MMLR, the Company will ensure 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, is voted by poll. At the same time, the Company will appoint at least one (1) scrutineer to validate the votes cast at the general meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT**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, 2016 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 2018, 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**

There were no proceeds raised from corporate proposals during the financial year.

2. MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2018, save for disclosed below:

- (i) Seventeen (17) MOS dated 5 April 2016 between SHSB and Jumat whereby Jumat grants an irrevocable option to SHSB to purchase Lot A Lands and SHSB shall be deemed to have exercised the option to purchase Lot A Lands immediately upon approval for the conversion/exchange of Lot A Lands into the converted titles thereto has been obtained subject to the relevant laws and other terms and conditions for a total consideration of RM46.0 million in the form of sublease payments;
- (ii) Six (6) MOS dated 5 April 2016 between SASB and Rosalia whereby Rosalia grants an irrevocable option to SASB to purchase Lot B1 to Lot B6 Lands and SASB shall be deemed to have exercised the option to purchase Lot B1 to Lot B6 Lands immediately upon approval for the conversion/exchange of Lot B1 to Lot B6 Lands into the converted titles thereto has been obtained subject to the relevant laws and other terms and conditions for a total consideration of RM16.8 million in the form of sublease payments;
- (iii) JVA dated 29 February 2016 between SASB and Rosalia in relation to the Proposed JV Ratification – Lot C Lands (Lot C2 Land);
- (iv) JVA dated 29 February 2016 between SASB and Rosalia in relation to the Proposed JV Ratification – Lot C Lands (Lot C5(a) Land and Lot C5(b) Land);
- (v) Two (2) MOS dated 25 October 2016 between SASB and Rosalia whereby Rosalia grants an irrevocable option to SASB to purchase Lot C2 Land and Lot C5(a) Land and SASB shall be deemed to have exercised the option to purchase Lot C2 Land and Lot C5(a) Land immediately upon approval for the conversion/exchange of Lot C2 Land and Lot C5(a) Land into the converted titles thereto has been obtained subject to the relevant laws and other terms and conditions for a total consideration of RM5.9 million in the form of sublease payments;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

2. MATERIAL CONTRACTS (CONT'D)

- (vi) MOS dated 7 September 2017 between SASB and Rosalia whereby Rosalia grants an irrevocable option to SASB to purchase Lot C5(b) Land and SASB shall be deemed to have exercised the option to purchase Lot C5(b) Land immediately upon approval for the conversion/exchange of Lot C5 (b) Land into the converted titles thereto has been obtained subject to the relevant laws and other terms and conditions for a total consideration of RM3.2 million in the form of sublease payments;
- (vii) SPA dated 5 July 2016 and supplemental agreement dated 16 January 2017 made between MV Properties and Tujuan Optima in relation to the Cheras Lands Disposal for a total cash consideration of RM128.0 million, which was completed on 24 March 2017;
- (viii) SPA dated 24 October 2016 between Budaya Identiti Sdn Bhd, a wholly-owned subsidiary of Bertam and PYL Agriculture Sdn Bhd for the sale of all that piece of agriculture land for a total cash consideration of RM15.5 million which was completed on 24 August 2017 and
- (ix) SPA dated 15 December 2017 between WLSB and Jumat in relation to the Proposed Acquisition for a total cash consideration of RM16.3 million. As at LPD, the SPA is pending completion.

3. RECURRENT RELATED PARTY TRANSACTION ("RRPT")

On 28 June 2018, 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. AUDIT AND NON AUDIT FEES

The audit fee incurred by the Company and the Group were RM78,000 and RM177,000 respectively.

The non-audit fees incurred by the Company during the financial year was RM5,000.

5. PROFIT GUARANTEE

There was no profit guarantee for the financial year.

COMPLIANCE STATEMENT

The Board is satisfied that to the best of its knowledge, the Company is substantially in compliance with the principles and practices set out in the MCCG as well as the relevant MMLR for the financial year ended 31 December 2018. Any practices in the MCCG which have not been implemented during the financial year will be reviewed by the Board and implemented where possible and relevant to the Group's business.

This Statement is made in accordance with the resolution of the Board dated 17 April 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Board had on 17 April 2019 approved the merger of the Audit Committee and Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 17 April 2019. The rationale of the merger of the two (2) Board Committee is to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

COMPOSITION OF ARMC

The Audit and Risk Management Committee ("ARMC") comprises of three (3) members of the Board, majority of whom are Non-Executive Directors and two (2) of whom are Independent Directors.

As of the date of this Statement, the present composition of the ARMC and their respective designation and directorate are as follows:

Name	Designation	Current Directorship
Lim Shaw Keong @ Alfred Lim	Chairman	Independent Non-Executive Director
Datuk Mohamed Arsad Bin Sehan	Member	Senior Independent Non-Executive Director
Koo Jenn Man	Member	Non-Independent Non-Executive Director
Lim Shaw Keong @ Alfred Lim	Chairman	Independent Non-Executive Director

The ARMC Chairman, Mr Lim Shaw Keong @ Alfred Lim, is a Chartered Accountant of the Malaysian Institute of Accountants. The ARMC possesses a wide range of necessary skills to discharge its duties and is financially literate and able to understand matters under the purview of the ARMC including the financial reporting process.

ATTENDANCE AT MEETINGS DURING THE FINANCIAL YEAR 2018

The ARMC held a total of seven (7) meetings. Details of attendance of the ARMC are as follows:

Name of Committee Member	Attendance
Lim Shaw Keong @ Alfred Lim	6/7
Datuk Mohamed Arsad Bin Sehan	7/7
Koo Jenn Man	7/7

In carrying out its duties, the AC reported to and updated the Board on significant issues and concerns discussed during the AC's meetings and where appropriate, made necessary recommendations to the Board. The Company Secretary was responsible to record all proceedings and minutes of all meetings of the AC.

TERMS OF REFERENCE

The duties and responsibilities of the ARMC are spelt out in the Terms of Reference of the ARMC, a copy of which is available in the Company's website.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR 2018

The key activities undertaken by the AC during the financial year ended 31 December 2018 were summarised as follows:

- a) Reviewed the quarterly unaudited financial of the Group and the Company including the announcements pertaining thereto, before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- b) Reviewed and engaged with external auditors on their audit planning memorandum on the statutory audit of the Group for the financial year ended 31 December 2018;
- c) Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- d) Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
- e) Evaluated the performance of the external auditors for the financial year ended 31 December 2018 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) Reviewed the internal audit reports presented and considered the findings of internal audit through the review of the internal audit reports tabled and management responses thereof;
- h) Reviewed the effectiveness of the Group's system of internal control;
- i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- j) Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;
- k) Reviewed the Company's compliance with the MMLR, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
- l) Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;
- m) Reviewed the Terms of Reference of the ARMC; and
- n) Report to the Board on its activities and significant findings and results.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

PRINCIPAL ACTIVITIES

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

The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year ended 31 December 2018.

Results	Group RM	Company RM
Total comprehensive loss for the financial year		
Owners of the Company	20,409,769	1,250,169
Non-controlling interests	2,349	-
	20,412,118	1,250,169

RESERVES AND PROVISIONS

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

DIVIDENDS

No dividend has been paid, declared or proposed since the end of the previous financial year. The Directors do not recommend any dividends for the current financial year ended 31 December 2018.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are:

Chiew Boon Chin
Datuk Mohamed Arsad Bin Sehan
Koo Jenn Man
Lim Nyuk Foh
Lim Shaw Keong @ Alfred Lim
Ooi Jit Huat

(Appointed on 17 April 2019)

Pursuant to Section 253 of the Companies Act, 2016 in Malaysia, the Directors of subsidiary companies during the financial year and up to date of this report are as follows:

Chiew Boon Chin
Chong Yew Hon
Gan Aik Hin
Lim Nyuk Foh
Quek Lip Arl
Dato Gan Chin Yap
Tan Ka Wee

(Resigned on 5 March 2018)
(Resigned on 29 June 2018)

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

The holdings and deemed holdings in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were directors at the end of the financial year, as recorded in the Register of Directors' Shareholding kept under Section 59 of the Companies Act, 2016 ("CA 2016") are as follows:

Direct interest:	At	Number of ordinary shares		At
	1.1.2018	Bought	Sold	31.12.2018
Lim Nyuk Foh	49,023,100	-	11,323,100	37,700,000
Koo Jenn Man	393,500	-	-	393,500

By virtue of the directors' interest in the ordinary shares of the Company, they are also deemed to have interest in ordinary shares of the subsidiary companies to the extent the Company has an interest.

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

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed in the financial statements or the fixed salary of a full-time employee of the Company) 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, except as disclosed in Note 30 to the Financial Statements.

There were no arrangements during and at the end of the financial year, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The remuneration paid to or receivable by the directors of the Group and Company during the financial year is amounted to RM1,040,300 and RM1,028,300 respectively.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The amount of insurance premium paid by the Company for the financial year ended 31 December 2018 amounted to RM10,603.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 17 to the financial statements.

ISSUES OF SHARES AND DEBENTURES

The Company did not issue any new 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.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) all current assets have been stated at the lower of cost and net realisable value.

At the date of this report, the Directors are not aware of any circumstances:

- (i) which would render the amount written off for bad debts, or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

As at the date of this report, there does not exist:

- (i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability in respect of the Group and of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Group and of the Company has become enforceable, or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

SIGNIFICANT EVENT

The detail of significant event is disclosed in Note 37 to the financial statements.

AUDITORS

The auditors, Messrs PKF, have indicated their willingness to continue in office.

During the financial year, the total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and the Company are amounted to RM187,000 and RM83,000 respectively.

Signed on behalf of the Directors
in accordance with a resolution of the Board,

LIM NYUK FOH
Director

Kota Kinabalu

Dated: 17 April 2019

CHIEW BOON CHIN
Director

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

In the opinion of the Directors, the accompanying financial statements set out on pages 45 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 2018 and of their financial performance and cash flows for the financial year ended on that date.

Signed on behalf of the Board in accordance with a resolution of the Directors,

LIM NYUK FOH
Director

CHIEW BOON CHIN
Director

Kota Kinabalu

Dated: 17 April 2019

STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT, 2016

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 accompanying financial statements set out on pages 45 to 114 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed LIM NYUK FOH)
at Kota Kinabalu in the state of Sabah)
on 17 April 2019)

LIM NYUK FOH

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (Co. No. 305530 - A) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF 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 2018 of the Group and of the Company, and the statements of profit or 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 45 to 114.

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 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 Responsibilities

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 the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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.

Area of focus	How our audit addressed the key audit matter
<p>Carrying value of inventories (property development expenditure and land held for property development)</p> <p>We have included property development expenditure and land held for property development of the Group as the key audit matters due to the carrying amount of property development expenditure and land held for property development accounted for approximately 51% and 32% of total group's assets respectively, and the complexity in assessing its carrying amount for the purpose of measurement at lower of cost and net realisable value in accordance to MFRS 102, Inventories.</p> <p>(a) In assessing the reasonableness of property development expenditure incurred require a comparison against estimated development costs based on the project feasibility studies which involve estimation of future development costs expected to complete for each property development project and the estimated profit margin.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> • Tested the Group's controls by checking for evidence of reviews and approvals over the cost and authorising and recording of actual costs incurred. • Performed substantive procedures, agreed a sample of costs incurred to date to invoice, checked that they were allocated to the appropriate construction site, and met the definition of development costs. • Reviewed and assessed the significant assumptions used, including selling price of future development project and estimates used in determining the estimated gross margin for development activities, as well as tested the mathematical accuracy of all calculations included within the feasibility study.

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (Co. No. 305530 - A) (Incorporated in Malaysia)**

Key Audit Matters (Cont'd)

Area of focus	How our audit addressed the key audit matter
<p>Carrying value of inventories (property development expenditure and land held for property development) (cont'd)</p> <p>(b) In assessing the recoverable value of land held for property development involved complex and subjective of certain key assumptions and estimations, which includes the estimation of selling prices of future development projects, expected take up rate for each development phase and the estimated gross margin from development activities.</p> <p>There is risk of impairment of land held for property development arising from decrease in the recoverable amount. Due to the complexity and subjectivity involved in the impairment assessment of land held for property development, we consider this impairment test to be an area of audit focus. Specifically, we focus on the evaluation of estimated selling prices of future development projects, expected take up rate for each development phase and the estimated gross margin from development activities that form the key assumptions of impairment assessments.</p>	<p>We have performed the following procedures: (cont'd)</p> <ul style="list-style-type: none"> • Reviewed future plans of the management. • Evaluation of estimated selling prices of future development projects, expected take up rate for each development phase and the estimated gross margin from development activities that form the key assumptions of impairment assessments. • Ascertained that no development activities have been carried out or development activities are not expected to be completed on land held for property development within the normal operating cycle
<p>Practice Note 17 (PN 17) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad</p> <p>The Company has been classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(C) of PN17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad since 4 April 2018.</p> <p>This matter is considered as a key audit matter as this is important to the intended users' understanding of the financial statements of the Group and the Company as a whole.</p> <p>Paragraph 8.04(3) of the Listing Requirements requires that the Company to regularise its financial condition by undertaking a regularisation plan to address the PN17 status. Non-compliance with the said Listing Requirements would result the Company being suspended or delisted from the Main Market of Bursa Securities. The regularisation plan was required to be submitted to Bursa Securities within a period of twelve (12) months from the date of the first announcement on 4 April 2018.</p> <p>Management has disclosed in Note 37 to the financial statements explaining the status of the Company's regularisation plans.</p> <p>As disclosed in Note 3(a) to the Financial Statements, the Company is currently looking into formulating a plan to regularise its financial condition ("Regularisation Plan") for submission to the relevant authorities for approval and it will make the necessary announcement on the Regularisation Plan in accordance with the requirements of PN 17.</p>	<p>We have discussed with the directors and management of the Company to gain an understanding of the status of formulating the Regularisation Plan.</p> <p>We have assessed the adequacy and appropriateness of the disclosure made in the financial statements.</p>

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (Co. No. 305530 - A) (Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors are responsible for the other information. The other information comprises the information included in 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 do 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 the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 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 going concerns, 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 have no realistic alternative but to do so.

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 these financial statements.

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

- (i) 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.
- (ii) 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.
- (iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BERTAM ALLIANCE BERHAD (Co. No. 305530 - A) (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- (iv) 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.
- (v) 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.
- (vi) 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 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.

Other Matter

- (i) As stated in Note 2 to the financial statements, BERTAM ALLIANCE BERHAD adopted Malaysian Financial Reporting Standards on 1 January 2018 with a transition date of 1 January 2017. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the Statements of Financial Position of the Group and of the Company as at 31 December 2017, and the Statements of Profit or 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 ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2018, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial positions as at 31 December 2018 and the financial performances and cash flows for the financial year then ended.
- (ii) This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report. The financial statements of the Company as at 31 December 2017, were audited by another auditor whose report dated 23 May 2018, expressed an unqualified opinion on these statements.

PKF
AF 0911
CHARTERED ACCOUNTANTS

CHAU MAN KIT
02525/03/2020 J
CHARTERED ACCOUNTANT

Kota Kinabalu
Dated: 17 April 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Revenue	5	817,139	145,248,001	-	2,792,642
Cost of sales		(2,873,096)	(68,637,052)	-	-
Gross (loss)/profit		(2,055,957)	76,610,949	-	2,792,642
Interest income	6	1,636,328	1,405,166	696,755	943,914
Other operating income	7	4,283,740	646,864	108,975	39,672
Impairment on financial assets	8	(94,947)	(578,380)	2,776,473	(14,088,835)
Administrative expenses		(8,810,561)	(8,328,276)	(4,477,041)	(21,569,525)
(Loss)/Profit from operations	11	(5,041,397)	69,756,323	(894,838)	(31,882,132)
Finance costs	12	(362,362)	(1,134,069)	(330,642)	(453,799)
(Loss)/Profit before taxation		(5,403,759)	68,622,254	(1,225,480)	(32,335,931)
Income tax expense	13	(15,008,359)	(5,819,342)	(24,689)	(102,993)
(Loss)/Profit for the financial year		(20,412,118)	62,802,912	(1,250,169)	(32,438,924)
Other comprehensive income		-	-	-	-
Total comprehensive(loss)/income for the financial year		(20,412,118)	62,802,912	(1,250,169)	(32,438,924)
(Loss)/Profit attributable attributable to:					
Owners of the Company		(20,409,769)	62,806,128	(1,250,169)	(32,438,924)
Non-controlling interest		(2,349)	(3,216)	-	-
		(20,412,118)	62,802,912	(1,250,169)	(32,438,924)
(Loss)/Earnings per share attributable to owners of the Company (sen)					
Basic	14	(9.87)	30.38		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	Group		Company As restated	
		2018 RM	2017 RM	2018 RM	2017 RM
Asset					
Non-current assets					
Property, plant and equipment	15	9,530,142	10,022,094	9,033,427	8,969,553
Inventories	16	80,999,398	78,873,067	-	-
Investments in subsidiary companies	17	-	-	82,793,711	83,093,818
Goodwill	18	89,534	89,534	-	-
Other investments	19	538,874	2,055,206	-	-
		91,157,948	91,039,901	91,827,138	92,063,371
Current assets					
Inventories	16	129,069,827	106,322,267	-	-
Trade and non-trade receivables	20	3,376,161	14,573,671	1,705,980	65,439
Amounts due from subsidiary companies	21	-	-	72,200,731	39,300,213
Tax recoverable		2,841,227	2,890,736	132,000	164,042
Cash and bank balances	22	26,011,545	59,469,586	7,964,367	42,147,715
		161,298,760	183,256,260	82,003,078	81,677,409
Assets held for sale	23	-	-	-	-
		161,298,760	183,256,260	82,003,078	81,677,409
TOTAL ASSETS		252,456,708	274,296,161	173,830,216	173,740,780
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	24	206,756,497	206,756,497	206,756,497	206,756,497
Other reserves	25	-	(14,865,154)	-	-
(Accumulated losses)/ Retained profits	26	(20,510,546)	14,764,377	(109,450,861)	(108,200,692)
		186,245,951	206,655,720	97,305,636	98,555,805
Non-controlling interests		(149,114)	(146,765)	-	-
TOTAL EQUITY		186,096,837	206,508,955	97,305,636	98,555,805
Non-current liabilities					
Loans and borrowings	27	19,970,231	6,015,505	5,015,687	5,428,772
Deferred tax liabilities	28	-	-	-	-
		19,970,231	6,015,505	5,015,687	5,428,772
Current liabilities					
Loans and borrowings	27	15,124,926	45,078,300	486,000	486,000
Trade and non-trade payables	29	14,145,789	14,077,994	298,271	520,611
Amounts due to subsidiary companies	21	-	-	70,724,622	68,646,599
Taxation		17,118,925	2,615,407	-	102,993
		46,389,640	61,771,701	71,508,893	69,756,203
TOTAL LIABILITIES		66,359,871	67,787,206	76,524,580	75,184,975
TOTAL EQUITY AND LIABILITIES		252,456,708	274,296,161	173,830,216	173,740,780

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Group	Note	◀ Attributable to the owners of the Company ▶			Non-controlling interests	Total equity
		Non-distributable Share capital	Other reserves	Distributable Retained profits/ (Accumulated losses)		
		RM	RM	RM	RM	RM
At 1 January 2017		206,756,497	(14,865,154)	(48,041,751)	(143,549)	143,706,043
Total comprehensive income for the financial year		-	-	62,806,128	(3,216)	62,802,912
At 31 December 2017		206,756,497	(14,865,154)	14,764,377	(146,765)	206,508,955
Effect of adoption of MFRS 9		-	-	-	-	-
As restated		206,756,497	(14,865,154)	14,764,377	(146,765)	206,508,955
Reclassification	25	-	14,865,154	(14,865,154)	-	-
Total comprehensive loss for the financial year		-	-	(20,409,769)	(2,349)	(20,412,118)
At 31 December 2018		206,756,497	-	(20,510,546)	(149,114)	186,096,837

Company	◀ Attributable to the owners of the Company ▶			Total equity
	Non-distributable Share capital	Distributable Accumulated losses	Total equity	
	RM	RM	RM	
At 1 January 2017	206,756,497	(67,096,569)	139,659,928	
Total comprehensive loss for the financial year	-	(32,438,924)	(32,438,924)	
At 31 December 2017	206,756,497	(99,535,493)	107,221,004	
Effect of adoption of MFRS 9	-	(8,665,199)	(8,665,199)	
As restated	206,756,497	(108,200,692)	98,555,805	
Total comprehensive loss for the financial year	-	(1,250,169)	(1,250,169)	
At 31 December 2018	206,756,497	(109,450,861)	97,305,636	

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Note	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from operating activities				
(Loss)/Profit before taxation	(5,403,759)	68,622,254	(1,225,480)	(32,335,931)
Adjustments for:				
Bad debts recovered	(60,000)	-	-	-
Bad debts written off	63	9,998	-	-
Deposits written off	(54,000)	(15,500)	-	-
Depreciation of property, plant and equipment	646,252	665,265	338,876	276,127
(Gain)/Loss on disposal of property, plant and equipment	(184,333)	(47,169)	1,417	-
Impairment loss on investments in subsidiary companies	-	-	300,107	17,673,850
Impairment on financial assets	94,947	578,380	(2,776,473)	14,088,835
Interest expenses	362,362	1,134,069	330,642	453,799
Interest income	(1,636,328)	(1,405,166)	(696,755)	(943,914)
Liabilities no longer in existence written back	(9,520)	(56,230)	-	-
(Gain)/Loss on disposal of other investment	(2,726,144)	45,000	-	-
Property, plant and equipment written off	122,158	993	-	-
Reversal of provision of liquidated damages	(990,983)	-	-	-
Operating (loss)/profit before working capital changes	(9,839,285)	69,531,894	(3,727,666)	(787,234)
Change in assets held for sale	-	67,221,357	-	-
Change in inventories	(24,873,891)	(2,973,289)	-	-
Change in receivables	11,257,447	5,593,470	(1,640,541)	(42,761)
Change in payables	1,122,298	(21,206,486)	(222,340)	176,677
Cash (used in)/generated from operations	(22,333,431)	120,869,743	(5,590,547)	(653,318)
Income tax paid	(509,515)	(4,441,545)	(125,563)	(2,119)
Income tax refunded	54,183	147,372	29,923	35,204
Interest received	1,636,328	1,405,166	696,755	943,914
Interest paid	(362,362)	(4,601,501)	(330,642)	(453,799)
Net cash (used in)/generated from operating activities	(21,514,797)	110,676,438	(5,320,074)	(130,118)

**STATEMENTS OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018**

	Note	Group		Company	
		2018 RM	2017 RM	2018 RM	2017 RM
Cash flows from investing activities					
Acquisition of property, plant and equipment	15	(405,625)	(243,881)	(404,642)	(38,883)
Acquisition of other investments		(474,735)	(5,190)	-	-
Proceeds from disposal of other investments		4,622,264	41,000	-	-
Proceeds from disposal of property, plant and equipment		313,500	47,170	475	-
Net cash generated from/ (used in) investing activities		4,055,404	(160,901)	(404,167)	(38,883)
		(17,459,393)	110,515,537	(5,724,241)	(169,001)
Cash flows from financing activities					
Changes in amount due from subsidiary companies		-	-	(30,124,045)	66,944,428
Changes in amount due to subsidiary companies		-	-	2,078,023	(14,515,199)
Fixed deposits pledged with licensed bank		(892,259)	(10,033,368)	-	-
Repayment of hire purchase		(432,670)	(163,224)	-	-
Repayment of term loans		(15,565,978)	(40,205,937)	(413,085)	(10,489,836)
Net cash (used in)/generated from financing activities		(16,890,907)	(50,402,529)	(28,459,107)	56,454,592
Net (decrease)/increase in cash and cash equivalents		(34,350,300)	60,113,008	(34,183,348)	41,770,392
Cash and cash equivalents at beginning of financial year		43,212,800	(16,900,208)	42,147,715	377,323
Cash and cash equivalents at end of financial year	22	8,862,500	43,212,800	7,964,367	42,147,715

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Reconciliation of liabilities arising from financing activities:

Group	1 January RM	Cash flows RM	Non-cash acquisition RM	31 December RM
2018				
Term loans	50,318,671	(15,565,978)	-	34,752,693
Hire purchase	775,134	(432,670)	-	342,464
	51,093,805	(15,998,648)	-	35,095,157
2017				
Amount due to Directors	-	11,202	-	11,202
Term loans	90,524,608	(40,205,937)	-	50,318,671
Hire purchase	833,558	(163,224)	104,800	775,134
	91,358,166	(40,357,959)	104,800	51,105,007
Company				
2018				
Amount due to Director	10,202	(9,142)	-	1,060
Term loans	5,914,772	(413,085)	-	5,501,687
Amount due from subsidiary company	39,300,213	32,900,518	-	72,200,731
Amount due to subsidiary company	68,646,599	2,078,023	-	70,724,622
	113,871,186	34,556,314	-	148,428,100
2017				
Amount due to Director	-	10,202	-	10,202
Term loans	16,404,608	(10,489,836)	-	5,914,772
Amount due from subsidiary company	47,523,194	(8,222,981)	-	39,300,213
Amount due to subsidiary company	1,702,171	66,944,428	-	68,646,599
	65,629,973	48,241,813	-	113,871,786

Non-cash transactions

- * Acquisition of property, plant and equipment

During the financial year, the Group and the Company acquired property, plant and equipment with an aggregate cost of RM405,625 (2017: RM348,681) and RM404,642 (2017: RM38,883) of which RMNil (2017: RM104,800) and RMNil (2017: RMNil) were acquired by means of hire purchase. Cash payments of RM405,625 (2017: RM243,881) and RM404,642 (2017: RM38,883) were made to acquired property, plant and equipment.

NOTES TO THE FINANCIAL FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. General information

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

The principal activities of the Company are investment holding and provision of management services to the subsidiaries. The principal activities of the subsidiaries are set out in Note 17 to the financial statements. There have been no significant changes in the nature of these principal activities during the financial year ended 31 December 2018.

The registered office and principal place of business of the Company are located at Suite 10.02, Level 10, The Garden South Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur, Malaysia and Unit 23-01, Level 23, Tower B, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia respectively.

These financial statements were authorised for issue by the Directors in accordance with a resolution of the Board of Directors dated 17 April 2019.

2. Basis of preparation

The significant accounting policies adopted by the Group and the Company are consistent with those adopted in previous financial year unless otherwise stated.

The financial statements of the Group and of the Company are prepared on the historical cost convention, other than as disclosed in the notes to the financial statements, and in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company for the financial year ended 31 December 2018 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards. The Group and the Company were required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. Adjustments required on transition, if any, has been made retrospective against opening retained earnings in accordance with MFRS 1 "First-time adoption of MFRS". Based on the assessment performed, transitional adjustments required in accordance with MFRS 1 upon transitioning to the MFRS Framework will not have any material impact on the Group's and the Company's financial position, financial performance and cash flows. Subject to certain transition elections as disclosed in Note 38, the Group and the Company have consistently applied the same accounting policies in their opening MFRS Statements of Financial Position as at 1 January 2018, being the transition date, and throughout all years presented, as if these policies always been in effect.

The financial statements are prepared in Ringgit Malaysia (RM) which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs

MFRSs, Amendments to MFRSs and Interpretations

On 1 January 2018, the Group and the Company adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation (Cont'd)

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations (Cont'd)

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
- MFRS 2 *Share-based Payment*
- MFRS 3 *Business Combinations*
- MFRS 4 *Insurance Contracts*
- MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- MFRS 6 *Exploration for and Evaluation of Mineral Resources*
- MFRS 7 *Financial Instruments: Disclosures*
- MFRS 8 *Operating Segments*
- MFRS 9 *Financial Instruments*
- MFRS 10 *Consolidated Financial Statements*
- MFRS 11 *Joint Arrangements*
- MFRS 12 *Disclosure of Interests in Other Entities*
- MFRS 13 *Fair Value Measurement*
- MFRS 14 *Regulatory Deferral Accounts*
- MFRS 15 *Revenue from Contracts with Customers*
- MFRS 101 *Presentation of Financial Statements*
- MFRS 102 *Inventories*
- MFRS 107 *Statement of Cash Flows*
- MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- MFRS 110 *Events after the Reporting Period*
- MFRS 112 *Income Taxes*
- MFRS 116 *Property, Plant and Equipment*
- MFRS 119 *Employee Benefits*
- MFRS 120 *Accounting for Government Grants and Disclosure of Government Assistance*
- MFRS 121 *The Effects of Changes in Foreign Exchange Rates*
- MFRS 123 *Borrowing Costs*
- MFRS 124 *Related Party Disclosures*
- MFRS 126 *Accounting and Reporting by Retirement Benefit Plans*
- MFRS 127 *Separate Financial Statements*
- MFRS 128 *Investment in Associates and Joint Ventures*
- MFRS 129 *Financial Reporting in Hyperinflationary Economies*
- MFRS 132 *Financial Instruments: Presentation*
- MFRS 133 *Earnings per Share*
- MFRS 134 *Interim Financial Reporting*
- MFRS 136 *Impairment of Assets*
- MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*
- MFRS 138 *Intangible Assets*
- MFRS 139 *Financial Instruments: Recognition and Measurement*
- MFRS 140 *Investment Property*
- MFRS 141 *Agriculture*
- IC Interpretation 1 *Changes in Existing Decommissioning, Restoration and Similar Liabilities*
- IC Interpretation 2 *Members' Shares in Co-operative Entities and Similar Instruments*
- IC Interpretation 4 *Determining Whether an Arrangement contains a Lease*
- IC Interpretation 5 *Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds*
- IC Interpretation 6 *Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment*
- IC Interpretation 7 *Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies*
- IC Interpretation 9 *Reassessment of Embedded Derivatives*
- IC Interpretation 10 *Interim Financial Reporting and Impairment*
- IC Interpretation 12 *Service Concession Arrangements*
- IC Interpretation 13 *Customer Loyalty Programmes*

2. Basis of preparation (Cont'd)**(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)****MFRSs, Amendments to MFRSs and Interpretations (Cont'd)**

- IC Interpretation 14 *MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IC Interpretation 15 *Agreements for the Construction of Real Estate*
- IC Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*
- IC Interpretation 17 *Distributions of Non-cash Assets to Owners*
- IC Interpretation 18 *Transfers of Assets from Customers*
- IC Interpretation 19 *Extinguishing Financial Liabilities with Equity Instruments*
- IC Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine*
- IC Interpretation 21 *Levies*
- IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*
- IC Interpretation 107 *Introduction of the Euro*
- IC Interpretation 110 *Government Assistance – No Specific Relation to Operating Activities*
- IC Interpretation 115 *Operating Leases – Incentives*
- IC Interpretation 125 *Income Taxes – Changes in the Tax Status of an Entity or its Shareholders*
- IC Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*
- IC Interpretation 129 *Service Concession Arrangements: Disclosures*
- IC Interpretation 131 *Revenue – Barter Transactions Involving Advertising Services*
- IC Interpretation 132 *Intangible Assets – Web Site Costs*

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group and the Company except for possible changes on the adoption of the new and amended MFRSs as below:

- MFRS 9 Financial Instruments
- MFRS 15 Revenue from Contracts with Customers

The main effects of the adoption of the above are summarised below:

(i) MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The standard introduces new requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

(i) Classification and measurement

MFRS 9 has two (2) measurement categories – amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For financial liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the statement of profit or loss, unless this creates an accounting mismatch.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation (Cont'd)

(a) Changes in accounting policies and effects arising from the adoption of new and revised MFRSs (Cont'd)

(i) MFRS 9 Financial Instruments (Cont'd)

(ii) Impairment

The impairment requirements apply to financial assets measured at amortised cost and fair value through other comprehensive income, lease receivables and certain loan commitments as well as financial guarantee contracts. At initial recognition, allowance for impairment is required for expected credit losses ("ECL") resulting from default events that are possible within the next twelve (12) months ("12 month ECL"). In the event of a significant increase in credit risk, allowance for impairment is required for ECL resulting from all possible default events over the expected life of the financial instrument. The assessment of whether credit risk has increased significantly since initial recognition is performed for each reporting period by considering the probability of default occurring over the remaining life of the financial instrument. The assessment of credit risk, as well as the estimation of ECL, are required to be unbiased, probability-weighted and should incorporate all available information which is relevant to the assessment, including information about past events, current conditions and reasonable and supportable forecasts of future events and economic conditions at the reporting date. In addition, the estimation of ECL should also take into account the time value of money.

(iii) Hedge accounting

MFRS 9 establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in MFRS 139. The general hedge accounting requirements aim to simplify hedge accounting, creating a stronger link between hedge accounting and risk management strategy and permitting hedge accounting to be applied to a greater variety of hedging instruments and risks. The standard does not explicitly address macro hedge accounting, which is being considered in a separate project.

The Group and the Company had to change its accounting policies and make certain retrospective adjustments following the adoption of MFRS 9. This is disclosed in Note 38(c).

(ii) MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group and the Company had to change its accounting policies and make certain retrospective adjustments following the adoption of MFRS 15. This is disclosed in Note 38(c).

2. Basis of preparation (Cont'd)

(b) Standards issued but not yet effective

The Group and the Company have not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods commencing on or after 1 January 2019

- MFRS 16 Leases
- IC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Effective for annual periods commencing on or after 1 January 2020

- Definition of Material (Amendments to MFRS 101)
- Definition of Material (Amendments to MFRS 108)

A brief description on the Amendments to MFRSs and new MFRSs above that have been issued is set out below:

(i) MFRS 16, Leases

Under MFRS 16 a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other non-financial assets and depreciated accordingly and the liability accrues interest. This will typically produce a front-loaded expense profile (whereas operating leases under MFRS 117 would typically have had straight-line expenses) as an assumed linear depreciation of the right-of-use asset and the decreasing interest on the liability will lead to an overall decrease of expense over the reporting period.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

As with MFRS 16's predecessor, MFRS 117, lessors classify leases as operating or finance in nature. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise a lease is classified as an operating lease.

For finance leases a lessor recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the net investment. A lessor recognises operating lease payments as income on a straight-line basis or, if more representative of the pattern in which benefit from use of the underlying asset is diminished, another systematic basis.

Recognition exemptions: Instead of applying the recognition requirements of MFRS 16 described above, a lessee may elect to account for lease payments as an expense on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

- leases with a lease term of 12 months or less and containing no purchase options – this election is made by class of underlying asset; and
- leases where the underlying asset has a low value when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

NOTES TO THE FINANCIAL STATEMENTS

2. Basis of preparation (Cont'd)

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

(ii) IC Interpretation 23 Uncertainty over Income Tax Treatments

IC Interpretation 23 provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

(iii) Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

Under MFRS 112, Amendments to MFRS 112 (Annual Improvements to MFRS Standards 2015-2017 Cycle), an entity shall recognise the income tax consequences of dividends as defined in MFRS 9 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Early application of these amendments is permitted provided that the entity discloses the fact. When an entity first applies these amendments, it shall apply them to the income tax consequences of dividends recognised on or after the beginning of the earliest comparative period.

(iv) Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle)

The amendments are made on the borrowing costs eligible for capitalisation. MFRS 123 Borrowing Costs states that the capitalisation rate of borrowing costs shall be the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period other than borrowings made specifically for the purpose of obtaining a qualifying asset. Amendments to MFRS 123 (Annual Improvements to MFRS Standards 2015-2017 Cycle) has extended the statement by stating that an entity shall exclude from this calculation borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

The Group plans to assess the potential effect of the adoption of the above new standards on its financial statements in 2019.

(v) Definition of Material (Amendments to MFRS 101 and MFRS 108)

In October 2018, the IASB issued Definition of Material (Amendments to MFRS 101 and MFRS 108). The amendments clarify and align the definition of 'material' as and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS.

The term of materiality has been amended, and has defined as "Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

The materiality requirements of MFRS 101 have been amended to emphasise that information should not be aggregated or disaggregated in a way that obscures material information. The changes also highlight that materiality applies to all aspects of financial statements, including the primary financial statements, the notes and specific disclosures required by individual IFRSs. The purpose is to encourage entities (and others involved in the preparation and review of financial statements) to give careful consideration to presentation requirements, and to the items that need to be included in financial statements.

2. Basis of preparation (Cont'd)

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

(v) Definition of Material (Amendments to MFRS 101 and MFRS 108) (Cont'd)

The content of primary statement line items has been clarified, including that as well as aggregating immaterial items, individual lines that contain significant items may need to be disaggregated. Additional guidance has also been added for the use of subtotals, requiring that these are derived using amounts that are reported in accordance with IFRS.

The amendments apply prospectively for annual period on or after 1 January 2020, with early application permitted. There is no potential effect on the amendments of these standards as the amendments only affect the disclosures of the financial statements of the Group and the Company.

3. Significant accounting judgements and estimates

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 periods.

(a) Basis of measurement

As disclosed in Note 36 to the financial statements, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company had been served with Winding-up Order by the High Court on 30 November 2017.

As disclosed in Note 37 to the financial statements, the Company was classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(c) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The financial statement of the Group and of the Company are prepared on a going concern basis as the Directors opined that the Company has control in BDSB as the Winding-up Order is transitory.

(b) Judgements made in applying accounting policies

In the process of applying Group's and the Company's accounting policies, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(c) Key sources of estimation uncertainty

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

(i) Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

NOTES TO THE FINANCIAL STATEMENTS

3. Significant accounting judgements and estimates (Cont'd)

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

(i) Revenue and cost recognition from property development activities (Cont'd)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress towards complete satisfaction of that performance obligation based on the certified work-to-date corroborated by the level of completion of the development based on actual costs incurred to date over the estimated total property development expenditure. The total estimated costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making these judgements, management relies on past experience and the work of specialists.

(ii) Income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(iii) Deferred tax assets and liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the reporting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the statement of profit or loss and other comprehensive income in the period in which actual realisation and settlement occurs.

(iv) Capitalisation of borrowing costs

The Group and the Company capitalises borrowings cost in which development activities are being undertaken or where there is on-going development activities which benefits an entire township. Significant judgement is involved in determining whether the development activities carried out meet the criteria of an active development in ascertaining whether or not borrowing costs incurred should be capitalised. Besides that, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

(v) Allowance for inventories write down

Inventories are stated at the lower of cost and net realisable value. The Company estimates the net realisable value of inventories based on an assessment of expected sales prices. Inventories are reviewed on a regular basis and the Group will make an allowance for excess or obsolete inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

3. Significant accounting judgements and estimates (Cont'd)

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

(vi) Carrying value of investments in subsidiary companies

Investments in subsidiary companies are reviewed for impairment annually in accordance with its accounting policy as disclosed in Note 4 (I)(ii) to the financial statements, or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiary companies.

(vii) 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 of the Group's property, plant and equipment at the reporting date is disclosed in Notes 15 to the financial statements.

(viii) Impairment of non-financial assets

When the recoverable amount of an asset is determined based on the estimate of the value-in-use of the cash-generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash-generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(ix) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires management to estimate the expected future cash flows of the cash-generating unit to which goodwill is allocated and to apply a suitable discount rate in order to determine the present value of those cash flows.

Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 18 to the financial statements.

(x) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Previously, an impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses.

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. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company.

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Group is exposed, 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. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.

The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

Investments in subsidiaries are measured in the Company's Statement of Financial Position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

4. Significant accounting policies

(a) Basis of consolidation (Cont'd)

(iii) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit and loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so caused the non-controlling interests to have a deficit balance.

(v) Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners.

On acquisition of non-controlling interests, the difference between the consideration and the Group' share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Revenue recognition

(i) Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(b) Revenue recognition (Cont'd)

(i) Revenue from property development (Cont'd)

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the consideration to which it will be entitled to in exchange for the assets sold.

(ii) Sale of goods

Revenue from sale of goods is recognised net of taxes and upon transfer of control of the assets to the customer, also considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

(iii) Revenue from services

Revenue from services rendered is recognised net of taxes and discounts as and when the services are performed.

(c) Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred.

The Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension scheme are recognised as an expense in the period in which the related service is performed.

4. Significant accounting policies (Cont'd)

(d) Income taxes

Income tax expense 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 in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the financial year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(e) Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS"). Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

(f) Assets held for sale

The results of discontinued operations are to be presented separately in the statement of profit or loss and other comprehensive income.

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

This is the case, when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and the sale is considered to be highly probable.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(f) Assets held for sale (Cont'd)

A sale is considered to be highly probable if the appropriate level of management is committed to a plan to sell the asset, and an active programme to locate a buyer and complete the plan has been initiated. Further, the asset has been actively marketed for sale at a price that is reasonable in relation to its current fair value. In addition, the sale is expected to qualify for recognition as a completed sale within one (1) year from the date that it is classified as held for sale.

(g) Property, plant and equipment

All Property, plant and equipment assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Freehold land (including long leasehold land with remaining unexpired lease term of one hundred (100) years and more) is not depreciated but is subject to impairment test if there is any indication of impairment.

Leasehold land with lease period of equal or less than fifty (50) years is classified as short leasehold land whereas leasehold land with lease period of more than fifty (50) years is classified as long leasehold land. Leasehold land is amortised over the period of the lease term.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of the property, plant and equipment over the term of their estimated useful lives.

The principal annual rates of depreciation used are as follows:

Leasehold buildings	2%
Furniture, fittings, office equipment and signboard	10% - 20%
Motor vehicles	20%
Renovation	10%
Tools and equipment	10%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the term 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. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(h) Goodwill

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

4. Significant accounting policies (Cont'd)

(i) Inventories

(i) Land held for property development

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current. The carrying amount of such land classified as inventory under non-current assets is carried at the lower of cost and net realisable value.

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 expenditure under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property development expenditure

Property development expenditure are stated at the lower of costs and net realisable value. The cost of land, related development costs common to whole projects and direct building costs less cumulative amounts recognised as expense in the profit or loss for property under development are carried in the statements of financial position as property development expenditure. The property development expenditure is subsequently recognised as an expense in profit or loss as and when the control of the inventory is transferred to the customer.

Property development expenditure of unsold unit is transferred to completed development unit once the development is completed.

(iii) Completed development units

Units of development properties completed is stated at the lower of cost and net realisable value. Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

(j) Cash and cash equivalents

Cash equivalents comprise short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three (3) months or less is normally classified as being short-term. Bank overdrafts are shown within borrowing in current liabilities.

(k) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(k) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and non-trade receivables, amounts due from subsidiary companies and cash and bank balances.

4. Significant accounting policies (Cont'd)

(k) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group has not designated any financial assets at fair value through OCI (debt instruments).

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group has not designated any financial assets at fair value through OCI (equity instruments).

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(k) Financial instruments (Cont'd)

(i) Financial assets (Cont'd)

Financial assets at fair value through profit or loss (Cont'd)

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group's financial asset at fair value through profit or loss includes other investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when: Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(ii) Financial liabilities

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

Financial liabilities, within the scope of MFRS 9, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities measured at amortised cost.

4. Significant accounting policies (Cont'd)

(k) Financial instruments (Cont'd)

(ii) Financial liabilities (Cont'd)

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

Financial liabilities measured at amortised cost

The Group's and the Company's financial liabilities measured at amortised cost include trade and non-trade payables and loan and borrowings.

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

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. 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.

(l) Impairment

(i) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(l) Impairment (Cont'd)

(i) Impairment of financial assets (Cont'd)

For trade receivables and contract assets, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company apply the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company considers that there has been a significant increase in credit risk when contractual payments are more than one year past due. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group and the Company consider a financial asset in default when contractual payments are one year past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset of the Group and the Company that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments. The probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(ii) Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

4. Significant accounting policies (Cont'd)

(l) Impairment (Cont'd)

(ii) Impairment of non-financial assets (Cont'd)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless that asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised as an appropriation of retained profits upon declaration, and are only taken up as liabilities upon the necessary approval being obtained.

(n) Borrowings 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(o) Leases

(i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases, except land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease.

(ii) Finance leases – the Group as lessee

Assets acquired by way of hire purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the statements of financial position as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine, otherwise, the Group's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(iii) Operating leases – the Group as lessee

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

(iv) Operating lease – the Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 4(g).

4. Significant accounting policies (Cont'd)

(p) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, 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 initially recognised less cumulative amortisation.

(q) Provisions

Provisions are recognised when the Group and the Company have present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations, and a reliable estimate of the amount can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision will be reversed. Where the effect of the time value of money is material, provisions are discounted using a current per-tax rate that reflects, where appropriate, the risks specific to the liability and the present value of the expenditure expected to be required to settle the obligation. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

(r) Contingencies

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

Contingent liabilities and assets are not recognised in the Statements of Financial Position of the Group.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Group Managing Director, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

NOTES TO THE FINANCIAL STATEMENTS

4. Significant accounting policies (Cont'd)

(t) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transactions to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- (i) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (ii) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

5. Revenue

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Type of goods or service				
Sales of building materials	817,139	-	-	-
Sales of completed units	-	1,411,830	-	-
Sales of land	-	143,822,171	-	-
Share of sales of properties in joint venture project	-	14,000	-	-
Administrative and support service fees	-	-	-	2,792,642
Total revenue from contracts with customers	817,139	145,248,001	-	2,792,642
Timing of revenue recognition				
Goods transferred at a point in time	817,139	145,248,001	-	-
Services transferred at a point in time	-	-	-	2,792,642
Total revenue from contracts with customers	817,139	145,248,001	-	2,792,642

6. Interest income

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Fixed deposit interest	910,201	1,256,042	-	849,752
Unit trust interest	720,328	134,774	696,755	94,162
Late payment	3,525	7,517	-	-
Housing development account	2,274	6,833	-	-
	1,636,328	1,405,166	696,755	943,914

NOTES TO THE FINANCIAL STATEMENTS

7. Other operating income

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Administrative charges received	1,250	2,350	-	-
Bad debt recovered	60,000	-	-	-
Deposit forfeited	54,000	15,500	-	-
Excavation of clay	-	12,060	-	-
Gain on disposal of property, plant and equipment	185,750	47,169	-	-
Gain on disposal of other investment	2,726,144	-	-	-
Land premium redemption	-	247,270	-	-
Liabilities no longer in existence written back	9,520	56,230	-	-
Management and administrative income	-	6,000	-	-
Rental income	129,297	57,405	107,748	39,672
Miscellaneous income	126,796	202,880	1,227	-
Reversal of provision of liquidated damage	990,983	-	-	-
	4,283,740	646,864	108,975	39,672

8. Impairment on financial assets

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Reversal of impairment on amounts due from subsidiary companies	-	-	(2,776,473)	(572,805)
Impairment loss on other investments	94,947	255,247	-	-
Impairment on trade and non-trade receivables	-	323,133	-	15,854
Impairment on amounts due from subsidiary companies	-	-	-	14,645,786
	94,947	578,380	(2,776,473)	14,088,835

9. Employee benefits expense

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Salaries, wages and allowances	2,250,355	2,600,991	1,674,737	1,779,426
Bonus	42,875	-	42,875	-
Contributions to defined contribution plan	235,659	278,744	170,859	211,932
Contributions to employment insurance scheme	1,424	-	759	-
Social security contributions	13,553	16,618	7,123	9,771
	2,543,866	2,896,353	1,896,353	2,001,129

NOTES TO THE FINANCIAL STATEMENTS

10. Directors' remuneration (Cont'd)

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

	Number of Directors	
	2018	2017
Executive Directors:		
Below RM200,000	-	1
RM250,001 – RM300,000	1	1
RM300,001 – RM600,000	1	1
RM600,001 – RM650,000	-	-
Non-executive Directors:		
Below RM50,000	2	1
RM50,000 – RM100,000	1	2
RM100,001 – RM200,000	-	1

11. (Loss)/Profit from operations

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Other than those disclosed in Note 6,7,8 and 9, (loss)/profit from operations have been arrived at after charging:				
Auditors' remuneration				
- statutory audit	177,000	186,800	78,000	70,000
- under/(over) provision in prior year	5,000	(900)	5,000	-
- other services	5,000	5,000	-	5,000
Administrative and support fees	-	2,576,218	-	-
Bad debts written off	63	9,998	-	-
Depreciation of property, plant and equipment (Note 15)	646,252	665,265	338,876	276,127
Deposits written off	82,000	16,636	-	-
Loss on disposal of other investment	-	45,000	-	-
Loss on disposal of property, plant and equipment	1,417	-	1,417	-
Plant and equipment written off	122,158	993	-	-
Rental of premises	268,108	281,958	-	-
Rental of office equipment	2,518	3,641	-	-

NOTES TO THE FINANCIAL STATEMENTS

12. Finance costs

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Interest expenses:				
- Bank overdrafts	-	418,226	-	-
- Hire purchase	31,720	35,736	-	-
- Term loan	2,937,750	4,147,539	330,642	453,799
	2,969,470	4,601,501	330,642	453,799
Less: Interest capitalised in property development costs (Note 16)	(2,607,108)	(3,467,432)	-	-
	362,362	1,134,069	330,642	453,799

13. Income tax expense

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Current taxation	300,000	173,681	-	102,993
Deferred tax liabilities (Note 28)	-	(721,216)	-	-
Real property gain tax	-	6,863,471	-	-
	300,000	6,315,936	-	102,993
Under/(Over) provision in prior years	14,708,359	(496,594)	24,689	-
	15,008,359	5,819,342	24,689	102,993

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 the Company is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
(Loss)/Profit before taxation	(5,403,759)	68,622,254	(1,225,480)	(32,335,931)
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	(1,296,902)	16,469,341	(294,115)	(7,760,623)
Non-tax deductible expenses	3,759,208	1,962,436	(13,096)	8,012,588
Non-taxable income	2,386	(20,457,991)	-	(160,072)
Effect of deductible temporary differences arising from initial recognition of assets but not recognised as deferred tax assets	(2,164,692)	1,478,679	307,211	11,100
Real property gain tax	-	6,863,471	-	-
	300,000	6,315,936	-	102,993
Under/(Over) provision in prior years	14,708,359	(496,594)	24,689	-
	15,008,359	5,819,342	24,689	102,993

NOTES TO THE FINANCIAL STATEMENTS

14. Loss per share

(a) Basic

Basic loss per share amounts are calculated by dividing total comprehensive loss for the financial year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018 RM	2017 RM
(Loss)/Profit net of tax attributable to owners of the Company	(20,412,118)	62,802,912
Weighted average number of ordinary shares in issue	206,756,497	206,756,497
	2018 Sen	2017 Sen
Basic (loss)/earnings per share	(9.87)	30.38

(b) Diluted

There is no dilution in the earnings per share of the current and previous year end as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

15. Property, plant and equipment

Group

	Leasehold buildings RM	Furniture, fittings, office equipment and signboard RM	Motor vehicles RM	Renovation RM	Tools and Equipment RM	Total RM
Costs						
At 1 January 2017	8,646,720	589,183	1,981,832	809,812	-	12,027,547
Addition	-	34,502	299,675	12,618	1,887	348,682
Disposal	-	-	(181,642)	-	-	(181,642)
Written off	-	(3,310)	-	-	-	(3,310)
At 31 December 2017	8,646,720	620,375	2,099,865	822,430	1,887	12,191,277
Addition	-	2,735	379,552	23,140	198	405,625
Disposal	-	(3,180)	(936,210)	(14,200)	-	(953,590)
Written off	-	-	-	(200,808)	-	(200,808)
At 31 December 2018	8,646,720	619,930	1,543,207	630,562	2,085	11,442,504
Accumulated depreciation						
At 1 January 2017	216,168	199,372	1,174,745	97,591	-	1,687,876
Charge for the financial year	172,934	89,700	321,250	81,192	189	665,265
Written back	-	-	(181,641)	-	-	(181,641)
Written off	-	(2,317)	-	-	-	(2,317)

NOTES TO THE FINANCIAL STATEMENTS

15. Property, plant and equipment (Cont'd)

Group (Cont'd)

	Leasehold buildings RM	Furniture, fittings, office equipment and signboard RM	Motor vehicles RM	Renovation RM	Tools and Equipment RM	Total RM
At 31 December 2017	389,102	286,755	1,314,354	178,783	189	2,169,183
Charge for the financial year	172,934	92,837	299,547	80,726	208	646,252
Written back	(5,561)	(1,188)	(817,674)	-	-	(824,423)
Written off	-	-	-	(78,650)	-	(78,650)
At 31 December 2018	556,475	378,404	796,227	180,859	397	1,912,362
Net book value						
At 31 December 2017	8,257,618	333,620	785,511	643,747	1,698	10,022,094
At 31 December 2018	8,090,245	241,526	746,980	449,703	1,688	9,530,142

Company

	Leasehold buildings RM	Furniture, fittings and office equipment RM	Motor vehicle RM	Renovation RM	Total RM
Costs					
At 1 January 2017	8,646,720	282,982	-	594,804	9,524,506
Addition	-	26,265	-	12,618	38,883
At 31 December 2017	8,646,720	309,247	-	607,422	9,563,389
Addition	-	1,950	379,552	23,140	404,642
Disposal	-	(2,580)	-	-	(2,580)
At 31 December 2018	8,646,720	308,617	379,552	630,562	9,965,451
Accumulated depreciation					
At 1 January 2017	216,168	46,950	-	54,591	317,709
Charge for the financial year	172,934	43,502	-	59,691	276,127
At 31 December 2017	389,102	90,452	-	114,282	593,836
Charge for the financial year	172,934	47,993	56,933	61,016	338,876
Written back	-	(688)	-	-	(688)
At 31 December 2018	562,036	137,757	56,933	175,298	932,024
Net book value					
At 31 December 2017	8,257,618	218,795	-	493,140	8,969,553
At 31 December 2018	8,084,684	170,860	322,619	455,264	9,033,427

NOTES TO THE FINANCIAL STATEMENTS

15. Property, plant and equipment (Cont'd)

Leasehold buildings of the Company amounting to RM8,084,683 (2017: RM8,257,618) are pledged for banks for banking facilities granted to the Group as disclosed in Note 27 to the financial statements.

Property, plant and equipment of the Group acquired under hire purchase arrangements are as follows:

	Accumulated Cost RM	Net book depreciation RM	value RM
2018			
Motor vehicles	711,543	463,791	247,752
2017			
Motor vehicles	1,647,752	1,107,963	539,789

16. Inventories

	2018 RM	Group 2017 RM
Non-current		
Land held for property Development [Note (a)]	80,999,398	78,873,067
Current		
Completed development units	1,258,813	1,258,813
Property development expenditure [Note (b)]	127,811,014	105,063,454
	129,069,827	106,322,267
Total inventories	210,069,225	185,195,334

The amount of inventories recognised as an expense in cost of sales of the Group was RMNil (2017: RM1,266,566).

(a) Land held for property development

Group	Freehold land RM	Development cost RM	Total RM
Costs			
At 1 January 2017	73,312,064	2,858,206	76,170,270
Addition	-	2,702,797	2,702,797
Reclassifications	1,151,017	(1,151,017)	-
At 31 December 2017	74,463,081	4,409,986	78,873,067
Addition	1,632,208	621,853	2,254,061
Written off	-	(127,730)	(127,730)
At 31 December 2018	76,095,289	4,904,109	80,999,398

The application for amalgamation, subdivision and conversion of the land titles from Native Title to Country Lease Title to the land held for property development are still pending approval from the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

16. Inventories (Cont'd)

(b) Property development expenditure

Group	Leasehold land RM	Development cost RM	Total RM
Costs			
At 1 January 2017	84,929,991	16,207,054	101,137,045
Addition	48,677	3,877,732	3,926,409
At 31 December 2017	84,978,668	20,084,786	105,063,454
Addition	16,872,054	5,875,506	22,747,560
At 31 December 2018	101,850,722	25,960,292	127,811,014

Leasehold land with a carrying amount of RM84,500,000 (2017: RM84,500,000) have been pledged as securities for term loans facilities granted to the Company as disclosed in Note 27 to the financial statements.

Included in the Group's property development expenditure incurred during the financial year were finance costs capitalised amounting to RM2,607,108 (2017: RM3,467,432) as disclosed in Note 12 to the financial statements.

17. Investments in subsidiary companies

	Company	
	2018 RM	2017 RM
Cost		
Unquoted shares, at cost		
At 1 January/31 December	111,506,990	111,506,990
Accumulated impairment losses		
At 1 January/31 December	(45,126,016)	(44,825,909)
Discount on loans to subsidiaries	66,380,974 16,412,737	66,681,081 16,412,737
Net carrying amount	82,793,711	83,093,818

NOTES TO THE FINANCIAL STATEMENTS

17. Investments in subsidiary companies (Cont'd)

Details of the subsidiaries are as follows:

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2018 %	2017 %	
Held by the Company				
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 Sungai 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	Dormant
UH Trading (Melaka) Sdn. Bhd.	Malaysia	100	100	Dormant
UH Trading (KL) Sdn. Bhd.	Malaysia	100	100	Dormant
Bertam Minetech Sdn. Bhd.	Malaysia	100	100	Property development
Held through Bertam Development Sdn. Bhd.				
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	100	Property development

NOTES TO THE FINANCIAL STATEMENTS

17. Investments in subsidiary companies (Cont'd)

Name of subsidiary companies	Country of incorporation	Proportion of ownership interest		Principal activities
		2018 %	2017 %	
Held through Bertam Development Sdn. Bhd. (Cont'd)				
SKB Pinang Sdn. Bhd.	Malaysia	100	100	Property development
Sumbang Merah Sdn. Bhd.	Malaysia	100	100	Property development
Sunrise Avenue Sdn. Bhd.	Malaysia	100	100	Property development
Sepakat Heights Sdn. Bhd.	Malaysia	100	100	Property development
Held through Antara Megah Sdn. Bhd.				
Tabur Bakti Sdn. Bhd.	Malaysia	100	100	Property development
Suria Pertiwi Sdn. Bhd.	Malaysia	100	100	Property development
Held through Syarikat Sungei Buan Sdn. Bhd.				
MV Properties Sdn. Bhd.	Malaysia	100	100	Property development

The proportion of voting rights held by non-controlling interests equals to their proportion of ownership interest held.

The non-controlling interest in respect of the subsidiary of the Group is not material to the Group.

Acquisition of subsidiary companies

On 21 June 2017, Bertam Development Sdn. Bhd. ("BDSB"), a wholly-owned subsidiary company of the Company has acquired 100% equity interests in SKB Pinang Sdn. Bhd. and Sumbang Merah Sdn. Bhd. for a total cash consideration of RM1 respectively. As a result of that, the said companies become wholly owned subsidiaries of the Group.

18. Goodwill on consolidation

	Group	
	2018 RM	2017 RM
Cost		
At 1 January/31 December	92,814	92,814
Accumulated impairment losses		
At 1 January/31 December	(3,280)	(3,280)
Net carrying amount	89,534	89,534

NOTES TO THE FINANCIAL STATEMENTS

18. Goodwill on consolidation (Cont'd)

The recoverable amounts of CGUs in respect of the goodwill were determined based on value-in-use ("VIU") calculations.

Key assumptions used in the VIU calculations for the goodwill impairment assessment are selling price per square foot, total development cost, total gross development value and margin. The values assigned to the key assumptions represent valuer's assessment of future trends in the industry and are based on both external sources and internal sources.

Based on the impairment test, no impairment is required for the goodwill.

A reasonable possible change in the key assumptions would not result in any impairment.

19. Other investments

	2018 RM	Group 2017 RM
Quoted investment in Malaysia, at fair value		
- Shares	379,788	1,896,120
- Unit trust fund	159,086	159,086
Market value of quoted investments	538,874	2,055,206

During the financial year, the Group recognised an impairment loss of RM94,947 (2017: RM255,247) for quoted shares investment as there was significant decline in the fair value of the investment.

20. Trade and non-trade receivables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade receivables				
Third parties	3,442,099	5,319,859	-	-
Less: Allowance for impairment	(2,054,655)	(2,054,655)	-	-
Trade receivables, net	1,387,444	3,265,204	-	-
Non-trade receivables				
Related party	71,416	33,375	71,416	33,375
Third parties	408,600	5,000,140	58,717	-
Deposits	1,723,083	6,471,545	1,560,420	22,929
Prepayments	101,472	119,261	31,281	24,989
Less: Allowance for impairment	2,304,571 (315,854)	11,624,321 (315,854)	1,721,834 (15,854)	81,293 (15,854)
Non-trade receivables, net	1,988,717	11,308,467	1,705,980	65,439
Total trade and non-trade receivables	3,376,161	14,573,671	1,705,980	65,439

NOTES TO THE FINANCIAL STATEMENTS

20. Trade and non-trade receivables (Cont'd)

Trade receivables are non-interest bearing and the normal credit terms granted by the Group are 14 to 90 days (2017: 14 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

During the financial year, the following losses were recognised in profit or loss in relation to impaired financial assets:

Group	Trade receivables RM	Non-trade receivables RM	Total RM
At 1 January 2017	2,053,017	75,051	2,128,068
Charge for the financial year	7,279	315,854	323,133
Written off	(5,641)	(65,053)	(70,694)
At 31 December 2017	2,054,655	325,852	2,380,507
Charge for the financial year	-	-	-
At 31 December 2018	2,054,655	325,852	2,380,507

Trade and non-trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Information about the Company's exposure to credit risks and impairment losses for trade receivables is included in Note 32 to the financial statements.

21. Amounts due from/(to) subsidiary companies

	Company	
	2018 RM	2017 RM
Amounts due from subsidiary companies	148,608,830	118,484,785
Less: Allowance for impairment	(76,408,099)	(79,184,572)
	72,200,731	39,300,213
Amounts due to subsidiary companies	70,724,622	68,646,599

Amounts due from/(to) subsidiary companies are unsecured and non-trade in nature. These balances are interest free and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

21. Amounts due from/(to) subsidiary companies (Cont'd)

During the financial years, the following losses were recognised in profit or loss in relation to impaired financial assets:

	Company RM
At 1 January 2017	56,446,392
Charge for the financial year (Note 8)	14,645,786
Reversal during the financial year (Note 8)	(572,805)
At 31 December 2017	70,519,373
Effect of adoption of MFRS 9 (Note 38)	8,665,199
At restated	79,184,572
Reversal during the financial year (Note 8)	(2,776,473)
At 31 December 2018	76,408,099

22. Cash and cash equivalents

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Cash in hand	3,289	4,752	2,500	2,500
Cash at banks	8,859,211	43,208,048	7,961,867	42,145,215
Deposits with licensed banks	17,149,045	16,256,786	-	-
Cash and bank balances	26,011,545	59,469,586	7,964,367	42,147,715
Less: Deposits with maturity of more than three (3) months	(17,149,045)	(16,256,786)	-	-
Cash and cash equivalents	8,862,500	43,212,800	7,964,367	42,147,715

The weighted average effective interest rate of deposits with licensed banks at the end of the financial year of the Group is 3.55% (2017: 3.65%) per annum.

Deposits with licensed banks amounting to RM16,345,685 (2017: RM15,478,737) are held under lien as security for term loan facility as granted to the Group and have a maturity of 30 days to 365 days (2017: 30 days to 365 days) as disclosed in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

23. Assets held for sale

Group	Freehold land RM	Leasehold land RM	Total RM
At 1 January 2017	47,548,530	16,100,000	63,648,530
Disposals	(47,548,530)	(16,100,000)	(63,648,530)
At 31 December 2017/ 31 December 2018	-	-	-

The subsidiary companies, namely, MV Properties Sdn. Bhd., Budaya Identiti Sdn. Bhd. and Sunrise Avenue Sdn. Bhd. have entered into sale and purchase agreements on 5 July 2016, 24 October 2016 and 8 February 2017 respectively to dispose of the assets held for sale as follows:

- (i) Two (2) parcels of freehold land held under Geran Mukim 563, Lot 809 and Geran Mukim 415, Lot 810, both located in Mukim Cheras, Daerah Hulu Langat, Negeri Selangor for total cash consideration of RM128,000,000. The disposal has been completed on 24 March 2017;
- (ii) Agriculture land held under HS(D) 16097, PT 7886, Mukim Gemenchuh, Daerah Tampin, Negeri Sembilan measuring with an area of 196.3 hectares for total cash consideration of RM15,522,172. The disposal has been completed on 24 August 2017; and
- (iii) Fifteen (15) parcels of vacant residential and industrial land under leasehold individual titles for total cash consideration of RM300,000. The disposal has been completed on 17 May 2017.

24. Share capital

Issued and paid up:	No. of shares		Group/Company	
	2018	2017	2018 RM	2017 RM
Ordinary shares				
At 1 January/31 December	206,756,497	206,756,497	206,756,497	206,756,497

The holders of ordinary shares (except treasury 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.

25. Other reserve

Other reserve relates to the excess of carrying amount of non-controlling interest acquired over the consideration paid to non-controlling interest of RM14,865,154 arising from the acquisition of the remaining 30% equity interest in MV Properties Sdn. Bhd. by Syarikat Sungei Buan Sdn. Bhd., a wholly-owned subsidiary of the Group on 27 April 2015. During the financial year, the Company has reclassified the debit balance in equity to (accumulated losses)/retained profits as follows:

	Group	
	2018 RM	2017 RM
At 1 January	14,865,154	14,865,154
Reclassification	(14,865,154)	-
31 December	-	14,865,154

NOTES TO THE FINANCIAL STATEMENTS

26. (Accumulated losses)/Retained profits

The Company's policy is to treat all gains and losses that pass through the statement of comprehensive income (i.e. non-owner transactions or events) as revenue reserves. Other than retained profits, all other revenue reserves are regarded as non-distributable in the form of cash dividends to shareholders. Accumulated losses is the opposite of retained profits and when an entity is in an accumulated loss position, it is prohibited from distributing cash dividends to shareholders.

27. Loans and borrowings

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Non-current				
Hire purchase payables	252,483	586,733	-	-
Term loans	19,717,748	5,428,772	5,015,687	5,428,772
	19,970,231	6,015,505	5,015,687	5,428,772
Current				
Hire purchase payables	89,981	188,401	-	-
Term loans	15,034,945	44,889,899	486,000	486,000
	15,124,926	45,078,300	486,000	486,000
Total loans and borrowings				
Hire purchase payables	342,464	775,134	-	-
Term loans	34,752,693	50,318,671	5,501,687	5,914,772
	35,095,157	51,093,805	5,501,687	5,914,772
Maturity structure of loans and borrowings				
Within one year	15,124,926	45,078,300	486,000	486,000
Between one to two years	5,646,709	742,959	486,000	486,000
Between two to five years	11,251,835	1,787,774	1,458,000	1,458,000
More than five years	3,071,687	3,484,772	3,071,687	3,484,772
	35,095,157	51,093,805	5,501,687	5,914,772

The interest rate structures are as follows:

	Nominal interest rate		Effective interest rate	
	2018	2017	2018	2017
Hire purchase payable	2.42%-2.71%	2.42%-2.71%	4.55%-6.18%	4.55%-6.18%
Term loans	BLR +/- 0.25%	BLR +/- 0.25%	6.08%-7.22%	5.55%-8.58%

NOTES TO THE FINANCIAL STATEMENTS

27. Loans and borrowings (Cont'd)**(a) Hire purchase payables**

The hire purchase payables obligations are secured by a charge over the leased assets as disclosed in Note 15 to the financial statements.

Future minimum payments under hire purchase payables together with the present value of the net minimum payments are as follows:

	Group	
	2018 RM	2017 RM
Minimum hire purchase payments:		
Repayable within one year	104,616	221,345
Repayable between one to two years	104,616	287,271
Repayable between two to five years	164,418	350,275
	<hr/>	<hr/>
Total future minimum hire purchase payments	373,650	858,891
Less: Future finance charges	(31,186)	(83,757)
	<hr/>	<hr/>
Present value of hire purchase liabilities	342,464	775,134
	<hr/>	<hr/>
Present value of hire purchase liabilities:		
Repayable within one year	89,981	188,401
Repayable between one to two years	94,621	256,959
Repayable between two to five years	157,862	329,774
	<hr/>	<hr/>
	342,464	775,134
	<hr/>	<hr/>
Representing:		
Current	89,981	188,401
Non-current	252,483	586,733
	<hr/>	<hr/>
	342,464	775,134
	<hr/>	<hr/>

The hire purchase payables shall be repaid in full by 2023.

(b) Term loans

Term loans are secured by way of:

- (i) Legal charge over leasehold building belonging to the Company as disclosed in Note 15 to the financial statements;
- (ii) Legal charge over the subsidiary company's lands under property development expenditure as disclosed in Note 16 to the financial statements;
- (iii) Debt servicing reserve account in the name of the Company as disclosed in Note 22;
- (iv) Fixed and floating debenture charge; and
- (v) Corporate guarantee issued by the Company to the bank.

NOTES TO THE FINANCIAL STATEMENTS

27. Loans and borrowings (Cont'd)

(b) Term loans (Cont'd)

The maturities of the term loans are as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Within one year	15,034,945	44,889,899	486,000	486,000
Between one to two years	5,552,088	486,000	486,000	486,000
Between two to five years	11,093,973	1,458,000	1,458,000	1,458,000
More than five years	3,071,687	3,484,772	3,071,687	3,484,772
	<u>34,752,693</u>	<u>50,318,671</u>	<u>5,501,687</u>	<u>5,914,772</u>

28. Deferred tax liabilities

	Group	
	2018 RM	2017 RM
At 1 January	-	721,216
Recognised in profit or loss (Note 13)	-	(721,216)
At 31 December	<u>-</u>	<u>-</u>

The components and movements of deferred tax liabilities of the Group during the financial year are as follows:

Group	Revaluation surplus of land held for property development RM	Total RM
Deferred tax liabilities:		
At 1 January 2017	721,216	721,216
Recognised in profit or loss	(721,216)	(721,216)
At 31 December 2017/31 December 2018	<u>-</u>	<u>-</u>

No deferred tax asset has been recognised for the following items:

	Group	
	2018 RM	2017 RM
Capital allowance in excess of depreciation	65,584	-
Timing differences in provision	(168,000)	-
Unabsorbed capital allowances	(118,376)	(354,300)
Unutilised tax losses	(25,547,431)	(46,456,100)
	<u>(25,768,223)</u>	<u>(46,810,400)</u>
Deferred tax assets at 24% (2017: 24%) not recognised in the financial statements	<u>(6,184,374)</u>	<u>(11,234,496)</u>

NOTES TO THE FINANCIAL STATEMENTS

28. Deferred tax liabilities (Cont'd)

The unabsorbed capital allowances and unutilised tax losses disclosed above are available indefinitely for offsetting against future taxable profits subject to no substantial change in shareholdings under the Income Tax Act, 1967 and guidelines issued by the tax authority. These deferred tax assets are not recognised due to uncertainty of its recoverability.

29. Trade and non-trade payables

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade payables				
Third parties	4,191,726	1,461,791	-	-
Retention sums	1,847	1,847	-	-
	6,193,573	1,463,638	-	-
Non-trade payables				
Other payables				
- Third parties	2,603,188	5,475,590	42,735	50,081
Accruals	313,455	909,777	186,400	460,328
Deposits received	75,326	5,250	68,076	-
Provision	6,522,577	5,783,494	-	-
	9,514,546	12,174,111	292,211	510,409
Amounts due to Directors	1,060	11,202	1,060	10,202
Amount due to a shareholder	436,610	429,043	-	-
Total trade and non- trade payables	14,145,789	14,077,994	298,271	520,611

Trade payables are non-interest bearing and the normal credit terms granted to the Group are 30 to 90 days (2017: 30 to 90 days).

Amounts due to Directors and a shareholder are unsecured, interest free and repayable on demand.

Provisions of the group for the financial year mainly consist of:

- (i) Amount payable to Lembaga Perumahan dan Hartanah Selangor ("LPHS") of RM4,537,594 (2017: RM4,369,594) for the waiver of Bumiputera quota on certain units within the Casabella development project;
- (ii) Amount payable to Pacific V-Holdings Sdn. Bhd. and Mohd Khairul Bin Abdullah of RM1,869,253 (2017: RMNil) and RM84,177 (2017: RMNil) respectively as disclosed in Note 36;
- (iii) Provision for material litigation amounting to RMNil (2017: RM4,443,247) as disclosed in Note 36 to the financial statements;
- (iv) Liquidated Ascertained Damages charges of RMNil (2017: RM455,736); and
- (v) Defect liability period for the project Pangsapuri Suria located at Kota Damansara amounting to RMNil (2017: RM94,567).

NOTES TO THE FINANCIAL STATEMENTS

30. Significant related party transactions

(a) Identities of related parties

Parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to 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 or common significant influence. Related parties could be individuals or other entities.

(b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows:

Group

Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2018 RM	2017 RM	2018 RM	2017 RM
Entity under common control:					
Priceworth International Berhad	Rental income	(39,672)	(39,672)	55,562	17,521
Varda Development Sdn. Bhd.	Rental expenses	289,716	289,716	-	-
	Accounting expenses	40,782	-	-	-
With a Director:					
Lim Nyuk Foh	Payment on behalf	9,142	-	(1,060)	(11,202)
	Advance	1,000	-	-	-
With a person connected to a Director of the Company:					
Datuk Lim Nyuk Sang @ Freddy Lim	Rental expenses	80,000	86,100	-	-

Company

With a Director:

Lim Nyuk Foh	Payment on behalf	9,142	-	(1,060)	(10,202)
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Entities under common control:

Priceworth International Berhad	Rental income	(39,672)	(39,672)	55,562	17,521
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NOTES TO THE FINANCIAL STATEMENTS

30. Significant related party transactions (Cont'd)

(b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (Cont'd)

Company (Cont'd)

Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2018 RM	2017 RM	2018 RM	2017 RM
With subsidiary companies:					
Antara Megah Sdn. Bhd.	Payment on behalf	968	-	968	-
Bertam Development Advances Sdn. Bhd.	Payment on behalf	(17,450,452)	-	52,210,145	37,954,512
	Impairment on investment in subsidiary companies	31,706,084	-		
	Administrative fee	-	9,680,917		
Bertam Minetech Sdn. Bhd.	Advance Payment on behalf	83,700	-	83,721	-
	Impairment on financial assets	21	-		
		-	(4,211)		
Budaya Identiti Sdn. Bhd.	Advance Payment on behalf	12,900	-	(7,763,121)	(7,781,417)
	Administrative fee	5,396	-		
	Services fee	-	(171,734)		
	Impairment on investment in subsidiary companies	-	(28,888)		
Budi Halus Sdn. Bhd.	Advance Payment on behalf	217,500	-	(5,789,697)	(3,734,720)
	Receipt on behalf	17,523	-		
		(2,290,000)	-		
Dataran Serimaju Sdn. Bhd.	Advance Payment on behalf	16,800	-	17,740	-
	Administrative fee	940	-		
	Services fee	-	(11,064)		
	Impairment on financial assets	-	(945)		
		-	1,862,614		

NOTES TO THE FINANCIAL STATEMENTS

30. Significant related party transactions (Cont'd)

- (b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (Cont'd)

Company (Cont'd)

Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2018 RM	2017 RM	2018 RM	2017 RM
With subsidiary companies: (Cont'd)					
Gunung Jaya Sdn. Bhd.	Advance Payment on behalf	6,300	-	6,434	113
	Administrative fee	21	-		
		-	(106)		
Legacy Mega Development Sdn. Bhd.	Advance Payment on behalf	6,000	-	6,043	-
		43	-		
Sunrise Avenue Sdn. Bhd.	Administrative fee	-	(2,276)	1,799,030	2,412
	Advance Payment on behalf	45,300	-		
		1,751,318	-		
Sepakat Heights Sdn. Bhd.	Advance Payment on behalf	82,000	-	82,257	-
		257	-		
SKB Pinang Sdn. Bhd.	Payment on behalf	2,918	-	2,918	-
Sumbang Merah Sdn. Bhd.	Payment on behalf	2,923	-	2,923	-
Suria Pertiwi Sdn. Bhd.	Advance Payment on behalf	16,500	-	16,522	-
		22	-		
	Impairment on financial assets	-	1,155,462		
Syarikat Sungei Buan Sdn. Bhd.	Advance Payment on behalf	8,200	-	(57,121,826)	(57,130,462)
		436	-		
Tabur Bakti Sdn. Bhd.	Advance Payment on behalf	(50,000)	-	(49,978)	-
		22	-		
U.H. Trading (Johore) Sdn. Bhd.	Impairment on financial assets	-	51,509	6,493	-
	Payment on behalf	6,493	-		

NOTES TO THE FINANCIAL STATEMENTS

30. Significant related party transactions (Cont'd)

(b) The aggregate value of transactions and outstanding balances of the related parties of the Group and of the Company were as follows: (Cont'd)

Company (Cont'd)

Name of related party	Type of transaction	Transaction value		Balance outstanding as at 31 December	
		2018 RM	2017 RM	2018 RM	2017 RM
With subsidiary companies: (Cont'd)					
U.H. Trading (Melaka) Sdn. Bhd.	Impairment on financial assets Payment on behalf	- 6,569	35,819 -	6,569	-
U.H. Trading (K.L.) Sdn. Bhd.	Impairment on financial assets Payment on behalf	- 6,501	28,877 -	6,501	-
MV Properties Sdn. Bhd.	Services fee Administrative fee Advance	- - 21,396	(559,480) (2,016,738) -	1,362,298	1,340,902
UH Capital Sdn. Bhd.	Impairment on financial assets Impairment on investment in subsidiary companies	(2,776,473) 300,107	11,511,503 109,947	2,273	2,273
UH Industries & Development Sdn. Bhd. (AKA. UH Industries Sdn. Bhd.)	Impairment on financial assets Advance Payment on behalf	- 900 22	(190,145) - -	922	1
Dove Industries Sdn. Bhd.	Impairment on financial assets Payment on behalf	- 6,485	(229,069) -	6,485	-
Wow Land Sdn. Bhd.	Advance Payment on behalf	2,828,810 13,749,742	- -	16,574,552	-
Trans Prestasi Sdn. Bhd.	Advance Payment on behalf	5,500 437	- -	5,937	-

NOTES TO THE FINANCIAL STATEMENTS

30. Significant related party transactions (Cont'd)

- (c) The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Short-term employee benefits	982,700	1,022,681	970,700	1,012,181
Contributions to defined contribution plan	86,400	94,196	86,400	94,192
	1,069,100	1,116,877	1,057,100	1,106,373
Included in the key management personnel are:				
Directors' remuneration (Note 10)	1,069,100	1,116,877	1,057,100	1,106,373

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel comprise all the directors of the Group and of the Company and members of senior management of the Group.

The terms and conditions and prices of the above transactions are mutually agreed between the parties.

31. Contingent liability

Subsequent to the financial year ended 31 December 2018, a wholly owned subsidiary, UH Capital Sdn. Bhd. (UHSB) has received a letter from Royal Malaysian Customs Department on 15 February 2019, informed that UHSB has not complied with the Section 43 of Goods and Services Tax Act 2014 arising from the goods and services tax audit for the period from 1 April 2015 to 31 December 2017. Output tax amounted to RM3,594,340 has been claimed by Royal Malaysian Customs Department. UHSB is in the midst of appealing with Royal Malaysian Customs Department and it is not possible to determine the final tax liability or estimate the likely potential liabilities that may be incurred.

32. Financial instruments

- (a) Categories of financial instruments

Group		Financial assets measured at amortised cost	Designated as fair value through profit or loss
2018	Carrying amount	RM	RM
Financial assets	RM	RM	RM
Other investments	538,874	-	538,874
Trade and non-trade receivables	1,551,606	1,551,606	-
Cash and bank balances	26,011,545	26,011,545	-
	28,102,025	27,563,151	538,874

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(a) Categories of financial instruments (Cont'd)

Financial liabilities	Carrying amount RM	Financial liabilities measured at amortised cost RM
Loans and borrowings	35,095,157	35,095,157
Trade and non-trade payables	7,623,212	7,623,212
	42,718,369	42,718,369

2017

Financial assets	Carrying amount RM	Loans and receivables RM	Available-for- sale RM
Other investments	2,055,206	-	2,055,206
Trade and non-trade receivables	7,982,865	7,982,865	-
Cash and bank balances	59,469,586	59,469,586	-
	69,507,657	67,452,451	2,055,206

Financial liabilities	Carrying amount RM	Financial liabilities measured at amortised cost RM
Loans and borrowings	51,093,805	51,093,805
Trade and non-trade payables	8,294,500	8,294,500
	59,388,305	59,388,305

Company
2018

Financial assets	Carrying amount RM	Financial assets measured at amortised cost RM
Trade and non-trade receivables	114,279	114,279
Amount due from subsidiary companies	72,200,731	72,200,731
Cash and bank balances	7,964,367	7,964,367
	80,279,377	80,279,377

Financial assets	Carrying amount RM	Financial liabilities measured at amortised cost RM
Loan and borrowings	5,501,687	5,501,687
Trade and non-trade payables	298,271	298,271
Amount due to subsidiary companies	70,724,622	70,724,622
	76,524,580	76,524,580

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(a) Categories of financial instruments (Cont'd)

Company 2017	Carrying amount RM	Financial assets measured at amortised cost RM
Financial assets		
Trade and non-trade receivables	17,521	17,521
Amount due from subsidiary companies	39,300,213	39,300,213
Cash and bank balances	42,147,715	42,147,715
	81,465,449	81,465,449
Financial liabilities		
Loan and borrowings	5,914,772	5,914,772
Trade and non-trade payables	520,611	520,611
Amount due to subsidiary companies	68,646,599	68,646,599
	75,081,982	75,081,982

A reconciliation of trade and other receivables in financial assets to the amounts reflected in the Statements of Financial Position is as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Trade and non-trade receivables				
As reflected in the Statements of Financial Position (Note 20)	3,376,161	14,573,671	1,705,980	65,439
Less: Deposits	(1,723,083)	(6,471,545)	(1,560,420)	(22,929)
Less: Prepayments	(101,472)	(119,261)	(31,281)	(24,989)
	1,551,606	7,982,865	114,279	17,521

Deposits and prepayments of the Group and of the Company totalling RM1,824,555 (2017: RM6,590,806) and RM1,591,701 (2017: RM47,918) respectively are not financial assets as they did not represent contractual right to receive cash or deliver and exchange financial instruments in future.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(b) Net gain/(losses) arising from financial instruments

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Net gain/(losses) arising from:				
Financial assets at amortised cost/Loans and receivables				
- Impairment on financial assets	-	(323,133)	2,776,473	(14,088,835)
- Loss on disposal of other investment	-	(45,000)	-	-
- Interest income	1,636,328	1,405,166	696,755	943,914
- Bad debts recovered	60,000	-	-	-
- Bad debts written off	(63)	(9,998)	-	-
Financial assets at fair value through profit or loss/Available-for-sale				
- Gain on disposal of other investments	2,726,144	-	-	-
- Impairment on financial assets	(94,947)	(255,247)	-	-
Financial liabilities at amortised cost				
- Interest expense	(2,969,470)	(4,601,501)	(330,642)	(453,799)
- Liabilities no longer in existence written back	9,520	56,230	-	-
	1,367,512	(3,773,483)	2,445,831	14,542,634

(c) Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group's finance department overseen by an Executive Director. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

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

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(c) Financial risk management (Cont'd)

(i) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and non-trade receivables. For other financial assets (including cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties and deposits with banks and financial institutions with good credit rating. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The ageing analysis of the Group's trade receivables as at the reporting date is as follows:

	Gross amount RM	Expected credit losses RM	Carrying value RM
2018			
Not past due	373,531	-	373,531
Past due:			
- less than 60 days	-	-	-
- between 61 to 120 days	-	-	-
- between 121 to 365 days	-	-	-
- more than 365 days	3,068,568	(2,054,655)	1,013,913
	3,068,568	(2,054,655)	1,013,913
	3,442,099	(2,054,655)	1,387,444
2017			
Not past due	155,779	-	155,779
Past due:			
- less than 60 days	8,536	-	8,536
- between 61 to 120 days	7,843	-	7,843
- between 121 to 365 days	8,536	-	8,536
- more than 365 days	5,139,165	(2,054,655)	3,084,510
	5,164,080	(2,054,655)	3,109,425
	5,319,859	(2,054,655)	3,265,204

32. Financial instruments (Cont'd)

(c) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

As at the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the statement of financial position; and
- a nominal amount of RM25,000,000 (2017: RM25,000,000) relating to corporate guarantee provided by the company to a licensed bank to secure loans and borrowings granted to a subsidiary company.

Trade receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group. The balances from these trade receivables are unsecured in nature. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year. The Directors have reviewed the recoverability of the receivables and are of the opinion that no provision is required in respect of these debts.

Trade receivables that are past due but not impaired

The Group believes that no impairment allowance is necessary in respect of these trade receivables. They are substantially companies with good collection track record and no recent history of default.

Financial guarantees

The fair value of financial guarantees provided by the Company to a licensed bank to secure banking facility granted to a subsidiary company with nominal amount of RM25,000,000 (2017: RM25,000,000) is negligible because the actual interest charged by the bank is not materially different from the borrowing costs of the subsidiary and the outstanding borrowing is adequately secured over the assets of the respective subsidiary in which their market values upon realisation are expected to be higher than the outstanding borrowing amounts.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. 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 objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and balances its portfolio with some short-term funding so as to achieve overall cost effectiveness.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(c) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

The following table sets out the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

Group	Carrying amount RM	Contractual undiscounted cash flows RM	Within 1 year RM	1 – 5 years RM	Over 5 years RM
2018					
Loans and borrowings	35,095,157	40,199,452	16,598,200	18,177,548	5,423,704
Trade and non-trade payables	7,623,212	7,623,212	7,623,212	-	-
	42,718,369	47,822,664	24,221,412	18,177,548	5,423,704
2017					
Loans and borrowings	51,093,805	53,707,175	45,665,033	1,944,000	6,098,142
Trade and non-trade payables	8,294,500	8,294,500	8,294,500	-	-
	59,388,305	62,001,675	53,959,533	1,944,000	6,098,142
Company					
2018					
Loans and borrowings	5,501,687	7,853,704	486,000	1,944,000	5,423,704
Trade and non-trade payables	298,271	298,271	298,271	-	-
Amount due to subsidiary companies	70,724,622	70,724,622	70,724,622	-	-
	76,519,580	78,876,597	71,508,893	1,944,000	5,423,704
2017					
Loans and borrowings	5,914,772	8,528,142	486,000	1,944,000	6,098,142
Trade and non-trade payables	520,611	520,611	520,611	-	-
Amount due to subsidiary companies	68,646,599	68,646,599	68,646,599	-	-
	75,081,982	77,695,352	69,653,210	1,944,000	6,098,142

At the reporting date, the counterparty to the financial guarantees does not have a right to demand cash as the default has not occurred. Accordingly, financial guarantees under the scope of MFRS 9 *Financial Instruments: Recognition and Measurement* are not included in the above maturity profile analysis.

NOTES TO THE FINANCIAL STATEMENTS

32. Financial instruments (Cont'd)

(c) Financial risk management (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from its loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

The following table details the sensitivity analysis to a reasonably possible change in the interest rates as at the end of the reporting period, with all other variables held constant:

Effects on profit after taxation	Group (Increase)/Decrease		Company (Increase)/Decrease	
	2018 RM	2017 RM	2018 RM	2017 RM
Increase of 25bp/25bp	(66,030)	(95,605)	(10,453)	(11,238)
Decrease of 25bp/25bp	66,030	95,605	10,453	11,238

33. Fair value information

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Group and the Company use the following fair value hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active market for identical assets or liabilities
- Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly
- Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

As at the reporting date, the Group held the following at fair value in the statements of financial position:

Group

Financial asset	Carrying amount RM	Level 1 RM	Level 2 RM	Level 3 RM
2018				
Other investments	538,874	538,874	-	-
2017				
Other investments	2,055,206	2,055,206	-	-

The financial assets and financial liabilities maturing within the next twelve (12) months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The Group has no fixed rate financial liabilities (other than finance leases which is outside the scope of MFRS 139) and therefore the fair value of its loans and borrowings are not materially different from their carrying values, as floating rate instruments are re-priced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares. The Group's strategies were unchanged from the previous financial year.

The Group manages its capital based on gearing ratio. The Group's strategies were unchanged from the previous financial year. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

The gearing ratio of the Group and of the Company as at the end of the reporting period was as follows:

	Group		Company	
	2018 RM	2017 RM	2018 RM	2017 RM
Loans and borrowings	35,095,157	51,093,805	5,501,687	5,914,772
Less: Cash and cash equivalents	8,862,500	43,212,800	7,964,367	42,147,715
Net debt	26,232,657	7,881,005	(2,462,680)	(36,232,943)
Total equity	186,096,837	206,508,955	97,305,636	98,555,805
Gearing ratio	0.14	0.04	-	-

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

Under the requirements of Bursa Malaysia Practice Note 17, the Group is required to maintain a consolidated shareholders' equity equal to or not less than the 25% of the issued and paid up capital (excluding treasury shares). The Group has complied with this requirement.

The Group is not subject to any other externally imposed capital requirements.

35. Segment information

(i) Operating segment

For management purposes, the Group is organised into business units based on products and services, and has three (3) reportable operating segments as follows:

- (a) Property development segment is in the business of developing property for sale and/or hold properties for its own investment purpose.
- (b) Construction segment is in the business of constructing of residential, addition and alterations, refurbishment and restoration of buildings.
- (c) The Corporate and other segment is in the business of holdings 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.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

NOTES TO THE FINANCIAL STATEMENTS

35. Segment information (Cont'd)

(i) Operating segment (Cont'd)

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 operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

2018

Revenue	Property development RM	Construction/ Trading of building material RM	Corporate and others RM	Adjustments and eliminations RM	Note	Per consolidated financial statements RM
External customer	-	817,139	-	-	(a)	817,139
Total revenue	-	817,139	-	-		817,139
Results						
Interest income	1,636,328	-	-	-		1,636,328
Depreciation	(307,376)	-	(338,876)	-		(646,252)
Finance costs	(31,720)	-	(330,642)	-		(362,362)
Segment loss	(16,038,065)	(337,520)	(1,568,684)	(2,467,849)		(20,412,118)
Assets and liabilities						
Additions to non-current assets	983	-	404,642	-	(b)	405,625
Segment assets	375,772,458	15,154,137	220,130,884	(358,600,771)		252,456,708
Segment liabilities	371,497,416	11,552,021	142,234,538	(458,924,104)		66,359,871

2017

Revenue						
External customers	144,022,171	1,225,830	-	-		145,248,001
Inter-segment	-	-	2,792,642	(2,792,642)	(a)	-
Total revenue	144,022,171	1,225,830	2,792,642	(2,792,642)		145,248,001
Results						
Other non-cash expenses	(635,153)	-	(31,762,684)	31,746,830		(651,007)
Depreciation	(389,138)	-	(276,127)	-		(665,265)
Finance costs	(680,270)	-	(453,799)	-		(1,134,069)
Segment profit/(loss)	63,943,466	(1,094)	(32,438,924)	31,299,464		62,802,912
Assets and liabilities						
Additions to non-current assets	309,799	-	38,883	-	(b)	348,682
Segment assets	472,469,999	14,860,808	163,218,596	(376,253,242)		274,296,161
Segment liabilities	413,653,566	6,716,972	75,184,975	(427,768,307)		67,787,206

NOTES TO THE FINANCIAL STATEMENTS

35. Segment information (Cont'd)

(i) Operating segment (Cont'd)

Notes: Nature of adjustment and eliminations to arrive at amounts reported in the consolidated financial statements.

(a) Inter-segment revenue are eliminated on consolidation.

(b) Additions to non-current assets consist of:

	Group	
	2018 RM	2017 RM
Furniture, fittings, office equipment and signboard	2,735	34,502
Motor vehicle	379,552	299,675
Renovation	23,140	12,618
Tools and equipment	198	1,887
	405,625	348,682

(ii) Geographical information

Geographical segment information is not presented as the Group operates predominantly in Malaysia.

(iii) Major customers

Revenue from Nil (2017: 1) major customers amounted to RMNil (2017: RM128,000,000) arising from the sale of land.

36. Material litigations

- (i) An adjudication was initiated by R&C Cergas Teguh Sdn. Bhd. (RCCTSB) according to Section 8 of Construction Industry Payment & Adjudication Act 2012 and served to Bertam Development Sdn. Bhd. (BDSB), a wholly-owned subsidiary of the Company, in relation to the payment claims certified and also sum of works completed but not certified outstanding totaling RM5,818,553 for the construction of forty-seven (47) units of 2 ½ storey houses on land known as Lot 811-837, 848-850 and 853-862, Seksyen 6, Bandar Kuah Daerah Langkawi, Kedah Darul Aman (Taman Bukit Indah).

Adjudication decision has been made by the adjudicator appointed according to Section 21 of Construction Industry Payment & Adjudication Act 2012 on 21 February 2017, which determined the adjudicated amount of RM4,111,268 together with interest at the rate of 7.65% per annum from 27 May 2016 until the date of full payment of the adjudicated amount, and that the adjudicated amount shall be paid on or before 23 March 2017. It was also determined that BDSB shall pay the cost of adjudication proceedings.

While seeking further legal advice from BDSB's solicitors with regards to the adjudication decision, total amount of RM4,443,247 has been transferred by BDSB to its solicitor as the stakeholder fund on 15 June 2017.

On 20 December 2017, a Winding-Up Order by Court dated 30 November 2017 was served against BDSB for the amount outstanding as mentioned above. According to the said Order, BDSB shall be wound up by the High Court of Malaya at Kuala Lumpur under the Companies Act 2016 and that the Official Receiver shall be appointed as liquidator of BDSB.

36. Material litigations (Cont'd)

- (i) On 24 January 2018, BDSB has filed an appeal for the Winding-Up petition to the Court of Appeal for setting aside the Winding-Up Order on the ground of abuse of process.

On 23 April 2018, the Court had given the direction to both parties to look into the possibility of settlement of the amount outstanding of RM4,568,203 amicably. On 21 May 2018, BDSB withdrawn its appeal in the Court of Appeal after the full settlement of the amount outstanding of RM4,670,165.

On 18 April 2018 and 5 July 2018, Pacific-V Holdings (M) Sdn. Bhd. and Mohd Khairul Bin Abdullah, have served a Winding-Up Petition against BDSB for the amount outstanding of RM1,869,253 and RM84,177, respectively.

The said liabilities have been duly recognised in the financial statements of BDSB and the Directors are of an opinion that these amounts will be settled in the next financial year.

- (ii) On 9 April 2015, BDSB has entered into sale and purchase agreements with Yui Swee Ying, Yui Swee Lian, Yui Chin Yi and Yui Chin Song for the sale of five (5) units of single-storey terrace house at Taman Suria with total purchase price amounting to RM800,000.

As at the date of this report, the purchase price is still outstanding on the basis of argument raised by the purchasers that they were the immediate family members of Yui Chin Song, who is also one of the Director of Pacific-V Holdings Sdn. Bhd. of which Pacific-V Holdings Sdn. Bhd. and BDSB had entered into a Joint Development agreement on 8 February 2010 for the development of seventy-four (74) units single-storey terrace house on Lot 8735-8808, Mukim Tampin Tengah, Daerah Tampin, Negeri Sembilan (Taman Suria) and hence, the outstanding purchase price was to be contra with the amount due to Pacific-V Holdings Sdn. Bhd. by BDSB.

BDSB filed a legal suit against the purchasers and seek to claim back the possession of the said properties.

On 22 June 2018, the Court ruled in favour of BDSB with regards to the litigation action taken by BDSB against purchasers on the ground that the sale and purchase agreements signed between BDSB and the purchasers were cancelled and terminated due to default in the payment of deposit and remaining of purchase price.

The purchasers had filed an appeal against the decision to the High Court and eventually to the Court of Appeal on 1 March 2019. The Appeal has been fixed for case management on 13 May 2019.

37. Significant event**Practice Note 17 ("PN17") Status**

On 4 April 2018, the Company is classified as an affected listed issuer pursuant to Paragraph 8.04(2) and Paragraph 2.1(c) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The PN17 criteria was triggered by the Winding-Up Order made against BDSB, a wholly-owned subsidiary company of the Company, which accounts for more than 50% of the total assets employed of the Group on a consolidated basis ("Winding-up Order"). Details in respect of the Winding-up order are disclosed in Note 36.

NOTES TO THE FINANCIAL STATEMENTS

37. Significant event (Cont'd)

Practice Note 17 ("PN17") Status

Pursuant to PN17, the Company is required to take necessary steps to comply with the following obligations:

- (i) Within twelve (12) months from the date of this announcement that the Company is an affected issuer under PN17 on 4 April 2018, to submit a Regularisation Plan to the Securities Commission of Malaysia and Bursa Securities;
- (ii) Implement the Regularisation Plan within the time frame stipulated by the Securities Commission or Bursa Securities, as the case may be;
- (iii) Announce within three (3) months from the First Announcement, on whether the Regularisation Plan will result in a significant change in the business direction or policy of the Company;
- (iv) Announce the status of the Regularisation Plan and the number of months to the end of the relevant time frames referred to in Paragraphs 5.1 and 5.2 of PN17, as may be applicable, on a monthly basis until further notice from Bursa Securities;
- (v) Announce its compliance or non-compliance with a particular obligation imposed pursuant to PN17, on an immediate basis;
- (vi) Announce the details of the Regularisation Plan ("Requisite Announcement") and sufficient information to demonstrate that the Company is able to comply with all the requirements set out in Paragraph 5.0 of PN17 after implementation of the Regularisation Plan, which shall include a timetable for the complete implementation of the Regularisation Plan. The Requisite Announcement must be made by the Company's Principal Adviser; and
- (vii) Where the Company fails to regularise its condition, it will announce the dates of suspension and de-listing of its listed securities, immediately upon notification of suspension and delisting by Bursa Securities.

In compliance with paragraph 4.1 of PN17, the Company is required to submit the Regularisation Plan to the relevant authorities by 3 April 2019.

On 27 February 2019, the Company submitted an application to Bursa Malaysia seeking its approval for an extension of time for the Company to submit its regularisation plan. On 26 March 2019, Bursa Securities granted the Company an extension of time up to 3 October 2019 for the submission of the proposed Regularisation Plan to Bursa Securities.

As at date of this report, the Company is still working towards the plan to regularise its financial condition ("Regularisation Plan"). The Company will make the necessary announcement on the Regularisation Plan in accordance with the requirements under PN 17.

38. Transition to the new MFRS Framework

As stated in Note 2 to the financial statements, these are first financial statements of the Group and of the Company prepared in accordance with MFRSs. Adoption of the new MFRS Framework requires that all the Standards in MFRSs to be applied to the Group's and the Company's financial statements for the current year ended 31 December 2018, the comparative financial statements for the prior year ended 31 December 2017, and to the opening statement of financial position at the date of transition to MFRS. MFRS provides for some mandatory exceptions and non-mandatory exceptions to the retrospective application of some standards.

38. Transition to the new MFRS Framework

(a) Non-mandatory exemptions

As provided in MFRS 1, first-time adoption of MFRSs can elect optional exemptions from full retrospective application of MFRSs. The Group and the Company have elected to apply MFRS 3 Business Combinations prospectively from the date FRS 3 Business Combination was adopted and to deem the carrying amount of investment in each subsidiary to be the cost of the investment in the separate financial statements as at the date of transition to MFRSs.

(b) Exceptions to the retrospective application of other MFRSs

At the date of transition, the Group and the Company did not retrospectively change the accounting policies that it followed under the previous FRS framework for the following transactions:

(i) Derecognition of financial assets and financial liabilities

For financial assets and financial liabilities derecognised under the previous FRS Framework before the date of transition, the Group and the Company did not recognise them upon adoption of the MFRS Framework. Conversely, for financial assets and liabilities that would have been derecognised under the MFRS Framework, the Group and the Company chose to continue to recognise them until they are disposed or settled.

(ii) Accounting estimates

Prior to 1 January 2017, the Group and the Company used its judgement to provide for bad and doubtful debts of trade and non-trade receivables. Specific provisions were made when a debt was assessed as bad. Upon adoption of the MFRS Framework, the Group's and the Company's assessment of impairment of financial assets is based on incurred loss event, where individual impairment and collective impairment are recognised based on objective evidences of impairment. The amount of allowances for bad and doubtful debts at the date of transition were adjusted retrospectively on that date.

(c) Changes in accounting policies

Adoption of MFRS also requires that the Group changes its accounting policies for recognition and measurement of some items. The effects of adopting the MFRS is discussed below:

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

MFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted MFRS 15 using the modified retrospective method of adoption with the date of initial application of 1 January 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard only to contracts that are not completed as at 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

38. Transition to the new MFRS Framework (Cont'd)

(c) Changes in accounting policies (Cont'd)

(i) MFRS 15 Revenue from Contracts with Customers (Cont'd)

The cumulative effect of initially applying MFRS 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under MFRS 111, MFRS 118 and related Interpretations.

However, there is no financial impact on the adoption of MFRS 15 to the Group as there is no past record on the variable consideration, such as right of return and volume rebates to its customers. The Group has recognised its revenue based on the performance obligation satisfied at a point in time in prior years.

(ii) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group and the Company applied MFRS 9 retrospectively, with an initial application date of 1 January 2018. The Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. Differences arising from the adoption of MFRS 9 have been recognised directly in retained earnings and other components of equity.

The following table and the accompanying notes below explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Group's and the Company's financial assets and financial liabilities as at 1 January 2018.

The effect of adopting MFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

- **Classification and measurement of financial assets and financial liabilities**

Group

Financial assets	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 13 RM	New carrying amount under MFRS 9 RM
Other investments	(a)	Available for sale	Fair value through profit or loss	2,055,206	2,055,206
Trade and non-trade receivables	(b)	Loans and receivables	Amortised cost	7,982,865	7,982,865
Cash and bank balances		Loans and receivables	Amortised cost	59,469,586	59,469,586

NOTES TO THE FINANCIAL STATEMENTS

38. Transition to the new MFRS Framework (Cont'd)

(c) Changes in accounting policies (Cont'd)

(ii) MFRS 9 Financial Instruments (Cont'd)

• Classification and measurement of financial assets and financial liabilities (Cont'd)

Company

Financial assets	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 13 RM	New carrying amount under MFRS 9 RM
Trade and non-trade receivables	(b)	Loans and receivables	Amortised cost	17,521	17,521
Amounts due from subsidiary companies	32	Loans and receivables	Amortised cost	47,965,412	39,300,213
Cash and bank balances		Loans and receivables	Amortised cost	42,147,715	42,147,715

(a) Other investments previously classified as available for sale are now classified at fair value through profit or loss. Fair value of equity shares and unit trust funds are determined by reference to published price quotations in an active market.

(b) Trade and non-trade receivables and amounts due from subsidiary companies that were classified as loans and receivables under MFRS 139 are now classified at amortised cost. Trade and non-trade receivables and amounts due from subsidiary companies financial assets (i.e., Loan to subsidiaries) classified as Loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. An increase of RM8,665,199 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to MFRS 9.

There are no changes in classification and measurement for the Group's and the Company's financial liabilities.

The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of MFRS 9 did not have a significant impact to the Group.

NOTES TO THE FINANCIAL STATEMENTS

38. Transition to the new MFRS Framework (Cont'd)

(c) Changes in accounting policies (Cont'd)

(ii) MFRS 9 Financial Instruments (Cont'd)

- **Impairment**

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under MFRS 9, credit losses are recognised earlier than under MFRS 139. For assets in the scope of the MFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

However, there is no impact on the changes in impairment model to the Group. The Company has determined that the application of MFRS 9's impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

	RM
Loss allowance at 31 December 2017 under MFRS 139	70,519,373
Additional impairment recognised at 1 January 2018 on:	
Amounts due from subsidiary companies as at 31 December 2017 (Note 21)	8,665,199
Loss allowance at 1 January 2018 under MFRS 9	<u>79,184,572</u>

- **Hedge accounting**

There is no impact on the changes in hedge accounting as the Group does not apply hedge accounting.

(d) Changes in comparatives

There are several changes in the presentation of comparative information and amendments made by MFRS 9 to MFRS 101 introduced additional line items that are required to be presented in the statement of profit or loss and other comprehensive income. Consequently, the Company has disaggregated the reversal of impairment from other operating income, as follows:

Statements of profit or loss and other comprehensive income	Group		Company	
	As restated RM	Previously stated RM	As restated RM	Previously stated RM
Other income	-	2,052,030	-	1,556,391
Interest income	1,405,166	-	943,914	-
Other operating income	646,864	-	39,672	-
Administrative expenses	(8,328,276)	(8,906,656)	(21,569,525)	(36,231,165)
Impairment on financial assets	(578,380)	-	(14,088,835)	-

Statements of financial position

Land held for property development	-	78,873,067	-	-
Property development expenditure	-	105,063,454	-	-
Inventories	210,069,225	185,195,334	-	-
Amounts due from subsidiary companies	-	-	39,300,213	47,965,412

LIST OF PROPERTIES

No.	Properties & Locations	Description	Area / Built-Up	Tenure	Age of Building	NBV as at 31/12/2018 (RM'000)	Date of Acquisition of 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	41,500	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	88	8,085	24/11/2014
3	CL 045021449, CL 045021458 and CL 045144205, District of Tuaran, Sabah	Vacant development land	32.02 acres	Leasehold	N/A	43,000	13/10/2014
4	CL 215465802 Lot G Land, Off Jalan Pintas, Donggongan Keapayan, District of Penampang, Sabah	Vacant development land	4.223 acres	Leasehold	N/A	16,300	12/01/2018

ANALYSIS OF SHAREHOLDINGS

SHARE CAPITAL

Total Number of Issued Shares	: 206,756,497
Class of Shares	: Ordinary Shares
Voting Rights	: One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS AS AT 29 MARCH 2019

Size of Holding	No. of shareholders	% of shareholders	No. of Shares	% of shares
1 – 99	16	1.414	719	0
100 - 1,000	307	27.144	273,424	0.132
1,001 - 10,000	467	41.290	2,385,767	1.153
10,001 - 100,000	261	23.076	9,588,598	4.637
100,001 - Less than 5% of Issued Shares	78	6.896	136,707,989	66.120
5% and above of Issued Shares	2	0.176	57,800,000	27.955
Total	1,131	100.000	206,756,497	100.000

DIRECTORS' SHAREHOLDINGS

The Directors' Shareholdings based on the Register of Directors' Shareholdings of the Company are as follows:-

No.	Name of Director	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Datuk Mohamed Arsad Bin Sehan	-	-	-	-
2	Lim Nyuk Foh	37,700,000	18.23	-	-
3	Lim Shaw Keong @ Alfred Lim	-	-	-	-
4	Chiew Boon Chin	-	-	-	-
5	Koo Jenn Man	393,500	0.19	-	-
6.	Ooi Jit Huat - shareholding	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

The substantial shareholders (holding 5% or more of the issued capital) based on the Register of Substantial Shareholders of the Company and their shareholdings are as follows: -

No.	Name of Substantial Shareholder	No. of Shares held		No. of Shares held	
		Direct	%	Indirect	%
1	Lim Nyuk Foh	37,700,000	18.23	-	-
2	RHB Securities Hong Kong Limited A/C Clients (Retail)	20,100,000	9.72	-	-

ANALYSIS OF SHAREHOLDINGS

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(According to the Record of Depository As At 29 March 2019)

No.	Name of Shareholders	No. of Shares	%
1	Sabah Development Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Lim Nyuk Foh</i>	37,700,000	18.234
2	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
3	Lim Tshung Yaw	10,300,000	4.981
4	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Lim Fei Nee (8117227)</i>	10,297,300	4.980
5	Lim Fei Ting	10,200,000	4.933
6	Lim Tshung Yu	10,200,000	4.933
7	DB (Malaysia) Nominee (Asing) Sdn Bhd <i>Exempt An For Bank Of Singapore Limited</i>	8,813,100	4.262
8	Sabah Development Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tung Fong Hotel (SDK) Sdn Bhd</i>	7,100,000	3.433
9	Teh Kim Teck	6,542,000	3.164
10	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Chua Peng Boon @ Choy Ah Mun (8118880)</i>	6,342,200	3.067
11	Lim Fei Voon Joana	5,961,500	2.883
12	Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Seong Kheong</i>	5,802,200	2.806
13	Affin Hwang Nominees (Asing) Sdn. Bhd. <i>Exempt An For Phillip Securities (Hong Kong) Ltd (Clients' Account)</i>	5,550,900	2.684
14	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Yau Kim Hian (M01)</i>	5,145,200	2.488
15	Tradema Holdings Sdn.Bhd.	4,181,000	2.022
16	Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account For Classical Glory Sdn. Bhd. (M01)</i>	3,689,000	1.784
17	Maybank Nominees (Tempatan) Sdn Bhd <i>Chua Peng Boon @ Choy Ah Mun</i>	2,753,100	1.331
18	Akas Permai Sdn Bhd	2,413,900	1.167
19	Lim Tsen Yee	2,000,000	0.967
20	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Chin Chee Kan (8117641)</i>	1,817,700	0.879
21	M & A Nominee (Tempatan) Sdn Bhd <i>Majestic Salute Sdn Bhd For Yahya Bin Razali</i>	1,800,000	0.870
22	Wei Han Sdn Bhd	1,579,000	0.763
23	Brem Development Sdn. Bhd.	1,507,000	0.728
24	Yew Vui Heung	1,416,800	0.685
25	Classical Glory Sdn Bhd	1,189,900	0.575
26	Ong Lee Veng @ Ong Chuan Heng	1,138,000	0.550
27	Voo Kwee Hiong	945,800	0.457
28	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Tan Cheng Chai</i>	770,000	0.372
29	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Beh Hang Kong</i>	763,700	0.369
30	S'ng Soo Eng	727,000	0.351

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FORM OF PROXY

BERTAM ALLIANCE BERHAD

305530-A

I/We.....NRIC/Passport/Company No.
 [Full name in capital letters]

of.....
 [Full address]

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

[Full name in capital letters](Proxy 1) NRIC No./Passport No.of

..... and/or*

.....Full name in capital letters)(Proxy 2) NRIC No./ Passport No.

.....of.....

.....
 (Full address)

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and to vote for *me/us and on my/our behalf at the Twenty-Fifth Annual General Meeting (“25th AGM”) of the Company to be held at **Advena Room 1, Level 3, Grandis Hotels and Resorts, Suria Shopping Mall, 1A Jalan Tun Faud Stephens, 88000 Kota Kinabalu, Sabah on Thursday, 28 May 2019 at 9.00 a.m.** and any adjournment thereof in the manner as indicated below:-

ORDINARY BUSINESS	Resolution	FOR	AGAINST
To re-elect Mr Lim Nyuk Foh as Director	Ordinary Resolution 1		
To re-elect Mr Chiew Boon Chin as Director	Ordinary Resolution 2		
To approve the payment of Directors’ fees and other benefits payable of up to RM396,000 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from 29 May 2019 until the conclusion of the next AGM of the Company.	Ordinary Resolution 3		
To re-appoint Messrs. PKF as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.	Ordinary Resolution 4		
SPECIAL BUSINESS			
Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act, 2016	Ordinary Resolution 5		
Proposed Renewal of Shareholders’ Mandate	Ordinary Resolution 6		
Proposed Renewal of Share Buy-Back Authority	Ordinary Resolution 7		

(Please indicate with an “X” how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

The proportions of my/our holdings to be represented by my/our proxies are as follows:-

First Proxy
 No. of Shares:

Percentage :%

Second Proxy
 No. of Shares:

Percentage :%

Signed this day of 2019

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

Signature (If shareholder is a Corporation, this form should be executed under 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 21 May 2019. 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 office at Boardroom.com Sdn. Bhd. at Suite 10.02, Level 10, The Gardens South Tower, Mid Valley City, Lingkaran Syed Putra, 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.

Explanatory Notes:

1. Audited Financial Statements for the financial year ended 31 December 2018

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act, 2016 ("the Act") does not require a formal approval of the shareholders for the audited financial statements. As such, this item is not put forward to voting.

2. Ordinary Resolution 3 – Payment of Directors' Fees and other benefits payable to the Directors

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 29 May 2019 until the conclusion of the next AGM of the Company. 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.

3. Ordinary Resolution 5 - Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 5 is for the purpose of granting a renewal mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the general mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

As at the date of this Notice, no new shares in the Company were issued pursuant to the General Mandate granted to the Directors at the 24th AGM held on 28 June 2018 which will lapse at the conclusion of the 25th AGM to be held on 28 May 2019.

4. Ordinary Resolution 6 - Proposed Renewal of Shareholders' Mandate

The proposed Ordinary Resolution No. 6, 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 30 April 2019 which is circulated together with this Annual Report.

5. Ordinary Resolution 7 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution No. 7, if passed, will give authority to the Directors of the Company to exercise the power of the Company to purchase up to 10% of the existing number of 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 is the earlier.

The detailed information on the Proposed Renewal of Share Buy-Back Authority is set out in the Circular/Statement to Shareholders dated 30 April 2019 which is dispatched together with this Annual Report 2018.

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Affix
Stamp

Boardroom.com Sdn Bhd
The Share Registrar of
BERTAM ALLIANCE BERHAD (305530-A)
Suite 10.02, Level 10,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,

Then fold here

BERTAM ALLIANCE BERHAD (Company No. 305530-A)
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